



City Council
Bill Hartley, Mayor
Jim Steele, Vice Mayor
Doug Fleenor, Council Member
Archie Hubbard, Council Member
Kevin Mumpower, Council Member



BRISTOL VIRGINIA CITY COUNCIL
300 Lee Street
Bristol, Virginia 24201

August 9, 2016

6:00 p.m.
Call to Order
Moment of Silence
Pledge of Allegiance

- A. Matters to be Presented by Members of the Public – Non-Agenda Items.
- B. Mayor’s Minute and Council Comments.

REGULAR AGENDA:

1. Consider First Reading of an Ordinance to Repeal and Reenact the Appendix to Chapter 70 of the City Code.
2. Consider a Resolution to Authorize the Execution and Delivery of a Master Equipment Lease for the Acquisition of Certain Equipment for Public Benefit.
3. Consider a No-Net Loss Performance-Based Grant Award to Support Project Pomp. (Tru Hotel)
4. Update Regarding the Falls.
5. Financial Briefing by Davenport & Company.
6. Executive Session *pursuant to §2.2-3711.A.5, Code of Virginia 1950, as amended. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community (unannounced business); and*

pursuant to §2.2-3711.A.1, Code of Virginia 1950, as amended. Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; (Appointments).
7. Consider Appointment to the Industrial Development Authority.

8. Consider a Resolution to Recommend and Support Project Circumstance. (Bluefield College)
 9. Consider a Street Closure Request for Downtown Events Associated with the Battle of Bristol Football Game – September 8, 2016 and September 9, 2016.
- C. Adjournment.

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: City Manager

Bulk Item: Yes No X

Staff Contact: Tabitha Crowder

AGENDA ITEM WORDING:

Consider First Reading of an Ordinance to Repeal and Reenact the Appendix to Chapter 70 of the City Code.

ITEM BACKGROUND:

The proposed budget incorporates changes in the solid waste operations as well as fee increases. The ordinance to implement those changes was tabled on July 12, 2006 to allow a work group to provide recommendations on streamlining the ordinance. The work group has developed the proposed Appendix to Chapter 70 as a first step which would allow the proposed funding revisions to be implemented. The existing code is included with the proposed appendix for comparison. The proposed monthly residential collection fee is \$18, and grass clippings would continue to be collected.

PREVIOUS RELEVANT ACTION:

Public hearing on the budget was held on May 24, 2016. First reading of an ordinance to revise some sections of the solid waste code was held on June 14, 2016. The second reading and adoption was tabled on July 12, 2016.

Staff Recommendations:

Staff recommends approval.

DOCUMENTATION: Included X Not Required

MOTION: I move to approve the First Reading of an Ordinance to Repeal and Reenact the Appendix to Chapter 70 of the City Code.

PROPOSED ORDINANCE

AN ORDINANCE TO REPEAL AND REENACT *THE APPENDIX TO CHAPTER 70 OF THE CITY CODE*

BE IT ORDAINED by the City Council for the City of Bristol Virginia that the Appendix to Chapter 70 of the City Code should be and hereby is repealed and reenacted to read as follows:

APPENDIX TO CHAPTER 70—SOLID WASTE FEES

(1) Collection Fees for City Services.

- (a) *Single and two-family attached and detached residences, condominiums, townhouses and any other residential unit where electric service is individually metered.* Each residence and residential unit will be assessed a collection fee. The city will provide a refuse receptacle for each residence. Waste will be collected once a week. Fees will remain in place and waste shall be collected while utilities are turned on, regardless if the residence or residential unit is occupied or vacant.

Monthly Fees Payable with Utility Bill

\$18.00

- (b) *Nonresidential establishments and non-individually electric metered multiple residential units where service is provided with not more than four 95 gallon and/or 300 gallon, or any combination thereof, automated collection containers, provided by the City. Only locations which are accessible to automated collection vehicles will be served.*

Charge, Payable Quarterly

1. 95 gallon containers: \$80.00 first container, \$35.00 each additional container.
2. 300 gallon containers: \$160.00 first container, \$85.00 each additional container.

Rates are based on one collection a week. If service is requested for more than one collection a week, additional collections shall be billed at half the rate.

- (c) *Eleemosynary Institutions.* The city will provide 95 gallon and/or 300 gallon automated collection containers. Only locations which are accessible to automated collection vehicles will be served. It shall be the responsibility of the institution to apply for and provide the necessary information to qualify for this category.

Charge, Payable Quarterly

1. 95 gallon containers: \$65.00 first container, \$20.00 each additional container.
2. 300 gallon containers: \$100.00 first container, \$55.00 each additional container.

Rates are based on one collection a week. If service is requested for more than one collection a week, additional collections shall be billed at half the rate.

- (d) *Bulk wood, brush or bulk waste collection for city-served nonresidential, multi-family locations and eleemosynary institutions.* Upon request, the city may provide special collection services to city-served establishments. A deposit in the amount of a single service load plus a one ton disposal fee is required prior to any collection.

Charge, Special Collections and Disposal

\$35.00 per collection service plus disposal fees at gate rate (one ton minimum). Service requiring more than a single load shall be considered as separate services for each load, and charged accordingly.

- (e) *Excess brush or waste collection for city-served single and two-family attached and detached residence, condominiums, townhouses and any other residential unit where electric service is individually metered.* The city retains the right to refuse to collect waste from residences where the volume exceeds the limits established in this chapter. Upon the request of the owner or resident, the city may provide special collection services to the residence. A deposit in the amount of a single service load is required prior to any collection.

Charge, Special Collections and Disposal

\$150.00 per collection for excessive brush, demolition, construction waste requiring the service of a grapple truck or rear loader.

Service requiring more than a single load shall be considered as separate services for each load, and charged accordingly.

(2) Disposal Fees.

- (a) Municipal solid waste\$30.00* per ton.
- (b) Inert (rock, brick, concrete, asphalt) waste\$30 per ton.
- (c) Construction and demolition waste\$30.00* per ton.
- (d) Brush\$35.00* per ton.
- (e) Minimum fee for (a)—(d) except as noted in (j)\$15.00
- (f) Leaves, grass, and yard waste \$35.00* per ton.
- (g) Bulk waste tire processing fee; tires not to exceed 24.5-inch wheel size (rimless only)\$115.00* per ton.
- (h) Tires not to exceed 24.5-inch wheel size (rimless only) brought in by other than Bristol, Virginia private residents\$6.50 each
- (i) Surcharge for each tire on rim, or encrusted with mud or rocks (e.g. waste stream tires)\$6.50
- (j) Waste tires, shredded\$30.90* per ton.
- (k) Bristol, Virginia private residents; all types of permitted waste

- 1. Up to 500 lbs.\$3.00
- 2. 500 to 1,000 lbs.\$5.00
- 3. Over 1,000 lbs.\$30.00 per ton

Tires not to exceed 16-inch wheel size (rimless only) delivered by private residents in lots of less than five\$3.00* each.

* - Some waste streams are subject to additional fees.

(3) Commercial Refuse Container Permit Fees.

- (a) 1 to 5.99 cubic yards\$50.00 annually
- (b) 6 to 7.99 cubic yards\$100.00 annually
- (c) 8 cubic yards or larger\$200.00 annually
- (d) Temporary use containers
 - 1. 1 to 5.99 cubic yards\$15.00 quarterly
 - 2. 6 to 7.99 cubic yards\$30.00 quarterly
 - 3. 8 cubic yards or larger\$60.00 quarterly

The public good requiring it, an emergency is declared and this ordinance shall become effective upon its date of adoption.

FIRST READING _____

SECOND READING _____

ADOPTION _____

EXISTING CODE

APPENDIX TO CHAPTER 70—SOLID WASTE FEES

(1) *Collections fees.*

- (a) *City served.* Nonresidential establishments and non-individually electric metered multiple unit residential establishments where service is provided via not more than four 95 or 300 gallon, or any combination thereof, city provided automated collection containers. Only locations which are accessible to automated collection vehicles will be served. Collections shall be limited to two per week.

Charge, Payable Quarterly

95 gallon containers: each pick up - \$75.00 first container, \$25.00 each additional

300 gallon containers: each pick up - \$150.00 first container, \$75.00 each additional

- (b) *Single- and two-family attached and detached residence, condominiums, townhouses and any other residential unit where electric service is individually metered.*

Fee Payable with Utility Bill

\$15.00/Month

- (c) *Eleemosynary institutions:* (It shall be the responsibility of the institution to apply for and provide the necessary information to qualify for this category.)

Charge, Payable Quarterly

95 gallon containers: \$65.00 first container, \$15.00 each additional, \$45.00 twice weekly collections

300 gallon containers: \$100.00 first container, \$50.00 each additional, \$75.00 twice weekly collections

- (d) *Bulk wood, brush or bulk waste collection for nonresidential or multi-family locations.*
\$35.00 per service plus disposal fees at gate rate, one ton minimum (service requiring more than a single load shall be considered as separate services for each load). A deposit in the amount of a single load plus one ton disposal fee is required prior to any collection activity.

(2) *Disposal fees.*

- (a) Municipal solid waste (per ton)\$25.00
(b) Reserved.
(c) Debris and demolition waste (per ton)\$25.00
(d) Combustible wood waste (per ton)\$55.10
(e) Minimum fee for (a)—(d) except as noted in (j)\$12.00
(f) Leaves, grass, yard waste (per ton)\$30.90
(g) Bulk waste tire processing fee; tires not to exceed 24.5-inch wheel size (rimless only)(per ton)\$115.00

- (h) Individual tires brought in by other than Bristol, Virginia private residents (each)\$6.50
- (i) Surcharge for tires encrusted with mud or rock or on rims (each), waste stream tires\$6.50

(j) Waste tires, shredded (per ton)\$30.90

- (k) Bristol, Virginia private residents; all types of permitted waste

Up to 500 lbs.\$3.00

500 to 1,000 lbs.\$5.00

Over 1,000 lbs. (per ton)\$30.90

Waste tires, individually, up to 16" wheel size, delivered by private citizens in lots of less than five (each)\$2.00

(3) *Commercial refuse container permit fees.*

(a) 1 to 5.99 cubic yards\$45.00
annually

(b) 6 to 7.99 cubic yards\$90.00
annually

(c) 8 cubic yards or larger\$180.00
annually

(d) Temporary use containers

a. 1 to 5.99 cubic yards\$11.25
quarterly

b. 6 to 7.99 cubic yards\$22.50
quarterly

c. 8 cubic yards or larger\$45.00
quarterly

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: Finance

Bulk Item: Yes X No

Staff Contact: Kim Orfield

AGENDA ITEM WORDING:

Consider a Resolution to Authorize the Execution and Delivery of a Master Equipment Lease for the Acquisition of Certain Equipment for Public Benefit.

ITEM BACKGROUND:

During FY16 the Capital Improvement Committee prepared a 5 year Capital Improvement Program. This program prioritized capital items and a Capital Improvement Plan was developed. This plan was used in the annual budgeting process for FY17. The Capital Improvement Plan identified the following vehicle/equipment needs for FY17:

Police Five (5)-2016 Ford Utility Police Interceptor (includes equipment)
Cost: Vehicle: \$29,423
 Lighting: \$6,415
 Radios & Cameras: \$8,662
Total Cost: \$222,500
These vehicles will replace vehicles that have +100,000 miles

P&R Operations
One (1)-1 Ton Dual Wheel Dump Truck
Cost: Vehicle: \$48,000
Replaces a 1998 truck with +143,000 miles

P&R Programming
One (1)-15 Passenger Van
Cost: Vehicle: \$32,000
Replaces a 1993 Van with +82,000 miles. Used by the Senior Center for various trips.

Solid Waste-Disposal
One (1)-Skid Steer Loader
Cost: Equipment: \$95,000
Replaces a 2011 Skid Steer Loader with +3900 hours. Projected repairs/maintenance on current loader is \$30,000.

The total projected cost is \$397,500. Due to these items having a useful life of at least 5 years and the cost of each item being greater than \$25,000, the purchase will be funded by a capital lease over a 5 year period.

First Capital Equipment Leasing Corporation provided the lowest interest rate of 2.793% and an annual lease payment of \$85,556 which has been included in the FY17 budget.

First Capital requires a resolution authorizing the locality to enter into a lease agreement.

PREVIOUS RELEVANT ACTION:

Approval of the FY17 budget which includes the annual lease payment expenditure.

Staff Recommendations:

Staff recommends approval

DOCUMENTATION: Included X Not Required_____

MOTION: I move to approve the Resolution to Authorize the Execution and Delivery of a Master Equipment Lease for the Acquisition of Certain Equipment for Public Benefit.

GOVERNMENT OBLIGATION CONTRACT

Obligor

City of Bristol, Virginia
300 Lee Street
Bristol, Virginia 24201

Obligee

First Capital Equipment Leasing Corporation
32 Wolf Hill Road, PO Box 1018
East Sandwich, Massachusetts 02537-1981

Dated as of July 19, 2016

This Government Obligation Contract dated as of the date listed above is between Obligee and Obligor listed directly above. Obligee desires to finance the purchase of the Equipment described in Exhibit A to Obligor and Obligor desires to have Obligee finance the purchase of the Equipment subject to the terms and conditions of this Contract which are set forth below.

I. Definitions

Section 1.01. Definitions. The following terms will have the meanings indicated below unless the context clearly requires otherwise:

"Additional Schedule" refers to the proper execution of additional schedules to Exhibit A and Exhibit B, as well as other exhibits or documents that may be required by the Obligee all of which relate to the financing of additional Equipment.

"Budget Year" means the Obligor's fiscal year.

"Commencement Date" is the date when Obligor's obligation to pay Contract Payments begins.

"Contract" means this Government Obligation Contract and all Exhibits attached hereto, all addenda, modifications, schedules, refinancings, guarantees and all documents relied upon by Obligee prior to execution of this Contract.

"Contract Payments" means the payments Obligor is required to make under this Contract as set forth on Exhibit B.

"Contract Term" means the Original Term and all Renewal Terms.

"Exhibit" includes the Exhibits attached hereto, and any "Additional Schedule", whether now existing or subsequently created.

"Equipment" means all of the items of Equipment listed on Exhibit A and any Additional Schedule, whether now existing or subsequently created, and all replacements, restorations, modifications and improvements.

"Government" as used in the title hereof means a State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended ("Code"), or a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.

"Obligee" means the entity originally listed above as Obligee or any of its assignees.

"Obligor" means the entity listed above as Obligor and which is financing the Equipment through Obligee under the provisions of this Contract.

"Original Term" means the period from the Commencement Date until the end of the Budget Year of Obligor.

"Partial Prepayment Date" means the first Contract Payment date that occurs on or after the earlier of (a) the twenty-four month (24) anniversary of the Commencement Date or (b) the date on which Obligor has accepted all the Equipment and all amounts have been disbursed from the Vendor Payable Account to pay for the Equipment.

"Purchase Price" means the total cost of the Equipment, including all delivery charges, installation charges, legal fees, financing costs, recording and filing fees and other costs necessary to vest full, clear legal title to the Equipment in Obligor, subject to the security interest granted to and retained by Obligee as set forth in this Contract, and otherwise incurred in connection with the financing of this Equipment.

"Renewal Term" means the annual term which begins at the end of the Original Term and which is simultaneous with Obligor's Budget Year and each succeeding Budget Year for the number of Budget Years necessary to comprise the Contract Term.

"State" means the state in which Obligor is located.

"Surplus Amount" means any amount on deposit in the Vendor Payable Account on the Partial Prepayment Date.

"Vendor Payable Account" means the separate account of that name established pursuant to Section X of this Contract.

II. Obligor Warranties

Section 2.01. Obligor represents, warrants and covenants as follows for the benefit of Obligee or its assignees:

- (a) Obligor is an "issuer of tax exempt obligations" because Obligor is the State or a political subdivision of the State within the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended, (the "Code") or because Obligor is a constituted authority or district authorized to issue obligations on behalf of the State or political subdivision of the State within the meaning of Treasury Regulation 1.103-1(b), or a qualified volunteer fire company within the meaning of section 150(e)(1) of the Code.
- (b) Obligor has complied with any requirement for a referendum and/or competitive bidding.
- (c) Obligor has complied with all statutory laws and regulations that may be applicable to the execution of this Contract; Obligor, and its officer executing this Contract, are authorized under the Constitution and laws of the State to enter into this Contract and have used and followed all proper procedures of its governing body in executing and delivering this Contract. The officer of Obligor executing this Contract has the authority to execute and deliver this Contract. This Contract constitutes a legal, valid, binding and enforceable obligation of the Obligor in accordance with its terms.
- (d) Obligor shall use the Equipment only for essential, traditional government purposes.
- (e) Should the IRS disallow the tax-exempt status of the interest portion of the Contract Payments as a result of the failure of the Obligor to use the Equipment for governmental purposes, or should the Obligor cease to be an issuer of tax exempt obligations, or should the obligation of Obligor created under this Contract cease to be a tax exempt obligation for any reason, then Obligor shall be required to pay additional sums to the Obligee or its assignees so as to bring the after tax yield on this Contract to the same level as the Obligee or its assignees would attain if the transaction continued to be tax-exempt.
- (f) Obligor has never non-appropriated funds under a contract similar to this Contract.
- (g) Obligor will submit to the Secretary of the Treasury an information reporting statement as required by the Code.
- (h) Upon request by Obligee, Obligor will provide Obligee with current financial statements, reports, budgets or other relevant fiscal information.
- (i) Obligor shall retain the Equipment free of any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq. as amended and supplemented.
- (j) Obligor hereby warrants the General Fund of the Obligor is the primary source of funds or a backup source of funds from which the Contract Payments will be made.
- (k) Obligor presently intends to continue this Contract for the Original Term and all Renewal Terms as set forth on Exhibit B hereto. The official of Obligor responsible for budget preparation will include in the budget request for each Budget Year the Contract Payments to become due in such Budget Year, and will use all reasonable and lawful means available to secure the appropriation of money for such Budget Year sufficient to pay the Contract Payments coming due therein. Obligor reasonably believes that moneys can and will lawfully be appropriated and made available for this purpose.
- (l) Obligor has selected both the Equipment and the vendor(s) from whom the Equipment is to be purchased upon its own judgment and without reliance on any manufacturer, merchant, vendor or distributor, or agent thereof, of such equipment to the public.
- (m) Obligor owns free and clear of any liens any additional collateral pledged, subject only to the lien described herein; Obligor has not and will not, during the Contract Term, create, permit, incur or assume any levies, liens or encumbrances of any kind with respect to the Equipment and any additional collateral except those created by this Contract.

Section 2.02. Escrow Agreement. In the event both Obligee and Obligor mutually agree to utilize an Escrow Account, then immediately following the execution and delivery of this Contract, Obligee and Obligor agree to execute and deliver and to cause Escrow Agent to execute and deliver the Escrow Agreement. This Contract shall take effect only upon execution and delivery of the Escrow Agreement by the parties thereto. Obligee shall deposit or cause to be deposited with the Escrow Agent for credit to the Equipment Acquisition Fund the sum of N/A, which shall be held, invested and disbursed in accordance with the Escrow Agreement.

III. Acquisition of Equipment, Contract Payments and the Purchase Option Price

Section 3.01. Acquisition and Acceptance. Obligor shall be solely responsible for the ordering of the Equipment and for the delivery and installation of the Equipment. The Payment Request and Equipment Acceptance Form must be signed by the same authorized individual(s) who signed the Signature Card, Exhibit G. By making a Contract Payment after its receipt of the Equipment pursuant to this Contract, Obligor shall be deemed to have accepted the Equipment on the date of such Contract Payment for purposes of this Contract. All Contract Payments paid prior to delivery of the Payment Request and Equipment Acceptance Form shall be credited to Contract Payments as they become due as shown on the Contract Payment Schedule attached as Exhibit B hereto.

Section 3.02. Contract Payments. Obligor shall pay Contract Payments exclusively to Obligees or its assignees in lawful, legally available money of the United States of America. The Contract Payments shall be sent to the location specified by the Obligees or its assignees. The Contract Payments shall constitute a current expense of the Obligor and shall not constitute an indebtedness of the Obligor. The Contract Payments, payable without notice or demand, are due as set forth on Exhibit B. Obligees shall have the option to charge interest at the highest lawful rate on any Contract Payment received later than the due date for the number of days that the Contract Payment(s) were late, plus any additional accrual on the outstanding balance for the number of days that the Contract Payment(s) were late. Obligees shall also have the option, on monthly payments only, to charge a late fee of up to 10% of the monthly Contract Payment that is past due. Furthermore, Obligor agrees to pay any fees associated with the use of a payment system other than check, wire transfer, or ACH. Once all amounts due Obligees hereunder have been received, Obligor will release any and all of its rights, title and interest in the Equipment.

SECTION 3.03. Contract Payments Unconditional. Except as provided under Section 4.01, THE OBLIGATIONS OF OBLIGOR TO MAKE CONTRACT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS CONTAINED IN THIS CONTRACT SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF, OR SUBJECT TO DEFENSE OR COUNTERCLAIM.

Section 3.04. Purchase Option Price. Upon thirty (30) days written notice, Obligor shall have the option to pay, in addition to the Contract Payment, the corresponding Purchase Option Price which is listed on the same line on Exhibit B. This option is only available to the Obligor on the Contract Payment date and no partial prepayments are allowed. If Obligor chooses this option and pays the Purchase Option Price to Obligees then Obligees will transfer any and all of its rights, title and interest in the Equipment to Obligor.

Section 3.05. Contract Term. The Contract Term shall be the Original Term and all Renewal Terms until all the Contract Payments are paid as set forth on Exhibit B except as provided under Section 4.01 and Section 9.01 below. If, after the end of the budgeting process which occurs at the end of the Original Term or any Renewal Term, Obligor has not non-appropriated as provided for in this Contract then the Contract Term shall be extended into the next Renewal Term and the Obligor shall be obligated to make all the Contract Payments that come due during such Renewal Term.

Section 3.06. Disclaimer of Warranties. OBLIGEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR ANY OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT. OBLIGEE IS NOT A MANUFACTURER, SELLER, VENDOR OR DISTRIBUTOR, OR AGENT THEREOF, OF SUCH EQUIPMENT; NOR IS OBLIGEE A MERCHANT OR IN THE BUSINESS OF DISTRIBUTING SUCH EQUIPMENT TO THE PUBLIC. OBLIGEE SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE ARISING OUT OF THE INSTALLATION, OPERATION, POSSESSION, STORAGE OR USE OF THE EQUIPMENT BY OBLIGOR.

IV. Non-Appropriation

Section 4.01. Non-Appropriation. If insufficient funds are available in Obligor's budget for the next Budget Year to make the Contract Payments for the next Renewal Term and the funds to make such Contract Payments are otherwise unavailable by any lawful means whatsoever, then Obligor may non-appropriate the funds to pay the Contract Payments for the next Renewal Term. Such non-appropriation shall be evidenced by the passage of an ordinance or resolution by the governing body of Obligor specifically prohibiting Obligor from performing its obligations under this Contract and from using any moneys to pay the Contract Payments due under this Contract for a designated Budget Year and all subsequent Budget Years. If Obligor non-appropriates, then all obligations of the Obligor under this Contract regarding Contract Payments for all remaining Renewal Terms shall be terminated at the end of the then current Original Term or Renewal Term without penalty or liability to the Obligor of any kind provided that if Obligor has not delivered possession of the Equipment to Obligees as provided herein and conveyed to Obligees or released its interest in the Equipment by the end of the last Budget Year for which Contract Payments were paid, the termination shall nevertheless be effective but Obligor shall be responsible for the payment of damages in an amount equal to the amount of the Contract Payments thereafter coming due under Exhibit B which are attributable to the number of days after such Budget Year during which Obligor fails to take such actions and for any other loss suffered by Obligees as a result of Obligor's failure to take such actions as required. Obligor shall immediately notify the Obligees as soon as the decision to non-appropriate is made. If such non-appropriation occurs, then Obligor shall deliver the Equipment to Obligees as provided below in Section 9.04. Obligor shall be liable for all damage to the Equipment other than normal wear and tear. If Obligor fails to deliver the Equipment to Obligees, then Obligees may enter the premises where the Equipment is located and take possession of the Equipment and charge Obligor for costs incurred.

V. Insurance, Damage, Insufficiency of Proceeds

Section 5.01. Insurance. Obligor shall maintain both property insurance and liability insurance at its own expense with respect to the Equipment. Obligor shall be solely responsible for selecting the insurer(s) and for making all premium payments and ensuring that all policies are continuously kept in effect during the period when Obligor is required to make Contract Payments. Obligor shall provide Obligees with a Certificate of Insurance which lists the Obligees and/or assigns as a loss payee and an additional insured on the policies with respect to the Equipment.

- (a) Obligor shall insure the Equipment against any loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Obligees in an amount at least equal to the then applicable Purchase Option Price of the Equipment. Alternatively, Obligor may insure the Equipment under a blanket insurance policy or policies.
- (b) The liability insurance shall insure Obligees from liability and property damage in any form and amount satisfactory to Obligees.
- (c) Obligor may self-insure against the casualty risks and liability risks described above. If Obligor chooses this option, Obligor must furnish Obligees with a certificate and/or other documents which evidences such coverage.
- (d) All insurance policies issued or affected by this Section shall be so written or endorsed such that the Obligees and its assignees are named additional insureds and loss payees and that all losses are payable to Obligor and Obligees or its assignees as their interests may appear. Each policy issued or affected by this Section shall contain a provision that the insurance company shall not cancel or materially modify the policy without first giving thirty (30) days advance notice to Obligees or its assignees. Obligor shall furnish to Obligees certificates evidencing such coverage throughout the Contract Term.

Section 5.02. Damage to or Destruction of Equipment. Obligor assumes the risk of loss or damage to the Equipment. If the Equipment or any portion thereof is lost, stolen, damaged, or destroyed by fire or other casualty, Obligor will immediately report all such losses to all possible insurers and take the proper procedures to obtain all insurance proceeds. At the option of Obligees, Obligor shall either (1) apply the Net Proceeds to replace, repair or restore the Equipment or (2) apply the Net Proceeds to the applicable Purchase Option Price. For purposes of this Section and Section 5.03, the term Net Proceeds shall mean the amount of insurance proceeds collected from all applicable insurance policies after deducting all expenses incurred in the collection thereof.

Section 5.03. Insufficiency of Net Proceeds. If there are no Net Proceeds for whatever reason or if the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement of the Equipment, then Obligor shall, at the option of Obligees, either (1) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds or (2) apply the Net Proceeds to the Purchase Option Price and pay the deficiency, if any, to the Obligees.

Section 5.04. Obligor Negligence. Obligor assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Equipment and for injury to or death of any person or damage to any property whether such injury or death be with respect to agents or employees of Obligor or of third parties, and whether such property damage be to Obligor's property or the property of others (including, without limitation, liabilities for loss or damage related to the release or threatened release of hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act or similar or successor law or any State or local equivalent now existing or hereinafter enacted which in any manner arise out of or are incident to any possession, use, operation, condition or storage of any Equipment by Obligor), which is proximately caused by the negligent conduct of Obligor, its officers, employees and agents.

Section 5.05. Indemnification. Obligor hereby assumes responsibility for and agrees to reimburse Obligees for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against Obligees that in any way relate to or arise out of a claim, suit or proceeding, based in whole or in part upon the negligent conduct of Obligor, its officers, employees and agents, or arose out of installation, operation, possession, storage or use of any item of the Equipment, to the maximum extent permitted by law.

VI. Title and Security Interest

Section 6.01. Title. Title to the Equipment shall vest in Obligor when Obligor acquires and accepts the Equipment. Title to the Equipment will automatically transfer to the Obligees in the event Obligor non-appropriates under Section 4.01 or in the event Obligor defaults under Section 9.01. In such event, Obligor shall execute and deliver to Obligees such documents as Obligees may request to evidence the passage of legal title to the Equipment to Obligees.

Section 6.02. Security Interest. To secure the payment of all Obligor's obligations under this Contract, as well as all other obligations, debts and liabilities, plus interest thereon, whether now existing or subsequently created, Obligor hereby grants to Obligees a security interest under the Uniform Commercial Code constituting a first lien on the Equipment described more fully on Exhibit A, including any and all additional collateral listed on any other Exhibit A. The security interest established by this section includes not only all additions, attachments, repairs and replacements to the Equipment but also all proceeds therefrom. Obligor authorizes Obligees to prepare and record any Financing Statement required under the Uniform Commercial Code to perfect the security interest created hereunder. Obligor agrees that any Equipment listed on Exhibit A is and will remain personal property and will not be considered a fixture even if attached to real property.

VII. Assignment

Section 7.01. Assignment by Obligees. All of Obligees's rights, title and/or interest in and to this Contract may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees by Obligees at any time without the consent of Obligor. No such assignment shall be effective as against Obligor until the assignor shall have filed with Obligor written notice of assignment identifying the assignee. Obligor shall pay all Contract Payments due hereunder relating to such Equipment to or at the direction of Obligees or the assignee named in the notice of assignment. Obligor shall keep a complete and accurate record of all such assignments.

Section 7.02 Assignment by Obligor. None of Obligor's right, title and interest under this Contract and in the Equipment may be assigned by Obligor unless Obligee approves of such assignment in writing before such assignment occurs and only after Obligor first obtains an opinion from nationally recognized counsel stating that such assignment will not jeopardize the tax-exempt status of the obligation.

VIII. Maintenance of Equipment

Section 8.01 Equipment. Obligor shall keep the Equipment in good repair and working order, and as required by manufacturer's and warranty specifications. If Equipment consists of copiers, Obligor is required to enter into a copier maintenance/service agreement. Obligee shall have no obligation to inspect, test, service, maintain, repair or make improvements or additions to the Equipment under any circumstances. Obligor will be liable for all damage to the Equipment, other than normal wear and tear, caused by Obligor, its employees or its agents. Obligor shall pay for and obtain all permits, licenses and taxes related to the ownership, installation, operation, possession, storage or use of the Equipment. If the Equipment includes any titled vehicle(s), then Obligor is responsible for obtaining such title(s) from the State and also for ensuring that Obligee is listed as First Lienholder on all of the title(s). Obligor shall not use the Equipment to haul, convey or transport hazardous waste as defined in the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et. seq. Obligor agrees that Obligee or its Assignee may execute any additional documents including financing statements, affidavits, notices, and similar instruments, for and on behalf of Obligor which Obligee deems necessary or appropriate to protect Obligee's interest in the Equipment and in this Contract. Obligor shall allow Obligee to examine and inspect the Equipment at all reasonable times.

IX. Default

Section 9.01 Events of Default defined. The following events shall constitute an "Event of Default" under this Contract:

- (a) Failure by Obligor to pay any Contract Payment listed on Exhibit B for fifteen (15) days after such payment is due according to the Payment Date listed on Exhibit B.
- (b) Failure to pay any other payment required to be paid under this Contract at the time specified herein and a continuation of said failure for a period of fifteen (15) days after written notice by Obligee that such payment must be made. If Obligor continues to fail to pay any payment after such period, then Obligee may, but will not be obligated to, make such payments and charge Obligor for all costs incurred plus interest at the highest lawful rate.
- (c) Failure by Obligor to observe and perform any warranty, covenant, condition, promise or duty under this Contract for a period of thirty (30) days after written notice specifying such failure is given to Obligor by Obligee, unless Obligee agrees in writing to an extension of time. Obligee will not unreasonably withhold its consent to an extension of time if corrective action is instituted by Obligor. Subsection (c) does not apply to Contract Payments and other payments discussed above.
- (d) Any statement, material omission, representation or warranty made by Obligor in or pursuant to this Contract which proves to be false, incorrect or misleading on the date when made regardless of Obligor's intent and which materially adversely affects the rights or security of Obligee under this Contract.
- (e) Any provision of this Contract which ceases to be valid for whatever reason and the loss of such provision would materially adversely affect the rights or security of Obligee.
- (f) Except as provided in Section 4.01 above, Obligor admits in writing its inability to pay its obligations.
- (g) Obligor defaults on one or more of its other obligations.
- (h) Obligor becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies for or consents to the appointment of a receiver, trustee, conservator, custodian, or liquidator of Obligor, or all or substantially all of its assets, or a petition for relief is filed by Obligor under federal bankruptcy, insolvency or similar laws, or is filed against Obligor and is not dismissed within thirty (30) days thereafter.

Section 9.02 Remedies on Default. Whenever any Event of Default exists, Obligee shall have the right to take one or any combination of the following remedial steps:

- (a) With or without terminating this Contract, Obligee may declare all Contract Payments and other amounts payable by Obligor hereunder to the end of the then current Budget Year to be immediately due and payable.
- (b) With or without terminating this Contract, Obligee may require Obligor at Obligor's expense to redeliver any or all of the Equipment and any additional collateral to Obligee as provided below in Section 9.04. Such delivery shall take place within fifteen (15) days after the Event of Default occurs. If Obligor fails to deliver the Equipment and any additional collateral, Obligee may enter the premises where the Equipment and any additional collateral is located and take possession of the Equipment and any additional collateral and charge Obligor for costs incurred. Notwithstanding that Obligee has taken possession of the Equipment and any additional collateral, Obligor shall still be obligated to pay the remaining Contract Payments due up until the end of the then current Original Term or Renewal Term. Obligor will be liable for any damage to the Equipment and any additional collateral caused by Obligor or its employees or agents.
- (c) Obligee may take whatever action at law or in equity that may appear necessary or desirable to enforce its rights. Obligor shall be responsible to Obligee for all costs incurred by Obligee in the enforcement of its rights under this Contract including, but not limited to, reasonable attorney fees.

Section 9.03 No Remedy Exclusive. No remedy herein conferred upon or reserved to Obligee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contract now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or shall be construed to be a waiver thereof.

Section 9.04 Return of Equipment and Storage.

- (a) **Surrender:** The Obligor shall, at its own expense, surrender the Equipment, any additional collateral and all required documentation to evidence transfer of title from Obligor to the Obligee in the event of a default or a non-appropriation by delivering the Equipment and any additional collateral to the Obligee to a location accessible by common carrier and designated by Obligee. In the case that any of the Equipment and any Additional collateral consists of software, Obligor shall destroy all intangible items constituting such software and shall deliver to Obligee all tangible items constituting such software. At Obligee's request, Obligor shall also certify in a form acceptable to Obligee that Obligor has complied with the above software return provisions and that they will immediately cease using the software and that they shall permit Obligee and/or the vendor of the software to inspect Obligor's locations to verify compliance with the terms hereto.
- (b) **Delivery:** The Equipment and any additional collateral shall be delivered to the location designated by the Obligee by a common carrier unless the Obligee agrees in writing that a common carrier is not needed. When the Equipment and any additional collateral is delivered into the custody of a common carrier, the Obligor shall arrange for the shipping of the item and its insurance in transit in accordance with the Obligee's instructions and at the Obligor's sole expense. Obligor at its expense shall completely sever and disconnect the Equipment and any additional collateral or its component parts from the Obligor's property all without liability to the Obligee. Obligor shall pack or crate the Equipment and any additional collateral and all of the component parts of the Equipment and any additional collateral carefully and in accordance with any recommendations of the manufacturer. The Obligor shall deliver to the Obligee the plans, specifications, operation manuals or other warranties and documents furnished by the manufacturer or vendor on the Equipment and any additional collateral and such other documents in the Obligor's possession relating to the maintenance and methods of operation of such Equipment and any additional collateral.
- (c) **Condition:** When the Equipment is surrendered to the Obligee it shall be in the condition and repair required to be maintained under this Contract. It will also meet all legal regulatory conditions necessary for the Obligee to sell or lease it to a third party and be free of all liens. If Obligee reasonably determines that the Equipment or an item of the Equipment, once it is returned, is not in the condition required hereby, Obligee may cause the repair, service, upgrade, modification or overhaul of the Equipment or an item of the Equipment to achieve such condition and upon demand, Obligor shall promptly reimburse Obligee for all amounts reasonably expended in connection with the foregoing.
- (d) **Storage:** Upon written request by the Obligee, the Obligor shall provide free storage for the Equipment and any additional collateral for a period not to exceed 60 days after the expiration of the Contract Term before returning it to the Obligee. The Obligor shall arrange for the insurance described to continue in full force and effect with respect to such item during its storage period and the Obligee shall reimburse the Obligor on demand for the incremental premium cost of providing such insurance.

X. Vendor Payable Account

Section 10.01 Establishment of Vendor Payable Account. On the date that the Obligee executed this Contract, which is on or after the date that the Obligor executes this Contract, Obligee agrees to (i) make available to Obligor an amount sufficient to pay the total Purchase Price for the Equipment by establishing a separate, non-interest bearing account (the "Vendor Payable Account"), as agent for Obligor's account, with a financial institution that Obligee selects that is acceptable to Obligor (including Obligee or any of its affiliates) and (ii) to deposit an amount equal to such Purchase Price as reflected on Exhibit B in the Vendor Payable Account. Obligor hereby further agrees to make the representations, warranties and covenants relating to the Vendor Payable Account as set forth in Exhibit C attached hereto. Upon Obligor's delivery to Obligee of a Payment Request and Equipment Acceptance Form in the form set forth in Exhibit F attached hereto, Obligor authorizes Obligee to withdraw funds from the Vendor Payable Account from time to time to pay the Purchase Price, or a portion thereof, for each item of Equipment as it is delivered to Obligor. The Payment Request and Equipment Acceptance Form must be signed by an authorized individual acting on behalf of Obligor. The authorized individual or individuals designated by the Obligor must sign the Signature Card which will be kept in the possession of the Obligee.

Section 10.02 Down Payment. Prior to the disbursement of any funds from the Vendor Payable Account, the Obligor must either (1) deposit all the down payment funds that the Obligor has committed towards the purchase of the Equipment into the Vendor Payable Account or (2) Obligor must provide written verification to the satisfaction of the Obligee that all the down payment funds Obligor has committed towards the purchase of the Equipment have already been spent or are simultaneously being spent with the funds requested from the initial Payment Request and Equipment Acceptance Form. For purposes of this Section, the down payment funds committed towards the Equipment from the Obligor are the down payment funds that were represented to the Obligee at the time this transaction was submitted for credit approval by the Obligor to the Obligee.

Section 10.03 Disbursement upon Non-Appropriation or Default. If an event of non-appropriation or default occurs prior to the Partial Prepayment Date, the amount then on deposit in the Vendor Payable Account shall be retained by the Obligee and Obligor will have no interest therein.

Section 10.04 Surplus Amount. Any Surplus Amount then on deposit in the Vendor Payable Account on the Partial Prepayment Date shall be applied to pay on such Partial Prepayment Date a portion of the Purchase Option Price then applicable.

Section 10.05 Recalculation of Contract Payments. Upon payment of a portion of the Purchase Option Price as provided in Section 10.04 above, each Contract Payment thereafter shall be reduced by an amount calculated by Obligees based upon a fraction the numerator of which is the Surplus Amount and the denominator of which is the Purchase Option Price on such Partial Prepayment Date. Within 15 days after such Partial Prepayment Date, Obligees shall provide to Obligor a revised Exhibit B to this Contract, which shall take into account such payment of a portion of the Purchase Option Price thereafter and shall be and become thereafter Exhibit B to this Contract. Notwithstanding any other provision of this Section 10, this Contract shall remain in full force and effect with respect to all or the portion of the Equipment accepted by Obligor as provided in this Contract, and the portion of the principal component of Contract Payments remaining unpaid after the Partial Prepayment Date plus accrued interest thereon shall remain payable in accordance with the terms of this Contract, including revised Exhibit B hereto which shall be binding and conclusive upon Obligees and Obligor.

XI. **Miscellaneous**

Section 11.01 Notices. All notices shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at their respective places of business as first set forth herein or as the parties shall designate hereafter in writing.

Section 11.02 Binding Effect. Obligor acknowledges this Contract is not binding upon the Obligees or its assignees unless the Conditions to Funding listed on the Documentation Instructions have been met to Obligees's satisfaction, and Obligees has executed the Contract. Thereafter, this Contract shall inure to the benefit of and shall be binding upon Obligees and Obligor and their respective successors and assigns.

Section 11.03 Severability. In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.04 Amendments, Addenda, Changes or Modifications. This Contract may be amended, added to, changed or modified by written agreement duly executed by Obligees and Obligor. Furthermore, Obligees reserves the right to directly charge or amortize into the remaining balance due from Obligor, a reasonable fee, to be determined at that time, as compensation to Obligees for the additional administrative expense resulting from such amendment, addenda, change or modification requested by Obligor.

Section 11.05 Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.06 Captions. The captions or headings in this Contract do not define, limit or describe the scope or intent of any provisions or sections of this Contract.

Section 11.07 Master Contract. This Contract can be utilized as a Master Contract. This means that the Obligees and the Obligor may agree to the financing of additional Equipment under this Contract at some point in the future by executing one or more Additional Schedules to Exhibit A and Exhibit B, as well as other exhibits or documents that may be required by Obligees. Additional Schedules will be consecutively numbered on each of the exhibits which make up the Additional Schedule and all the terms and conditions of the Contract shall govern each Additional Schedule.

Section 11.08 Entire Writing. This Contract constitutes the entire writing between Obligees and Obligor. No waiver, consent, modification or change of terms of this Contract shall bind either party unless in writing and signed by both parties, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, representations, conditions, or warranties, express or implied, which are not specified herein regarding this Contract, the Equipment or any additional collateral, financed hereunder. Any terms and conditions of any purchase order or other documents submitted by Obligor in connection with this Contract which are in addition to or inconsistent with the terms and conditions of this Contract will not be binding on Obligees and will not apply to this Contract.

Obligees and Obligor have caused this Contract to be executed in their names by their duly authorized representatives listed below.

City of Bristol, Virginia

First Capital Equipment Leasing Corporation

**FILL IN THE
BLANKS**

Signature

Tabitha H. Crowder, City Manager

Printed Name and Title

Signature

Printed Name and Title

EXHIBIT A

DESCRIPTION OF EQUIPMENT

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

Below is a detailed description of all the items of Equipment including quantity, model number and serial number where applicable:

Five (5) Ford AWD Police Interceptor Utility's with Upfits & Equipment, One (1) Chevy 1-Ton Pickup with Dump Bed, One (1) 15-Passenger PD Van, and One (1) Skid Steer Loader

Five (5) Ford AWD Police Interceptor Utility's with Uplifts & Equipment
501 Scott Street, Bristol, VA 24201

One (1) Chevy 1-Ton Pickup with Dump Bed
601 Randolph Street, Bristol, VA 24201

One (1) 15-Passenger PD Van
711 Oakview Ave, Bristol, VA 24201

One (1) Skid Steer Loader
2125 Shakesville Rd, Bristol, VA 24201

Physical Address of Equipment after Delivery : _____

FILL IN THE
BLANKS

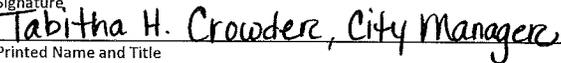
EXHIBIT B
PAYMENT SCHEDULE

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

Date of First Payment:	December 15, 2016
Original Balance:	\$397,500.00
Total Number of Payments:	Ten (10)
Number of Payments Per Year:	Two (2)

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	15-Dec-16	\$42,777.78	\$4,614.31	\$38,163.47	\$364,474.04
2	15-Jun-17	\$42,777.78	\$5,039.15	\$37,738.63	\$325,741.92
3	15-Dec-17	\$42,777.78	\$4,509.93	\$38,267.85	\$286,579.88
4	15-Jun-18	\$42,777.78	\$3,973.28	\$38,804.50	\$246,983.14
5	15-Dec-18	\$42,777.78	\$3,429.10	\$39,348.68	\$206,946.87
6	15-Jun-19	\$42,777.78	\$2,877.30	\$39,900.48	\$166,466.20
7	15-Dec-19	\$42,777.78	\$2,317.75	\$40,460.03	\$125,536.19
8	15-Jun-20	\$42,777.78	\$1,750.36	\$41,027.42	\$84,151.86
9	15-Dec-20	\$42,777.78	\$1,175.01	\$41,602.77	\$42,308.17
10	15-Jun-21	\$42,777.78	\$591.61	\$42,186.17	\$0.00

City of Bristol, Virginia

Signature

 Printed Name and Title

FILL IN THE
BLANKS

*Assumes all Contract Payments due to date are paid

EXHIBIT C

ACCEPTANCE OF OBLIGATION
TO COMMENCE CONTRACT PAYMENTS UNDER EXHIBIT B

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

I, the undersigned, hereby certify that I am a duly qualified representative of Obligor and that I have been given the authority by the governing body of Obligor to sign this Acceptance of Obligation to commence Contract Payments with respect to the above referenced Contract. I hereby certify that:

1. The Equipment described on Exhibit A has not been delivered, installed or available for use as of the Commencement date of this Contract.
2. Obligor acknowledges that Obligee has agreed to deposit into a Vendor Payable Account an amount sufficient to pay the total purchase price (the "Purchase Price") for the Equipment so identified in such Exhibit A;
3. The principal amount of the Contract Payments in the Exhibit B accurately reflects the Purchase Price;
4. Obligor agrees to execute a Payment Request and Equipment Acceptance Form authorizing payment of the Purchase Price, or a portion thereof, for each withdrawal of funds from the Vendor Payable Account.

Notwithstanding that the Equipment has not been delivered to or accepted by Obligor on the date of execution of the Contract, Obligor hereby warrants that:

- (a) Obligor's obligation to commence Contract Payments as set forth in Exhibit B is absolute and unconditional as of the Commencement Date and on each date set forth in Exhibit B thereafter, subject to the terms and conditions of the Contract;
- (b) immediately upon delivery and acceptance of all the Equipment, Obligor will notify Obligee of Obligor's final acceptance of the Equipment by delivering to Obligee the "Payment Request and Equipment Acceptance Form" in the form set forth in Exhibit F attached to the Contract;
- (c) in the event that any Surplus Amount is on deposit in the Vendor Payable Account when an event of non-appropriation or default under the Contract occurs, then those amounts shall be applied as provided in Section 10 of the Contract;
- (d) regardless of whether Obligor delivers a final Payment Request and Equipment Acceptance Form, all Contract Payments paid prior to delivery of all the Equipment shall be credited to Contract Payments as they become due under the Contract as set forth in Exhibit B.

City of Bristol, Virginia

Signature
Tabitha H. Crowder, City Manager
Printed Name and Title



EXHIBIT D

OBLIGOR RESOLUTION

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

FILL IN THE BLANKS

At a duly called meeting of the Governing Body of the Obligor (as defined in the Contract) held on _____ the following resolution was introduced and adopted:

BE IT RESOLVED by the Governing Body of Obligor as follows:

- Determination of Need.** The Governing Body of Obligor has determined that a true and very real need exists for the acquisition of the Equipment described on Exhibit A of the Government Obligation Contract dated as of July 19, 2016, between City of Bristol, Virginia (Obligor) and First Capital Equipment Leasing Corporation (Obligee).
- Approval and Authorization.** The Governing Body of Obligor has determined that the Contract, substantially in the form presented to this meeting, is in the best interests of the Obligor for the acquisition of such Equipment, and the Governing Body hereby approves the entering into of the Contract by the Obligor and hereby designates and authorizes the following person(s) to execute and deliver the Contract on Obligor's behalf with such changes thereto as such person(s) deem(s) appropriate, and any related documents, including any Agreement, necessary to the consummation of the transaction contemplated by the Contract.

FILL IN THE BLANKS

Authorized Individual(s):

(Typed or Printed Name and Title of individual(s) authorized to execute the Contract)

- Adoption of Resolution.** The signatures below from the designated individuals from the Governing Body of the Obligor evidence the adoption by the Governing Body of this Resolution.

Signature: _____
(Signature of Secretary, Board Chairman or other member of the Governing Body)

Printed Name & Title: _____
(Printed Name and Title of individual who signed directly above)

FILL IN THE BLANKS

Attested By: _____
(Signature of one additional person who can witness the passage of this Resolution)

Printed Name & Title: _____
(Printed Name of individual who signed directly above)

FILL IN THE BLANKS

City to provide resolution

EXHIBIT E
OFFICER'S CERTIFICATE

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

I, the undersigned, hereby certify that I am a duly qualified representative of Obligor and that I have been given the authority by the governing body of Obligor to sign this Officer's Certificate with respect to the above referenced Contract. I hereby certify that:

1. Obligor has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Contract Payments required to be paid under the Contract during the current Budget Year of Obligor, and such moneys will be applied in payment of all Contract Payments due and payable during such current Budget Year.
2. Obligor has obtained insurance coverage as required under the Contract from an insurer qualified to do business in the State.
3. No event or condition that constitutes or would constitute an Event of Default exists as of the date hereof.
4. The governing body of Obligor has approved the authorization, execution and delivery of this Contract on its behalf by the authorized representative of Obligor who signed the Contract.
5. Please list the Source of Funds (Fund Item in Budget) for the Contract Payments that come due under Exhibit B of this Contract.

Source of Funds : General Fund

By signing below, Obligor hereby authorizes the General Fund of the Obligor as a backup source of funds from which the Contract Payments can be made.

City of Bristol, Virginia

Signature
Tabitha H. Crowder, City Manager
Printed Name and Title



EXHIBIT F

PAYMENT REQUEST AND EQUIPMENT ACCEPTANCE FORM

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

In accordance with Section 10.01, by executing this Payment Request and Equipment Acceptance Form the Obligor hereby represents that the Payee or Payees listed below who are requesting payment have delivered the Equipment or a portion of the Equipment and performed the services to the satisfaction of the Obligor and that the amounts requested below by the Payee or Payees are proportionate to the value of the Equipment delivered or services rendered by the Payee or Payees. The Obligor hereby represents and warrants for all purposes...

- 1. Pursuant to the invoice attached hereto, the amount to be disbursed is \$ _____ and this amount is consistent with the Contract between Obligor and Vendor.
2. Payment is to be made to: Payee: _____
3. The undersigned certifies that the following documents are attached to this Payment Request and Equipment Acceptance Form when there is a request for a release of funds from the Vendor Payable Account to pay for a portion, or all, of the Equipment: (1) Invoice from the Vendor, (2) copy of the Contract between Obligor and Vendor (if requested by the Obligee), (3) Insurance Certificate (if applicable), (4) front and back copy of the original MSO/Title listing KS StateBank and/or its assigns as the first lien holder (if applicable).
4. No amount listed in this exhibit was included in any such exhibit previously submitted.
5. Each disbursement hereby requested has been incurred and is a proper charge against the Vendor Payable Account.
6. The Equipment referenced in the attached has been delivered, installed, inspected and tested as necessary and in accordance with Obligor's specifications and accepted for all purposes.
7. That Obligor is or will be the title owner to the Equipment referenced in the attached, and that in the event that any third party makes a claim to such title that Obligor will take all measures necessary to secure title including, without limitation, the appropriation of additional funds to secure title to such Equipment, or a portion thereof, and keep the Contract in full force and effect.
8. Obligor has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Contract Payments required to be paid under the Contract during the current Budget Year of Obligor, and such moneys will be applied in payment of all Contract Payments due and payable during such current Budget Year.
9. No event or condition that constitutes or would constitute an Event of Default exists as of the date hereof.

I, the undersigned, hereby certify that I am a duly qualified representative of Obligor and that I have been given the authority by the governing body of Obligor to sign this Payment Request and Equipment Acceptance Form.

Please forward this document and any correspondence relating to vendor payment to:

Bob@LeaseExperts.com
or Fax: 508-833-6692

Please call 800-541-0114 if you have any questions.

City of Bristol, Virginia

Signature

Printed Name and Title



HOLD UNTIL YOU ARE
READY TO AUTHORIZE A
VENDOR DISBURSEMENT
-COPY AS NEEDED-

EXHIBIT G
SIGNATURE CARD

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

The below signatures will be used for purposes of verifying the signature on a Payment Request and Equipment Acceptance Form prior to making payments from the Equipment Acquisition Fund or Vendor Payable Account. By signing below, the undersigned represents and warrants that s/he has received all appropriate authority from City of Bristol, Virginia.

City of Bristol, Virginia

Signature
Tabitha H. Crowder, City Manager
Printed Name and Title

FILL IN THE
BLANKS

Signature of additional authorized individual (optional) of Obligor

Signature
Kim Orfield, Chief Financial Officer
Printed Name and Title

FILL IN THE
BLANKS

EXHIBIT H

OBLIGOR ACKNOWLEDGEMENT
(& Vendor List)

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

Obligor hereby acknowledges that it has ordered or caused to be ordered the equipment that is the subject of the above-mentioned Contract. (Only one entry per vendor)

Please complete the vendor & equipment information below for each EQUIPMENT VENDOR.

(Attach additional pages as needed)

FILL IN THE
BLANKS

Vendor Name: Haley Ford (State Contract)
 Address: 10724 Jefferson Davis Highway
 City, State & Zip: Richmond, VA 23231
 Vendor Phone: 804-748-2253 Ext: _____
 Contact/Sales Rep: _____ Please Provide Email: _____
 Brief Equip. Description: Five (5)- 2016 Ford Utility Police Interceptore
 Equipment Amount (\$): 29,423 each, \$147,115 total Est. Delivery Date: _____

Vendor Name: Carter Machinery (State Contract)
 Address: _____
 City, State & Zip: _____
 Vendor Phone: _____ Ext: _____
 Contact/Sales Rep: _____ Please Provide Email: _____
 Brief Equip. Description: Skid Steer Loaders
 Equipment Amount (\$): 95,000 Est. Delivery Date: _____

Vendor Name: To be determined - Bid Process
 Address: _____
 City, State & Zip: _____
 Vendor Phone: _____ Ext: _____
 Contact/Sales Rep: _____ Please Provide Email: _____
 Brief Equip. Description: 1 Ton Dual Wheel Dump Truck
 Equipment Amount (\$): 48,000 Est. Delivery Date: _____

Obligor will immediately notify Obligee if any of the information listed above is changed. Changes are subject to approval.

EXHIBIT H

OBLIGOR ACKNOWLEDGEMENT
(& Vendor List)

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

Obligor hereby acknowledges that it has ordered or caused to be ordered the equipment that is the subject of the above-mentioned Contract. (Only one entry per vendor)

Please complete the vendor & equipment information below for each EQUIPMENT VENDOR.

(Attach additional pages as needed)

Vendor Name: To be Determined - Bid Process
 Address: _____
 City, State & Zip: _____
 Vendor Phone: _____ Ext: _____
 Contact/Sales Rep: _____ Please Provide Email: _____
 Brief Equip. Description: 15 Passenger Van
 Equipment Amount (\$): 32,000 Est. Delivery Date: _____

Vendor Name: Two Way Radio
 Address: P.O. Box 634
 City, State & Zip: Wytheville, VA 24382
 Vendor Phone: 888-228-2791 Ext: _____
 Contact/Sales Rep: _____ Please Provide Email: _____
 Brief Equip. Description: Lighting for Police Vehicles
 Equipment Amount (\$): 6415.00 each, 32,075 total Est. Delivery Date: _____

Vendor Name: Kustom Signals
 Address: 2652 Loiret Blvd
 City, State & Zip: Lenexa, KS 66219
 Vendor Phone: 913-492-1400 Ext: _____
 Contact/Sales Rep: _____ Please Provide Email: _____
 Brief Equip. Description: Radio + Cameras for police vehicles
 Equipment Amount (\$): 8,662 each, 43,310 total Est. Delivery Date: _____

Obligor will immediately notify Obligee if any of the information listed above is changed. Changes are subject to approval.

EXHIBIT I

BANK QUALIFIED CERTIFICATE

RE: Government Obligation Contract dated as of July 19, 2016, between First Capital Equipment Leasing Corporation (Obligee) and City of Bristol, Virginia (Obligor)

Whereas, Obligor hereby represents that it is a "Bank Qualified" Issuer for the calendar year in which this Contract is executed by making the following designations with respect to Section 265 of the Internal Revenue Code. (A "Bank Qualified Issuer" is an issuer that issues less than ten million (\$10,000,000) dollars of tax-exempt obligations during the calendar year).

Now, therefore, Obligor hereby designates this Contract as follows:

1. **Designation as Qualified Tax-Exempt Obligation.** Pursuant to Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986 as amended (the "Code"), the Obligor hereby specifically designates the Contract as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. In compliance with Section 265(b)(3)(D) of the Code, the Obligor hereby represents that the Obligor will not designate more than \$10,000,000 of obligations issued by the Obligor in the calendar year during which the Contract is executed and delivered as such "qualified tax-exempt obligations".
2. **Issuance Limitation.** In compliance with the requirements of Section 265(b)(3)(C) of the Code, the Obligor hereby represents that the Obligor (including all subordinate entities of the Obligor within the meaning of Section 265(b)(3)(E) of the Code) reasonably anticipates not to issue in the calendar year during which the Contract is executed and delivered, obligations bearing interest exempt from federal income taxation under Section 103 of the Code (other than "private activity bonds" as defined in Section 141 of the Code) in an amount greater than \$10,000,000.

City of Bristol, Virginia



Signature
Tabitha H. Crowder, City Manager

Printed Name and Title

NOTICE OF ASSIGNMENT

JULY 19, 2016

First Capital Equipment Leasing Corporation (Obligee/Assignor) hereby gives notice of an Assignment between Obligee/Assignor and KS StateBank (Assignee) of the Government Obligation Contract (Contract) between Obligee/Assignor and City of Bristol, Virginia, dated as of July 19, 2016.

All Contract Payments coming due pursuant to the Contract shall be made to:

KS StateBank
1010 Westloop, P.O. Box 69
Manhattan, Kansas 66505-0069

**First Capital Equipment Leasing Corporation,
Obligee/Assignor**

Signature

Printed Name and Title

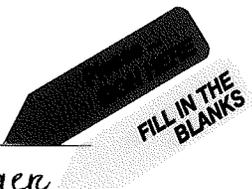
ACKNOWLEDGEMENT OF AND CONSENT TO ASSIGNMENT

City of Bristol, Virginia (Obligor) as party to a Government Obligation Contract dated as of July 19, 2016 between Obligor and First Capital Equipment Leasing Corporation (Obligee), hereby acknowledges receipt of a Notice of Assignment dated July 19, 2016 whereby Obligee gave notice of its assignment to KS StateBank of its right to receive all Contract Payments due from Obligor under the Contract and hereby consents to that Assignment. Pursuant to the Notice of Assignment from Obligee, Obligor agrees to deliver all Contract Payments coming due under the Contract to:

KS StateBank
1010 Westloop, P.O. Box 69
Manhattan, Kansas 66505-0069

City of Bristol, Virginia

Signature
Tabitha H. Crowder, City Manager
Printed Name and Title



FILL IN THE
BLANKS

INSURANCE REQUIREMENTS

Pursuant to Article V of the Government Obligation Contract, you have agreed to provide us evidence of insurance covering the Equipment.

A Certificate of Insurance listing the information stated below should be sent to us no later than the date on which the equipment is delivered.

Insured:	Certificate Holder:
City of Bristol, Virginia	KS StateBank
300 Lee Street	1010 Westloop, P.O. Box 69
Bristol, Virginia 24201	Manhattan, Kansas 66505-0069

1. Equipment Description

- ◆ Five (5) Ford AWD Police Interceptor Utility's with Upfits & Equipment, One (1) Chevy 1-Ton Pickup with Dump Bed, One (1) 15-Passenger PD Van, and One (1) Skid Steer Loader
- ◆ Please include all applicable VIN's, serial numbers, etc.

2. Deductible

- ◆ The deductible amounts on the insurance policy should not exceed \$25,000.00.

3. Physical Damage

- ◆ All risk coverage to guarantee proceeds of at least \$397,500.00.

4. Liability

- ◆ Minimum Combined Single Limit of \$1,000,000.00 on bodily injury and property damage.

5. Additional Insured and Loss Payee

- ◆ KS StateBank AOIA (and/or Its Assigns) MUST be listed as additional insured and loss payee.

Please forward certificate as soon as possible to:

PLEASE INCLUDE THIS FORM
WITH YOUR CONTRACT
DOCUMENTS

Please complete the information below and return this form along with the Contract.

City of Bristol, Virginia

**FILL IN THE
BLANKS**

Insurance Company: VML Insurance Program

Agent's Name: Ann Chandler

Telephone #: 804-237-1323

Fax #: 804-968-4662

Address: P.O. Box 3239

City, State Zip: Glen Allen, VA 23058

Email: Ischenk@wmlins.org

REQUIRED

*By completing this form, Obligor is authorizing Obligee to withdraw said payment amount on said date.

DEBIT AUTHORIZATION

I hereby authorize KS StateBank Government Finance Department to initiate debit entries, and, if necessary, to reinstate returned entries up to two additional times, to the account indicated below at the financial institution named below and to debit the same to such account for:

Contract Number 3350196	Payment Amount \$42,777.78	Frequency of Payments Semi-Annual
Beginning _____ Month Year	Day of Month 15th	

I acknowledge that the origination of ACH transactions to this account must comply with the provisions of U.S. law.

Financial Institution Name		Branch	
Address	City	State	Zip
Routing Number		Account Number	

Type of Account Checking Savings

This authority is to remain in full force and effect until KS StateBank has received written notification from any authorized signer of the account of its termination in such time and manner as to afford KS StateBank a reasonable opportunity to act on it.

Obligor Name on Contract City of Bristol, Virginia	
Signature	Printed Name and Title
Tax ID Number 54-6001159	Date

PLEASE ATTACH COPY OF A VOIDED CHECK TO THIS FORM!

<p align="center">USA Patriot Act</p> <p>USA Patriot Act requires identity verification for all new accounts. This means that we may require information from you to allow us to make a proper identification.</p>

8038 REVIEW FORM

The 8038 form attached hereto is an important part of the documentation package and must be properly filled out and submitted to the Department of the Treasury in order for you to receive the lower tax-exempt rate. Unless you instruct us otherwise, we have engaged a Paid Preparer to assist in the filling out of this form. The Paid Preparer has filled out the relevant portions of this form based on the current understanding of what is required by the Department of the Treasury. The responses on this 8038 form are based on the dates and amounts which you have requested (structure of the transaction) and which are on the Payment Schedule.

1. Please review our responses for accuracy. If anything is inaccurate, please contact our office so that we can make proper revisions.
2. If the information provided to you on this form is accurate, please sign where indicated and return with the document package.
3. If there are any changes to the structure of the transaction that occur prior to funding which require a change to the 8038 form, we will make such changes and provide notification to you.
4. We will return to you a copy of the 8038 form that was mailed to the Department of the Treasury.

Important Note:

The IRS is now requesting information regarding tax-exempt issuers' and borrowers' written policies and procedures designed to monitor post-issuance compliance with the federal tax rules applicable to tax-exempt obligations (boxes 43 and 44). Do not check items 43 and 44 on the 8038 form unless you have established written procedures in accordance with the instructions referenced directly below. If you choose to "check" items 43 and/or 44, please be prepared to provide copies of such written procedures to the Paid Preparer or any representatives of the IRS upon request. Written procedures should contain certain key characteristics, including making provisions for:

- Due diligence review at regular intervals;
- Identifying the official or employee responsible for review;
- Training of the responsible official/employee;
- Retention of adequate records to substantiate compliance (e.g., records relating to expenditure of proceeds);
- Procedures reasonably expected to timely identify noncompliance; and
- Procedures ensuring that the issuer will take steps to timely correct noncompliance.

For additional guidance on this 8038 form, you can refer to the Documentation Instructions located on the following government website: <http://www.irs.gov/app/picklist/list/formsInstructions.html>, or contact your local IRS office.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
► See separate instructions.

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Bristol, Virginia		2 Issuer's employer identification number (EIN) 54-6001159	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 300 Lee Street		Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Bristol, Virginia 24201		7 Date of issue 07/19/2016	
8 Name of issue Government Obligation Contract		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Ms. Kim Orfield, Chief Financial Officer		10b Telephone number of officer or other employee shown on 10a (276) 645-7358	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.			
11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ► Five (5) Ford AWD Police Interceptor Utility's with Upfits & Equipment, One (1) Chevy 1-Ton Pickup with Dump Bed, One (1) 15 Passenger PD Van, and One (1) Skid Steer Loader	18	400,425	93
19 If obligations are TANs or RANs, check only box 19a			<input type="checkbox"/>
If obligations are BANs, check only box 19b			<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box			<input type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06/15/2021	\$ 400,425.93	\$ 397,500.00	2.802 years	2.805 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)			
22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	400,425	93
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	2,925	93
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29	2,925	93
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	397,500	00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	_____

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input checked="" type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement. ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I am the issuer of this return and I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized to receive it.

Signature of issuer's authorized representative: Tabitha H. Crowder, City Manager Date: _____

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
H. Evan Howe	<i>H. Evan Howe</i>	07/18/2016		P01438994
Firm's Name ▶	Baystone Financial LLC	Firm's EIN ▶	48-1223987	
Firm's Address ▶	12980 Metcalf, Suite 310, Overland Park, KS 66213		Phone no.	(800) 752-3562

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRISTOL, VIRGINIA, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE-PURCHASE AGREEMENT AND SEPARATE EQUIPMENT SCHEDULES WITH RESPECT TO THE ACQUISITION, PURCHASE, FINANCING, AND LEASING OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of Bristol, Virginia, (the “Lessee”), desires to purchase, acquire and lease certain equipment and other property necessary for the Lessee to perform essential governmental functions; and

WHEREAS, in order to acquire such equipment and other property, the Lessee proposes to enter into that certain Master Equipment Lease-Purchase Agreement (the “*Master Lease*”) and separate Equipment Schedules from time to time as provided in the Master Lease; and

WHEREAS, the governing body of the Lessee deems it for the benefit of the Lessee and for the efficient and effective administration thereof to enter into the Master Lease and the separate Equipment Schedules as provided in the Master Lease for the purchase, acquisition and leasing of the equipment and other property to be therein described on the terms and conditions therein provided;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of Bristol, Virginia, as follows:

Section 1. Approval of Documents. Upon review by the City Attorney, the City Manager is hereby authorized and directed to hold executed copies of the Master Lease until the conditions for the delivery of the Master Lease have been completed to such officer's satisfaction. The City Manager is authorized to approve changes to any documents related to the Master Lease previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Master Lease shall be in such final forms as the City Manager shall approve, with the City Manager's release for delivery constituting conclusive evidence of such officer's final approval of the Master Lease's final form.

Section 2. Other Actions Authorized. The officers and employees of the Lessee shall take all action necessary or reasonably required by the parties to the Master Lease and each Equipment Schedule to carry out, give effect to and consummate the transactions contemplated thereby (including the execution and delivery of acceptance certificates and any tax certificate and agreement, each with respect to separate Equipment Schedules, as contemplated in the Master Lease) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Master Lease and each Equipment Schedule.

Section 3. No General Liability. Nothing contained in this Resolution, the Master Lease, any Equipment Schedule nor any other instrument shall be construed with respect to the Lessee as incurring a pecuniary liability or charge upon the general credit of the Lessee or against its taxing power, nor shall the breach of any agreement contained in this Resolution, the Master Lease, any Equipment Schedule or any other instrument or document executed in connection therewith impose any pecuniary liability upon the Lessee or any charge upon its general credit or against its taxing power, except to the extent that the rental payments payable under each Lease (as such term is defined in the Master Lease) are special limited obligations of the Lessee as provided in such Lease.

Section 4. Appointment of Authorized Lessee Representatives. The City Manager and Chief Financial Officer of the Lessee are each hereby designated to act as authorized representatives of the Lessee for purposes of the Master Lease and each Equipment Schedule until such time as the governing body of the Lessee shall designate any other or different authorized representative for purposes of the Master Lease and each Equipment Schedule.

Section 5. Designation for Purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

Section 6. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

ADOPTED AND APPROVED by the City Council of the City of Bristol, Virginia this 9th day of August, 2016.

Bill Hartley, Mayor

Clerk's Certificate

I, the undersigned, certify that I am Clerk of the City Council for the City of Bristol, Virginia and that the foregoing is a true copy of the resolution duly adopted at the regularly held City Council meeting on the 9th day of August, 2016, at which a quorum was present and voted.

The undersigned further certifies that the above Resolution has not been repealed or amended and remains in full force and effect.

Date: August 9th, 2016

[SEAL]

(Clerk)

**CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: Monday, August 08, 2016

Department: Community Development

Executive Session Item: Yes No X

Staff Contact: Andrew Trivette

AGENDA ITEM WORDING:

Consideration of a No-Net Loss Performance Based Grant Award to Prime Hospitality allowing the construction of a Hilton Worldwide Tru Hotel on lot 15 of the Falls.

ITEM BACKGROUND:

Mr. Samir Patel, owner of the Comfort Inn at Exit 5 and several hotels in the Abingdon area has contracted with Interstate to develop the first Tru Hotel by Hilton in Virginia. It is to be located on Lot 15 of the Falls. Tru is the 13th brand owned and operated by Hilton Worldwide. Tru is designed to be a midscale market competitor to similar properties like the Aloft operated by Starwood. It is a trendy minimalist design focused on interaction and catering to a younger demographic of traveler than Hilton Garden Inn or Courtyard Marriot. Currently only two Tru hotels are in operation in the United States, one is in Oklahoma and the other in Georgia. This is a new brand for Hilton and if the schedule remains steady the Falls Tru product could be the 7th to open in the Country. The development is contingent upon a No-Net Loss award. The applicant has been an operator in Bristol since opening his hotel at Exit 5 in the late 90's, which was his first hotel property. He has requested an award of \$1million to offset construction costs. This hotel will be four (4) stories and the tallest building on the Falls development site. It will provide 88 rooms. The project is expected to generate \$7.6 million in capital investment and will support 22 employees. The first year return on the project through taxes and fees for the City is estimated to be \$258,065.00

PREVIOUS RELEVANT ACTION:

June 13, 2016 – IDA consideration and issuance of LOI

Staff Recommendations:

Staff recommends an award of \$300,000 as provided for in the drafted performance agreement and authorize the Mayor to execute any declarations or other documents necessary to close on the proposed transfer of Lot 15.

DOCUMENTATION: Included X Not Required

Annual ROI for Tru Hotel at the Falls

Revenue Source	Calculation	Amount Projected
Building Permit Fee	Base fee of \$1,500 plus \$3 per \$1000 of value and 5% of total for each trade	\$9,775.00
Property Tax(new)	\$1.19 per \$100 of value (certified investment of \$7,600,000)	\$90,440.00
Local Sales Tax	1% of total receipts (occupancy plus non room revenues = \$1,390,100)	\$13,901.00
DRI Sales Tax	1.9% of total receipts (occupancy plus non room revenues = \$1,390,100)	\$26,410.00
Lodging Tax	9% of total receipts (occupancy 50% year 1 = \$1,365,100)	\$122,859.00
	Estimated Total Local 1st Year ROI	\$263,385.00
	Recommended Incentive (50% lodging)	(\$61,429.50)
	City ROI Less Year 1 Incentive Payment	\$201,955.50
	Total Years for Payout (estimated)	5

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016 Department: Community Development & Planning

Bulk Item: Yes No Staff Contact: Andrew Trivette

AGENDA ITEM WORDING:

Update Regarding the Falls.

ITEM BACKGROUND:

PREVIOUS RELEVANT ACTION:

Staff Recommendations:

N/A

DOCUMENTATION: Included Not Required

MOTION: None required.

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: City Manager

Bulk Item: Yes No

Staff Contact: Tabitha Crowder

AGENDA ITEM WORDING:

Financial Briefing by Davenport & Company

ITEM BACKGROUND:

Davenport & Company will provide a financial briefing to City Council. The briefing will include certain key historic finance related matters including credit rating, summary of financial history, and use of TANs; FY17 budget; and comparative demographic and general government expenditures to other localities. The presentation will be provided by Davenport & Company at the meeting.

PREVIOUS RELEVANT ACTION:

N/A

Staff Recommendations:

N/A

DOCUMENTATION: Included Not Required

DAVENPORT & COMPANY

Member NYSE | FINRA | SIPC

Financial Briefing to Bristol, Virginia City Council



August 9, 2016

Contents / Agenda

- 1 Credit Rating Overview
- 2 Summary Financial History
- 3 Tax Anticipation Note (TAN) History
- 4 Peer Group Demographic Comparatives
- 5 Peer Group Expenditure Comparatives
- 6 Existing Indebtedness
- 7 Unassigned Fund Balance
- 8 FY 2016 and FY 2017/FY2018 Budget Observations

Goals & Objectives



- Brief City Council members on certain key historic finance related matters including:
 - Credit Rating Overview and History;
 - Summary Financial History including Unassigned Fund Balance trends; and
 - Use of Tax Anticipation Notes (TANs).

- Provide comparative Demographic and General Governmental expenditures based on other similarly sized Virginia localities and National Best Practices with respect to Debt and Fund Balance ratios.

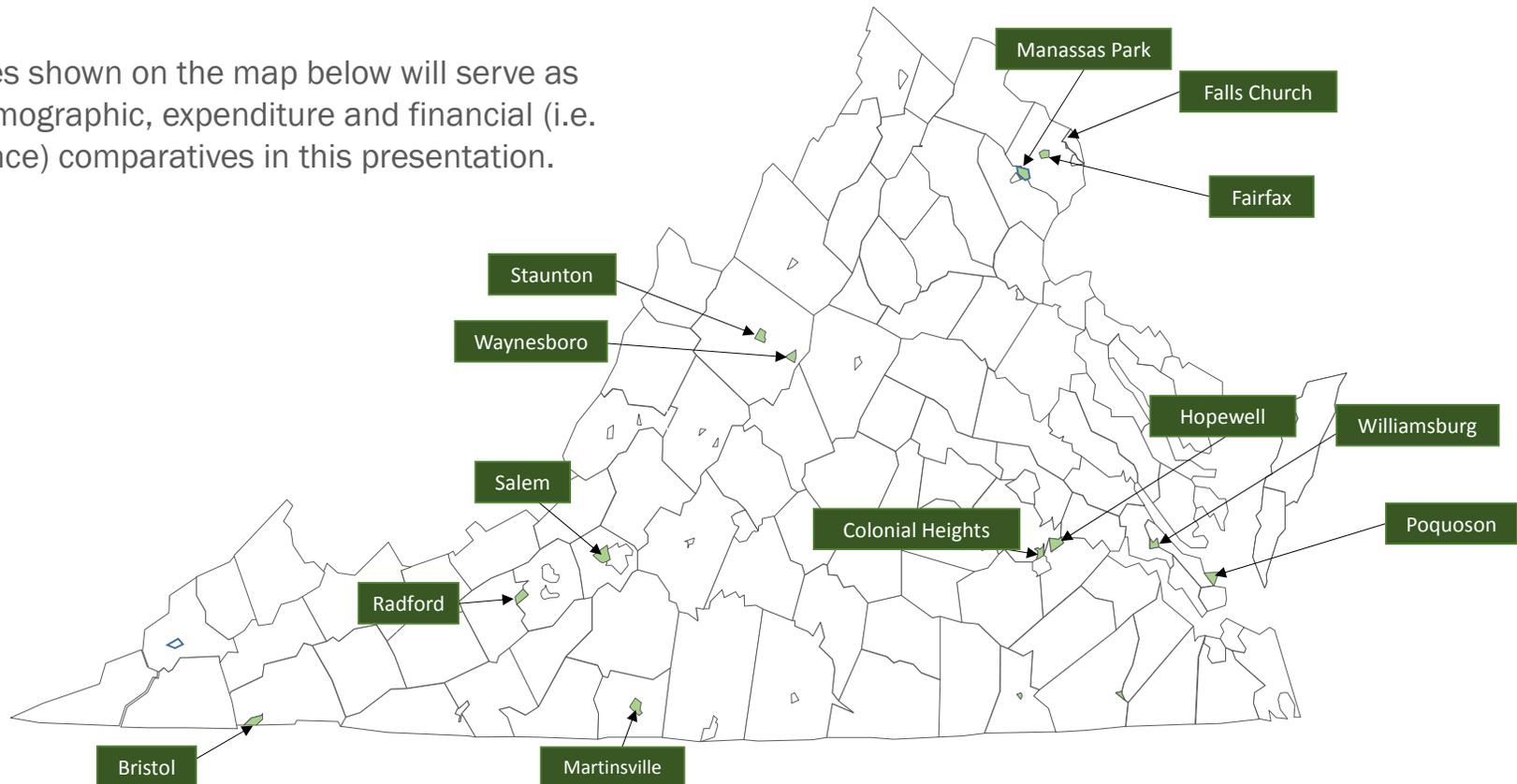
- Discuss recommendation(s) and rationale for the proposed FY 2017 Budget involving Debt and Unassigned Fund Balance.

- Consider how all of the above impacts any other multi-year capital improvement funding needs including the ultimate permanent financing of The Falls Project related indebtedness.

1. Credit Rating Overview

Map of Peer Group - Comparable Virginia Cities

- The Peer Group of Comparable Virginia Cities (the “Peer Group”) herein is based on the following criteria:
 - Virginia Cities with similar local government structures;
 - Population Ranges from 10,000 to 25,000; and
 - Credit Rating history (i.e. having an existing or prior credit rating in the past)
- The Peer Group cities shown on the map below will serve as the basis for the demographic, expenditure and financial (i.e. debt and fund balance) comparatives in this presentation.



City Credit Rating History (Moody's)



- The City's current Credit Ratings from Moody's is shown in comparison to the Peer Group below.

		Bristol	Colonial Heights	Fairfax	Falls Church	Hopewell	Manassas Park	Martinsville	Poquoson	Radford	Salem	Staunton	Waynesboro	Williamsburg
Top tier "Highest Possible Rating"		Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
2nd Tier "Very Strong"	(Highest)	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
	(Middle)	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2
	(Lowest)	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	
3rd Tier "Strong"	(Highest)	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1	A1
	(Middle)	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2
	(Lowest)	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3	A3
4th Tier "Adequate Capacity to Repay"	(Highest)	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1
	(Middle)	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2
	(Lowest)	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3

5th - 10th Tiers "Below Investment Grade"

BB, B, CCC, CC, C, D

- "The rating reflects the City's recently improved financial position that will continued to be pressured by increasing fixed costs over the near term" – Moody's

= Prior Rating
 = Current Rating
 = Previous Rating No Longer Outstanding

City Credit Rating History (S&P)



- The City's current Credit Ratings from S&P is shown in comparison to the Peer Group below.

		Bristol	Colonial Heights	Fairfax	Falls Church	Hopewell	Manassas Park	Martinsville	Poquoson	Radford	Salem	Staunton	Waynesboro	Williamsburg
Top tier "Highest Possible Rating"		AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
2nd Tier "Very Strong"	(Highest)	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
	(Middle)	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA
	(Lowest)	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
3rd Tier "Strong"	(Highest)	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+	A+
	(Middle)	A	A	A	A	A	A	A	A	A	A	A	A	A
	(Lowest)	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-
4th Tier "Adequate Capacity to Repay"	(Highest)	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+
	(Middle)	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB
	(Lowest)	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-

5th - 10th Tiers "Below Investment Grade"

BB, B, CCC, CC, C, D

- "The 'A' rating reflects: weak economy, adequate management (FMA assessment), adequate budgetary performance, weak budgetary flexibility, adequate liquidity" – S&P

= Prior Rating
 = Current Rating
 = Previous Rating No Longer Outstanding

City Credit Rating History



- The City's rating history since 2010 is shown below:

Moody's Rating History

Current 2015	Baa2	Downgrade
2014	A3	Downgrade
2010	A1	

S&P Rating History

Current 2015	A	No Change
2014	A	No Change
2010	A	

- Key Credit Strengths include ⁽¹⁾:

- Willingness to raise revenues and cut expenditures to help build reserves.
- Monthly budget monitoring reports shared with city council and finance committee.
- Expectations that budgetary performance will improve over the near term.

- Key Credit Challenges ⁽¹⁾

- Adequate reserve and liquidity position that will be pressured due to increasing costs.
- High debt burden
- Below average wealth levels.

- Factors that could lead to an upgrade ⁽¹⁾:

- Ability to maintain structural balance (i.e. Budgets and Operating performance).
- Increase in reserve levels and improved liquidity (i.e. Unassigned Fund Balance) to provide greater financial flexibility to help offset growing debt service.
- Continued trend of favorable operations in the Solid Waste Fund including reduced advances from the General Fund.
- Material improvement in the City's wealth levels.

- Factors that could lead to a downgrade ⁽¹⁾:

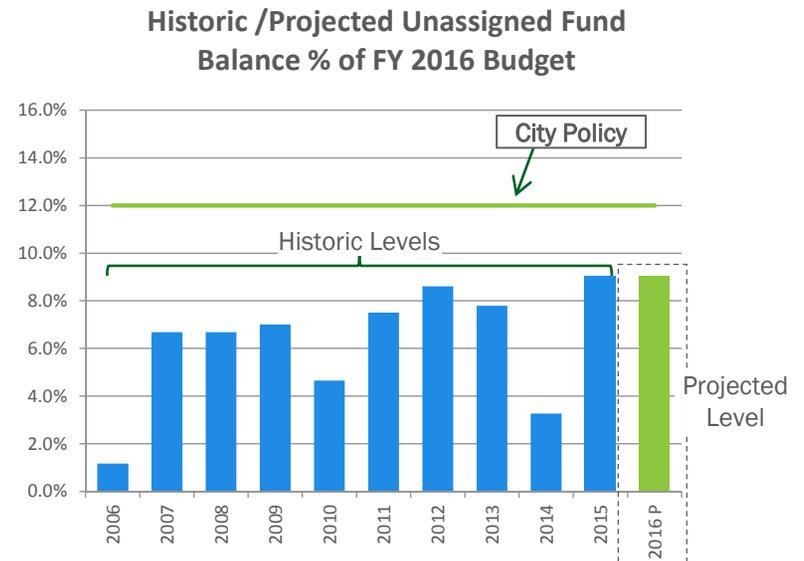
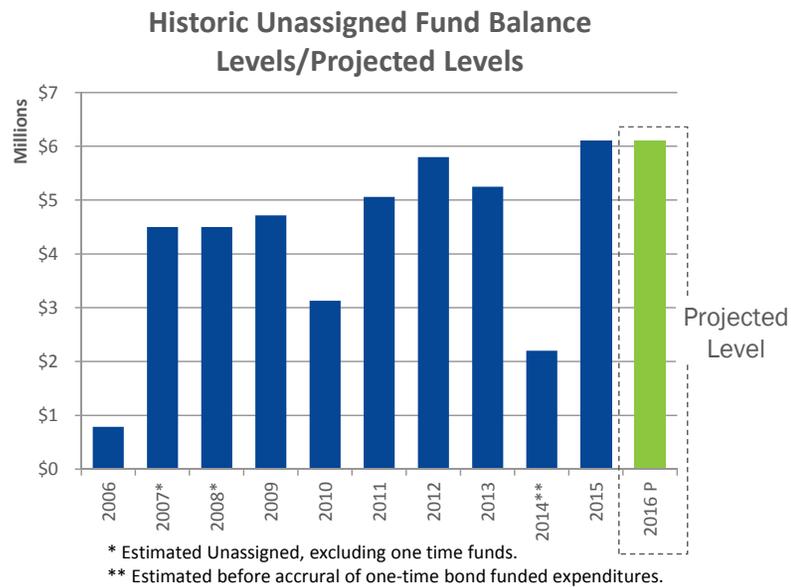
- Inability to maintain structural balance (i.e. Budgets and Operating performance).
- Any additional declines in reserve (i.e. Unassigned Fund Balance) levels.
- Increased debt burden beyond current expectations.
- Deterioration in tax base and wealth levels.

2. Summary Financial History

Financial History and Annual Impact on Unassigned Fund Balance



- Davenport has outlined on the next several pages Fiscal Year financial summaries from FY 2006 to present (approximately 10 years).
- As shown graphically below, the City's Unassigned Fund Balance has changed considerably over this time period.
- In addition, the City implemented a Fund Balance Policy in 2015 that establishes a target level of Unassigned Fund Balance that is anticipated to eliminate the need for annual Tax Anticipation Note (TAN) cash flow borrowing.



Financial History



Fiscal Year Summary

Impact on Unassigned Fund Balance

- Prior to FY 2006: The City had historically relied upon the use of Tax Anticipation Notes (TANs) to manage cash flow issues throughout the fiscal year due to a lack of Unassigned Fund Balance and liquidity. In addition, the City was challenged by its municipal landfill that has required continual General Fund support.
 - In FY 2006: Consistently low Unassigned Fund Balance and Liquidity resulted in annual cash flow challenges which reached a critical point in FY 2006. Davenport developed a Multi-year Plan to assist the City. The 2006 Plan included:
 - Targeted Restructuring of certain Bonds for cash flow relief;
 - Conversion to biannual tax collections in FY 2007;
 - Planned combination of Revenue increases and Expenditure cuts to provide structurally balanced budgets and cash flow contingency funds; and
 - Gradual increases to Unassigned Fund Balance.
 - In FY 2007: The City converted to biannual real estate tax collections and used the one time windfall from the conversion to increase its Unassigned Fund Balance and liquidity.
- Unassigned Fund Balance Pre 2006 = Essentially \$0
 - Unassigned Fund Balance FY 2006 = Essentially \$0
 - Unassigned Fund Balance 2007 = Approximately \$4.5 million

Financial History (Cont.)



Fiscal Year Summary

Impact on Unassigned Fund Balance

- | | |
|--|--|
| <ul style="list-style-type: none">■ FY 2008: The City followed the 2006 Plan and was beginning to rebuild its fund balances. | <ul style="list-style-type: none">■ Unassigned Fund Balance 2008 = Approximately \$4.5 million (excluding one-time funds). |
| <ul style="list-style-type: none">■ FY 2009: The City had been rebuilding its fund balances and following the 2006 Plan, but began to experience downward trending revenues due to the national recession. | <ul style="list-style-type: none">■ Unassigned Fund Balance 2009 = Approximately \$4.7 million |
| <ul style="list-style-type: none">■ FY 2010: As a result of continued declining revenues and use of fund balance in 2010, Davenport was tasked again to develop a Multi-year Strategic Plan of Finance. The 2010 Plan incorporated:<ul style="list-style-type: none">– Financing strategic investments in the municipal landfill that provided for efficiencies and budgetary savings.– Larger more comprehensive restructuring that enabled the City to recapitalize its fund balance within structurally balanced budgets.– Plan for gradual reduction in the use of TANs. | <ul style="list-style-type: none">■ Unassigned Fund Balance 2010 = Approximately \$3.1 million |
| <ul style="list-style-type: none">■ FY 2011: The City followed the 2010 Plan and was able to add to fund balance as well as reduce the use of the TAN.<ul style="list-style-type: none">– TANs were beginning to decline as Unassigned Fund Balance increased. | <ul style="list-style-type: none">■ Unassigned Fund Balance 2011 = Approximately \$5.0 million |

Financial History (Cont.)



Fiscal Year Summary

- FY 2012: The City continued the 2010 Plan and the use of the TAN declined to approximately \$4.5 million.
 - The City identified a potential comprehensive Retail Development opportunity to be known as The Falls at Bristol Project and began the process of proceeding with the Development.
 - City Council deemed the Project to be essential to stemming the loss of revenues from the decline of the existing mall in the City.
 - Specifically, City Council indicated that if the City did not pursue the Project, the City would potentially lose upwards of \$2 million annually in tax revenues from the existing mall
 - The conceptual Plan of Finance for funding the Falls incorporated the issuance of Non-Recourse Revenue Bonds to be backed by the revenues of the Project along with some G.O. Bonds.

Impact on Unassigned Fund Balance/Issuance of Notes

- Unassigned Fund Balance 2012 = Approximately \$5.8 million.

Financial History (Cont.)



Fiscal Year Summary

Impact on Unassigned Fund Balance/Issuance of Notes

- FY 2013: Excluding one-time capital and debt service accounting adjustments, the City's Operating Expenditures exceeded Operating Revenues by \$1.6 million due to lower than expected revenues in the General Fund and Solid Waste Fund. The net decrease in Unassigned Fund Balance approximated \$600,000.
 - In addition, a delay in the issuance of the Falls Project Revenue Bonds was due to a combination of legal challenges and delay in tenant commitments.
 - FY 2014 – The City's budget was based on a more conservative estimate of revenues as a result of the experience in FY 2013 and also incorporated a 2¢ real estate tax increase. However, an unforeseen loss of a landfill disposal contract resulted in a \$1 million loss in revenues.
 - Due to the unexpected loss of landfill revenues, the City undertook a comprehensive restructuring of debt to help cash flow for the next five years.
 - Continued legal challenges on the Falls Project resulted in additional delays in the issuance of the Revenue Bonds.
 - In addition, the City needed to pursue clarifying legislation with respect to the sales tax revenues that were to be used to repay the Falls Project Revenue Bonds.
- Unassigned Fund Balance 2013 = Approximately \$5.3 million.
 - The City borrowed the initial \$25 million of Notes for the Falls (Summer 2012) in order to acquire land and fund pre-development costs and keep the Project on schedule.
 - Unassigned Fund Balance 2014 = Approximately \$2.2 million (adjusted to reflect use of Fund Balance and Bond Proceeds that were issued after June 30, 2014).
 - The City borrowed \$15 million of Notes for the Falls (Fall 2013/Spring 2014) in order to keep the project on schedule while continuing legal challenges were being resolved.

Financial History (Cont.)



Fiscal Year Summary

- FY 2015 – The City continued to refine its projections for budgeting and included a 6¢ real estate tax increase. In addition, other revenues and expenditure cuts were made to provide for a structurally balanced budget and an increase in Fund Balance.
 - With the resolution of the legal and legislative issues by Summer 2014 as well as the finalization of the tenant mix, Approximately \$33.9 million of Falls Project Revenue Bonds were issued in December 2014.
 - Approximately \$6.3 million were issued and payable from Phase 1 Project Revenues on a first priority basis, Cabela’s/Lowes Guarantees and also have the Moral Obligation of the City.
 - Approximately \$27.5 million of Bonds were issued on a non-recourse second priority basis and payable solely from Phase 1 Revenues of the Falls Project.

- FY 2016 – See Page 46.

Impact on Unassigned Fund Balance/Issuance of Notes

- Unassigned Fund Balance 2015 = Approximately \$6.1 million due to reimbursements from the Falls Project Revenue Bonds and improved financial performance based on the City’s more conservative budgeting.
- The City borrowed the last \$6.0 million of Notes for the Falls related to site work, road work and public infrastructure surrounding the Project and \$2.05 million for Exit 5 Lee Highway widening (Fall 2014/Spring 2015).

- Unassigned Fund Balance FY 2016 – See Page 43.

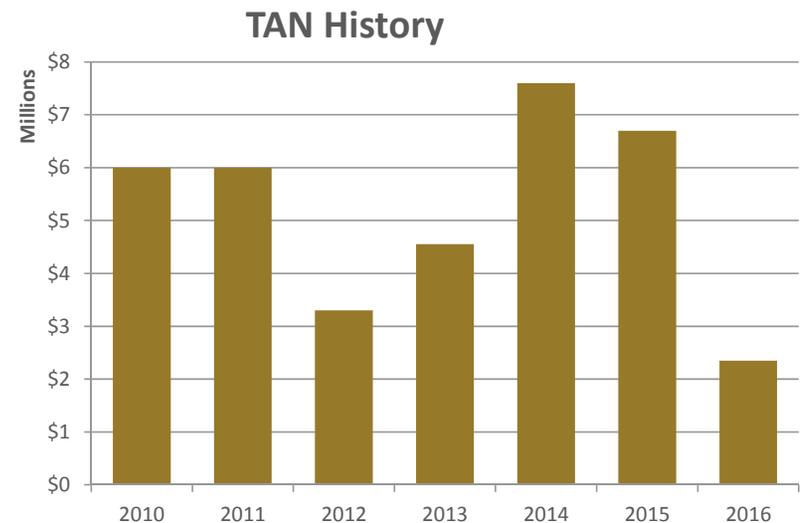
3. Tax Anticipation Note (TAN) History



Tax Anticipation Note History

- The City has historically relied on a Tax Anticipation Note (“TAN”) financings for managing its cash flow needs throughout the fiscal year from July to the following June 30.
 - TANs are borrowed during a fiscal year and repaid by June 30 of the fiscal year if cash reserves (i.e. Unassigned Fund Balances) are not sufficient for the City to pay recurring expenses
- As with virtually all localities, there is a timing mismatch between periodic revenue collections and more regular expenditures.
 - For the City this occurs regularly in the summer before December tax collections and in the spring before June tax collections.
 - As a result the City uses a TAN to provide cash to help offset this imbalance between periodic revenue collections and regular recurring expenditures.
 - The City’s need for a TAN is directly related to insufficient Unassigned Fund Balance.
 - The City estimates that an Unassigned Fund Balance approximating \$8 million would eliminate the need for a TAN.
- Based on a review of the Audited Financial Statements of the Peer Group no other City uses a TAN.

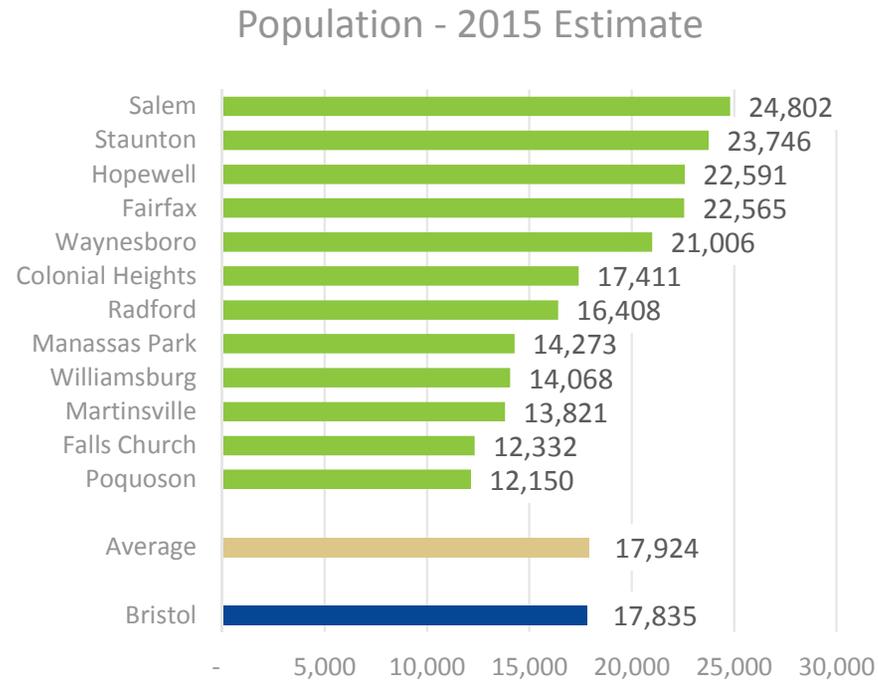
- Key Observations:
 - As shown by the graphic, the City’s use of the TAN has historically been around \$6 million until FY 2011.
 - In FY 2012 and FY 2013, TAN use decreased as Unassigned Fund Balance increased.
 - In FY 2014, the TAN once again increased due to unexpected revenue loss and decrease in Unassigned Fund Balance.
 - In FY 2015 and FY 2016, the TAN began to trend down as Unassigned Fund Balance and the City’s financial performance improved.



4. Peer Group Demographic Comparatives

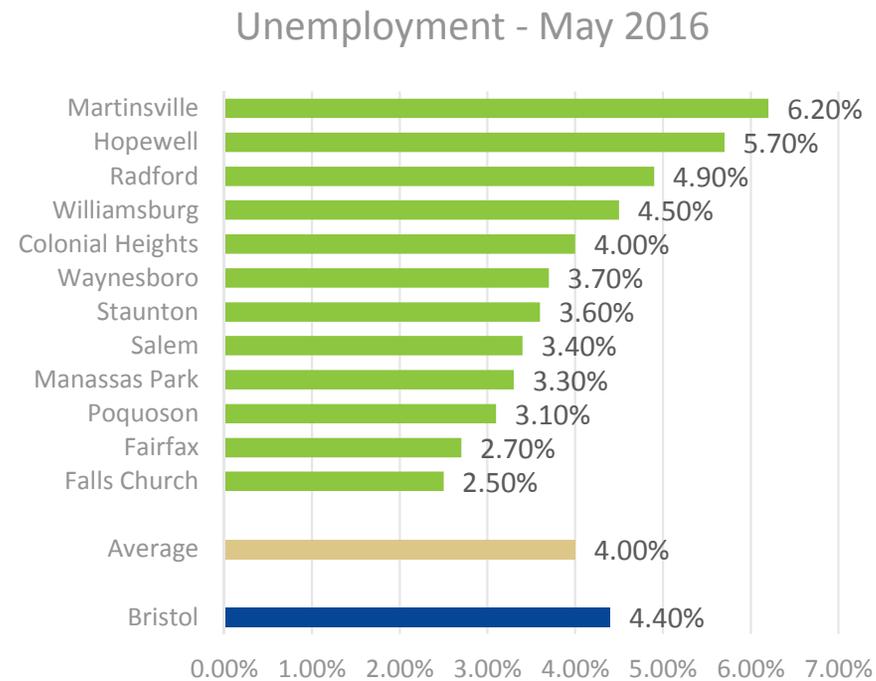
Population

- Bristol's population closely approximates the average of the Peer Group.



Unemployment Rate

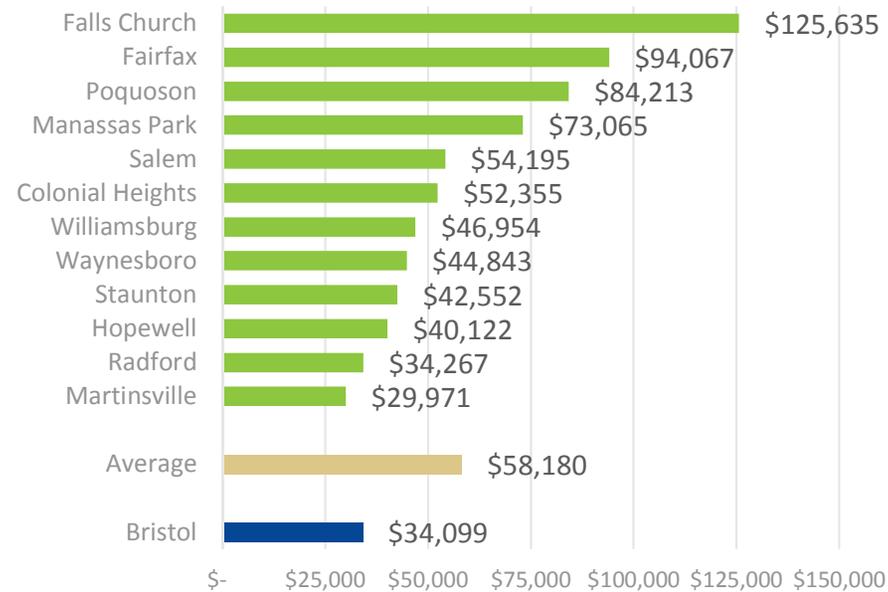
- Bristol's unemployment rate is near the average of the Peer Group cities.



Median Household Income

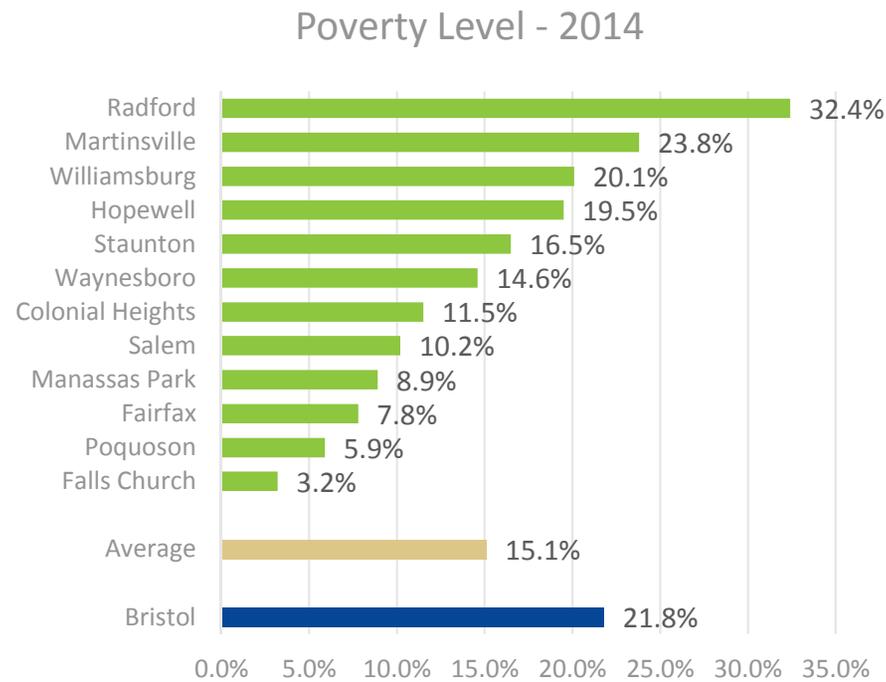
- Bristol's median household income is near the bottom of the Peer Group cities.

Median Household Income - 2014



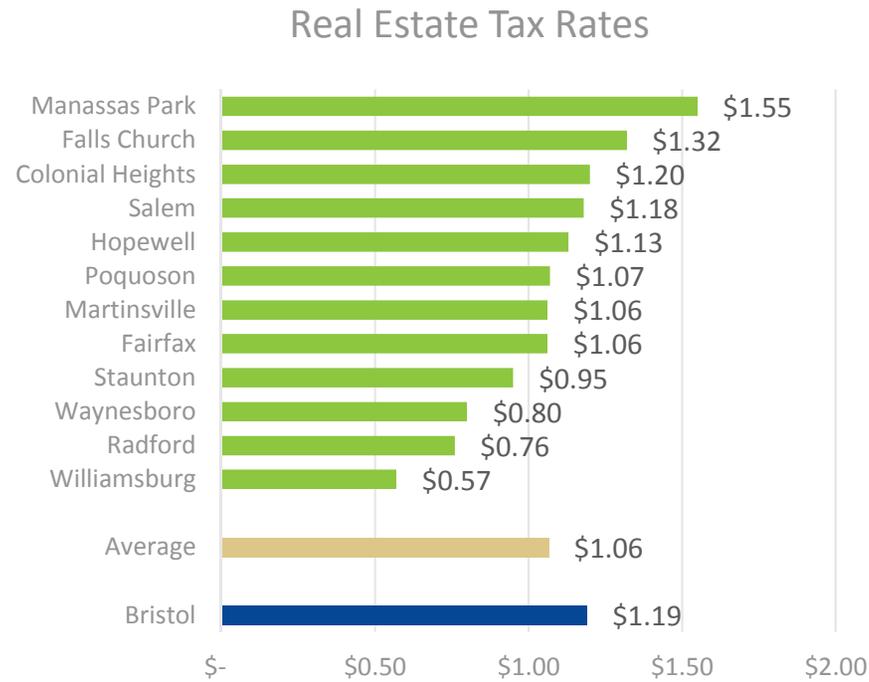
Poverty Level

- Bristol's poverty level is on the upper end of the Peer Group and higher than the average.



Real Estate Tax Rates

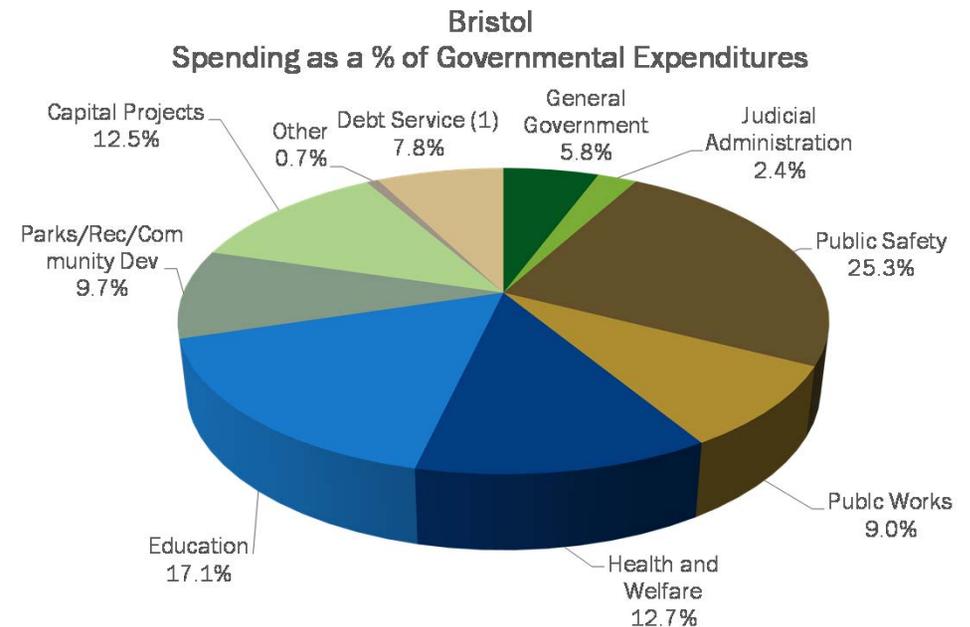
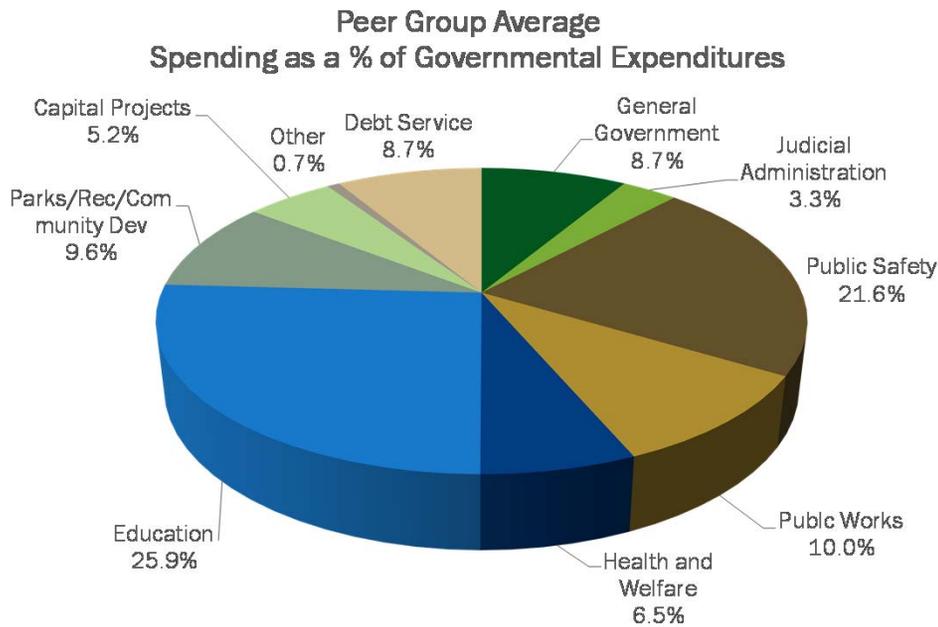
- Bristol's real estate tax rate is in the upper third of the Peer Group.



5. Peer Group Expenditure Comparatives

Bristol Expenditures versus the Peer Group Average

- Shown below is a comparison of the Peer Group Average Spending as a % of the Governmental Funds versus that of the City of Bristol.



Source: Locality 2015 and 2014 CAFR.

(1) Debt Service for Bristol has been adjusted to include Landfill related G.O. Bonds

Bristol Expenditures versus the Peer Group Average

- Shown below is a comparison of the Peer Group Average Spending as a % of the Governmental Funds versus that of the City of Bristol.

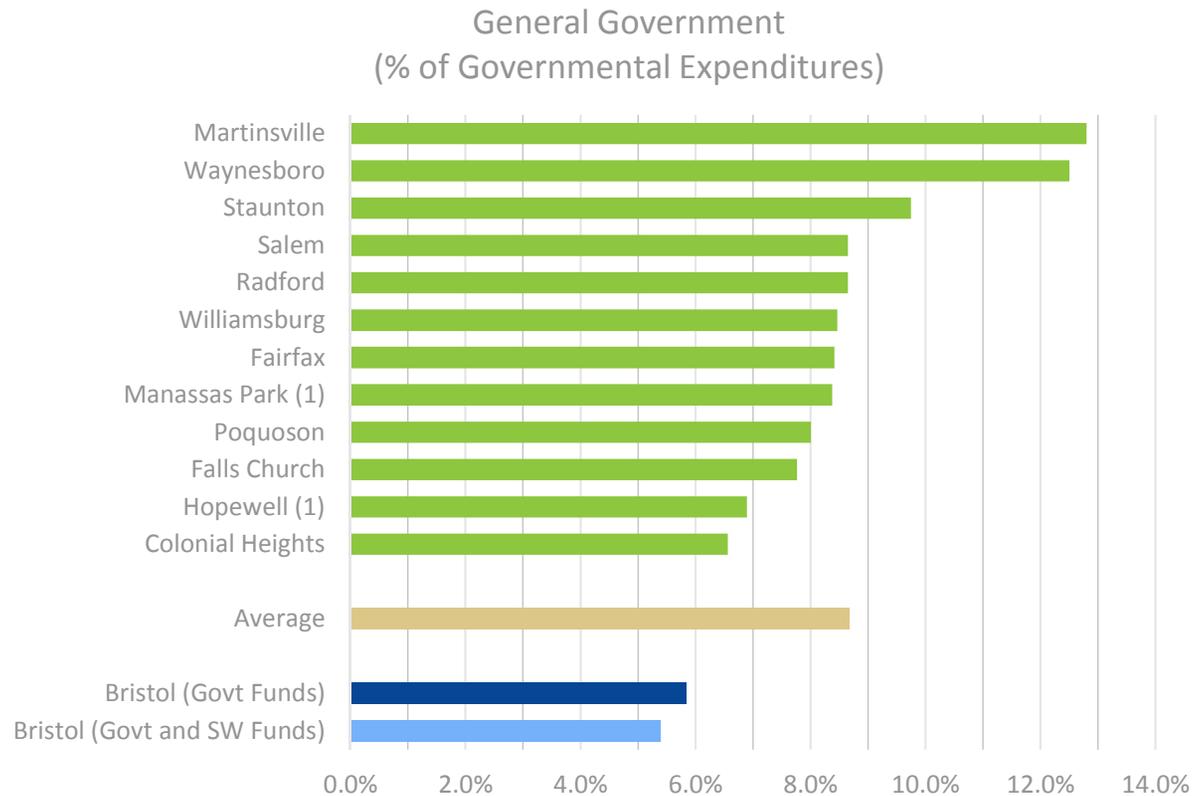
Category	Peer Group Average	Bristol	Difference Bristol vs Peer Group Avg.
General Government	8.7%	5.8%	-2.8%
Judicial Administration	3.3%	2.4%	-0.9%
Public Safety	21.6%	25.3%	3.7%
Public Works	10.0%	9.0%	-1.0%
Health and Welfare	6.5%	12.7%	6.2%
Education	25.9%	17.1%	-8.8%
Parks/Rec/Community Dev	9.6%	9.7%	0.1%
Capital Projects	5.2%	12.5%	7.3%
Other	0.7%	0.7%	0.0%
Debt Service (1)	8.7%	7.8%	-0.9%

Source: Locality 2015 and 2014 CAFR.

(1) Debt Service for Bristol has been adjusted to include Landfill related G.O. Bonds

General Government as a % of Governmental Expenditures

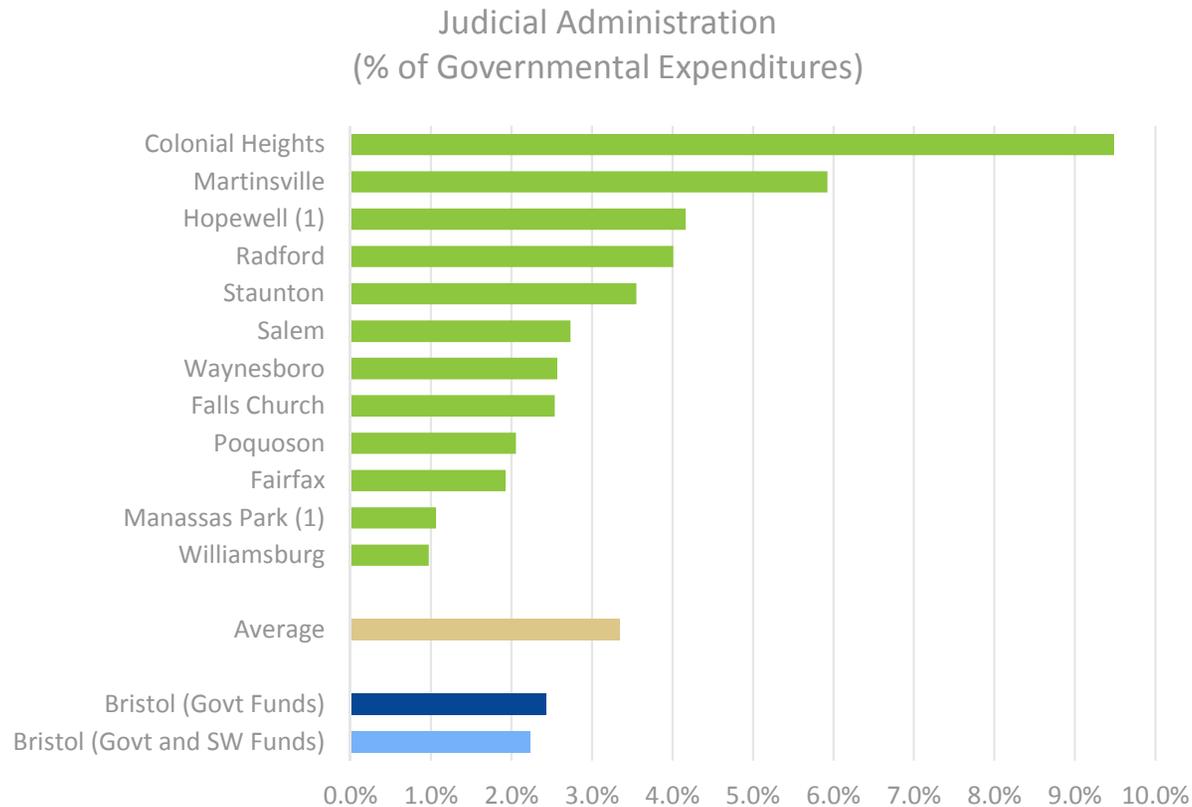
- Bristol's General Government as a % of Total Governmental Expenditures is well below the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Judicial Administration as a % of Governmental Expenditures

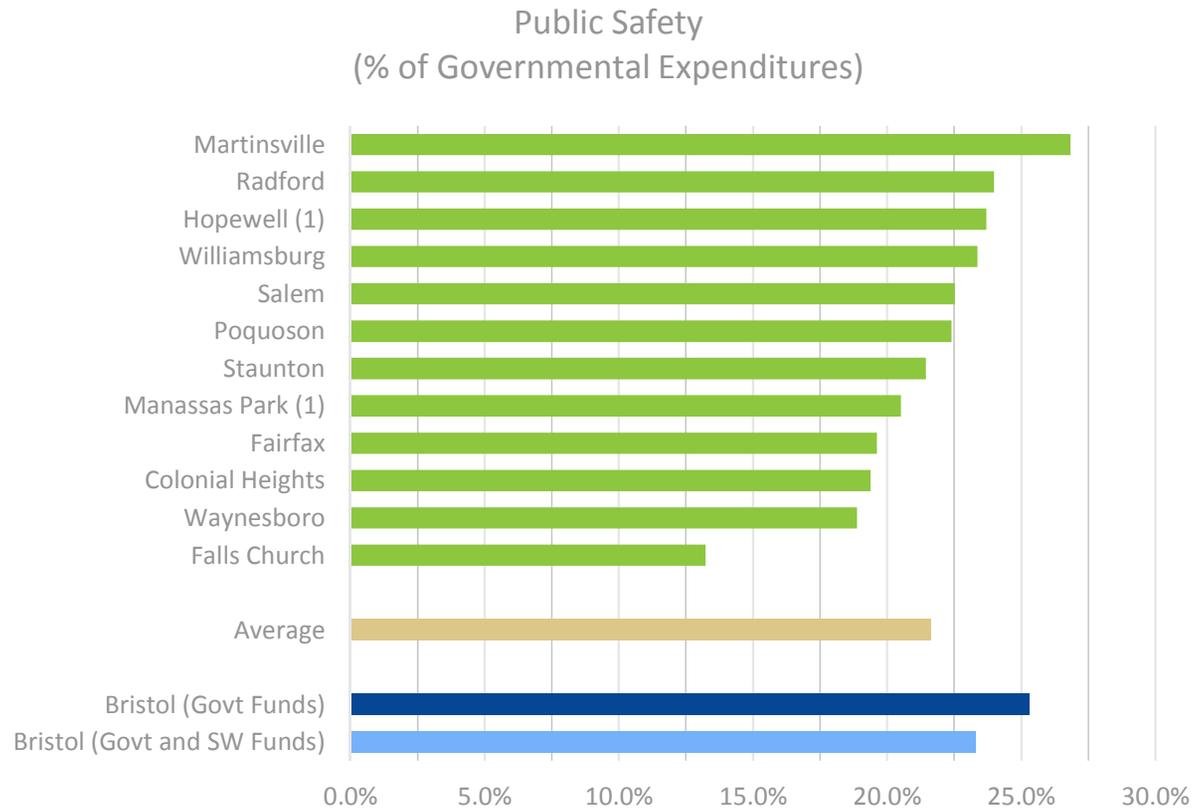
- Bristol's Judicial Administration as a % of Total Governmental Expenditures is below the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Public Safety as a % of Governmental Expenditures

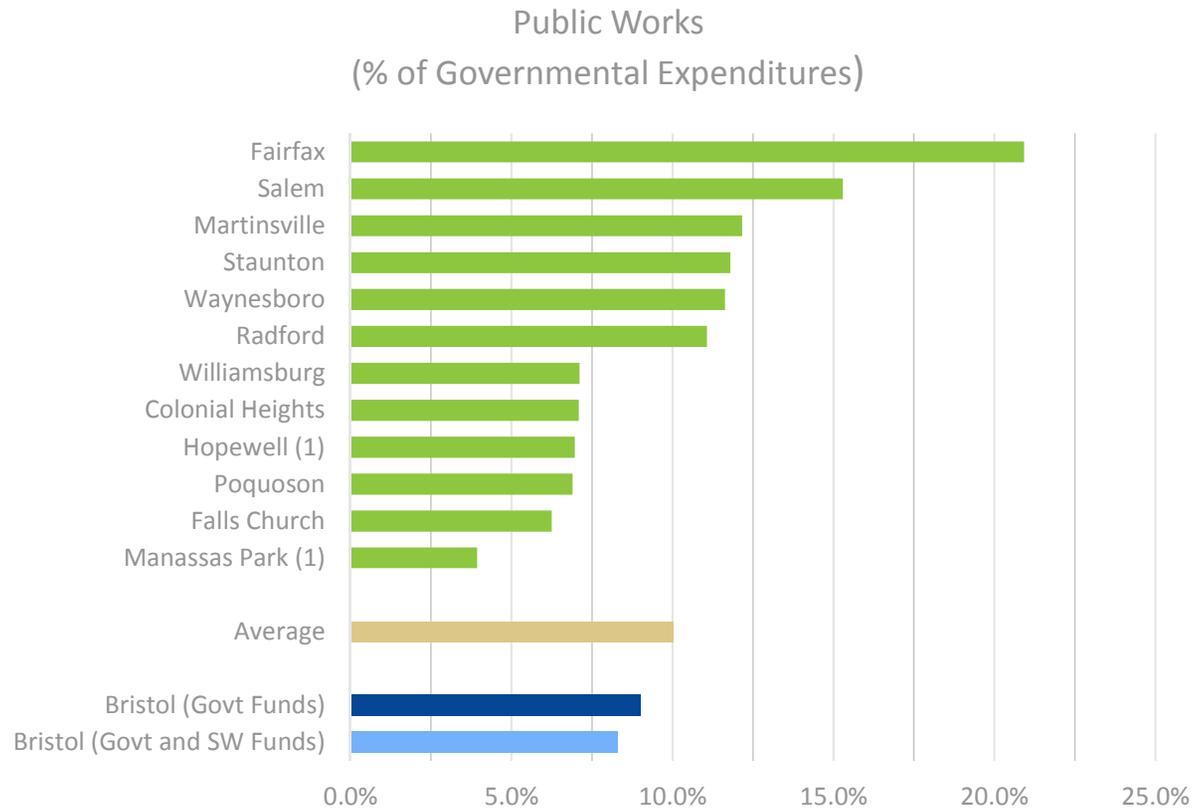
- Bristol's Public Safety as a % of Total Governmental Expenditures is on par with the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Public Works as a % of Governmental Expenditures

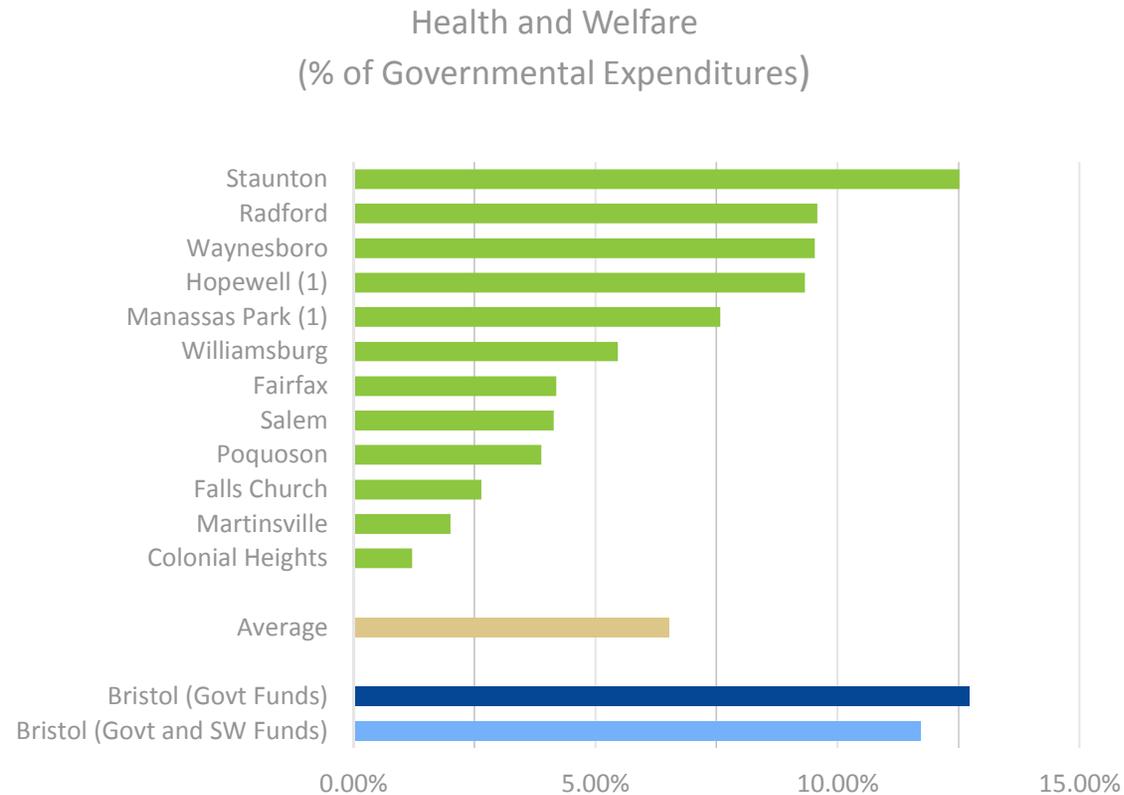
- Bristol's Public Works as a % of Total Governmental Expenditures is below the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Health and Welfare as a % of Governmental Expenditures

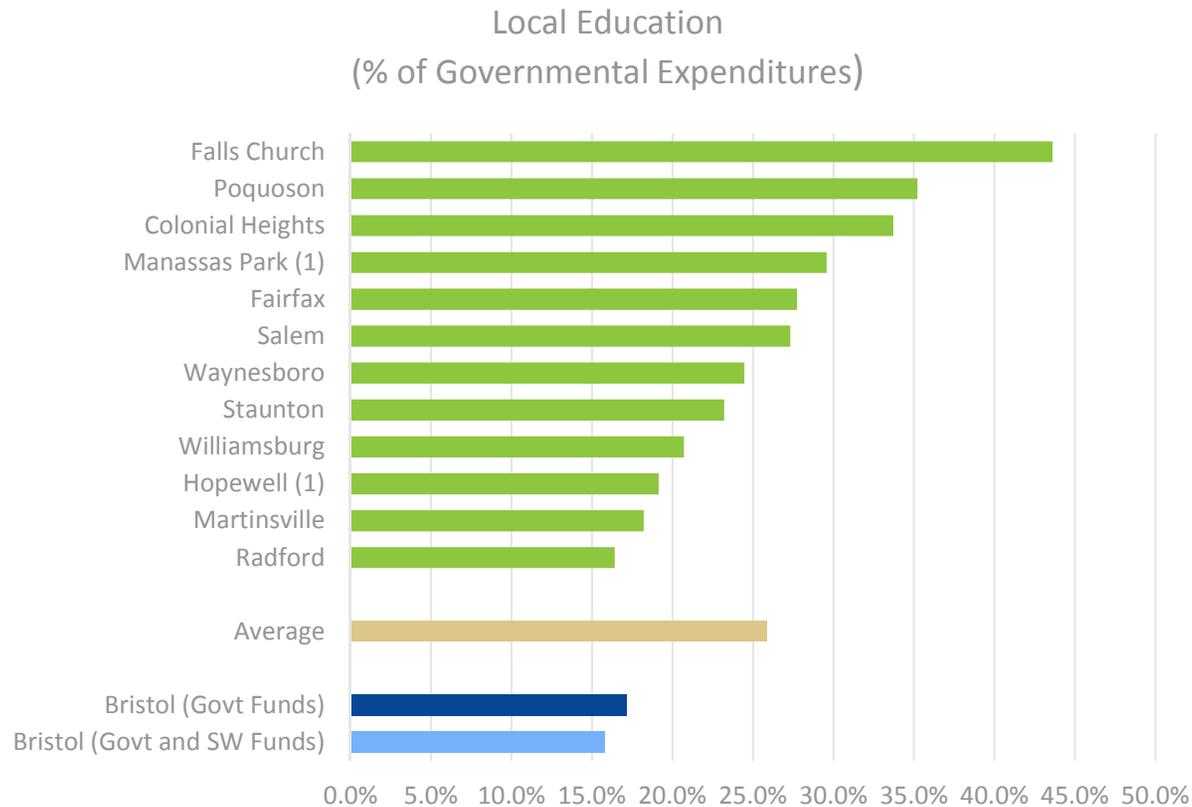
- Bristol's Health and Welfare as a % of Total Governmental Expenditures is well above the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Local Education Funding as a % of Governmental Expenditures

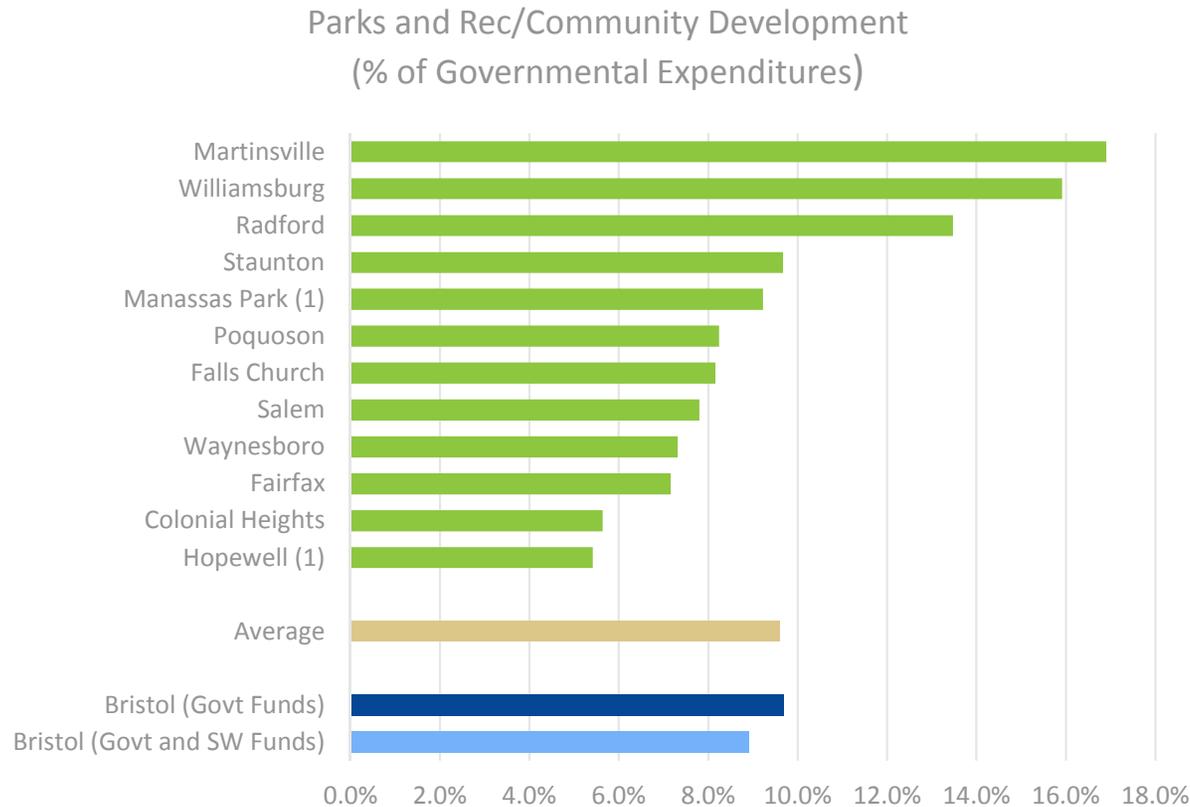
- Bristol's Local Education Funding as a % of Total Governmental Expenditures is well below the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Parks and Rec/Community Development as a % of Governmental Expenditures

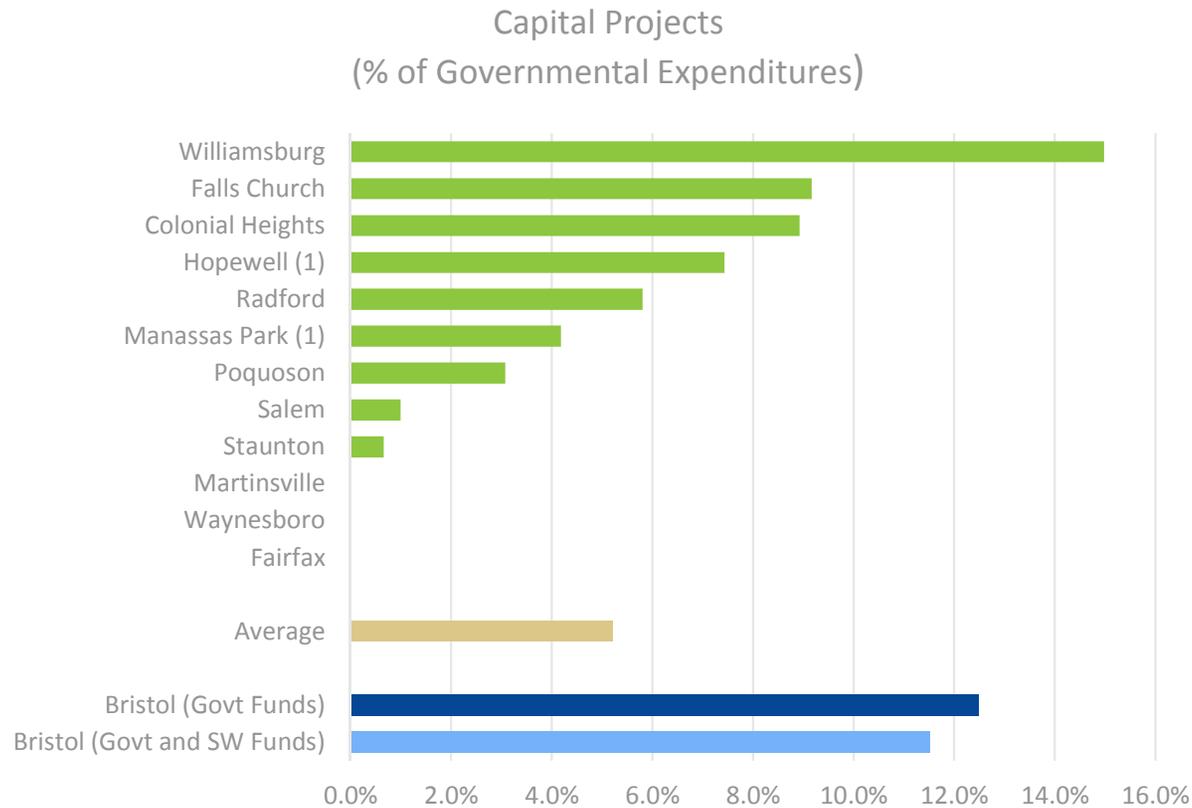
- Bristol's Parks & Recreation/Community Development as a % of Total Governmental Expenditures is on par with the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Capital Projects as a % of Governmental Expenditures

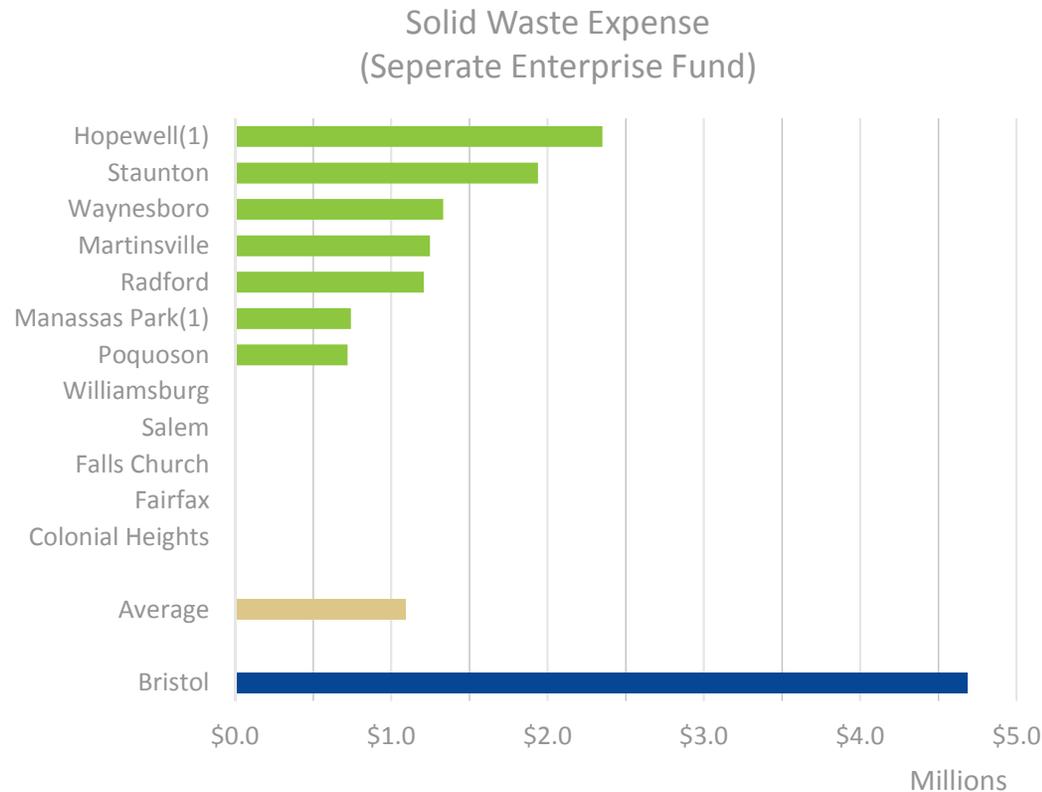
- Bristol's Capital Projects as a % of Total Governmental Expenditures is above the Peer Group Average.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

Solid Waste Expense (Reported in Separate Enterprise Fund)

- The solid waste expenditures shown below are not reported in the General Governmental Expenditures and ratios on the previous pages. Based on the information in the audits for the Peer Group cities shown below, their respective Solid Waste enterprise funds appear to be self supporting or require very little general fund support, if any.



Note: Local Governments without separate enterprise fund reporting for Solid Waste may report such expense figures in their total public works line item.

Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

6. Existing Indebtedness

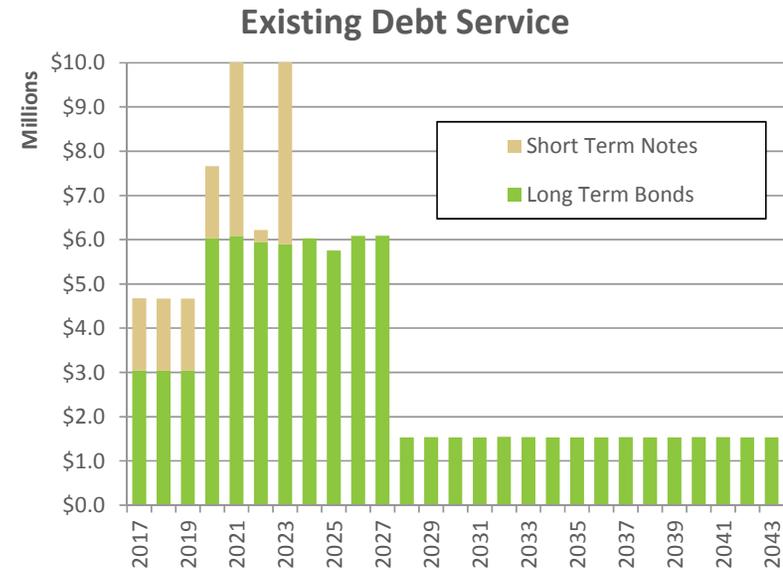


Existing Debt Structure



- As of June 30, 2016, the City has the following indebtedness

Existing G.O. Indebtedness	
	Estimated As of 6/30/2016
1. Long-term G.O. Bonds	\$53,417,500
2. Short Term G.O. Notes	\$47,530,000
Total G.O. Bonds and Notes	\$100,947,500
3. Plus: Washington County Settlement	\$2,450,000
Total G.O. Indebtedness	\$103,397,500



Note: Maturities in 2021 and 2023 exceed graph range.

- The Long-term Bonds are repaid based on a fixed schedule to maturity in FY 2043.
 - Approximately \$32 million of the Long-term Bonds are related to the City’s Solid Waste (i.e. Landfill) Fund.
 - The Short Term G.O. Notes are due in approximately 5 to 7 years and need to be refinanced on a permanent basis.
 - The Washington County Settlement is repaid over 7 year time frame and is included in the City’s general fund budget.
- All of the above indebtedness is considered General Obligation debt and counts toward the City’s Legal Debt Margin.
- The above graph shows debt service related to existing Long Term Bonds and Short Term Notes.
 - The Notes mature as follows:
 - FY 2021: \$40.03 million
 - FY 2023: \$7.5 million

Legal Debt Margin



- Based on the City's projected indebtedness as of June 30, 2016, the City would have the following Legal Debt Margin:

Legal Debt Margin	
	Estimated As of <u>6/30/2016</u>
Assessed Value of Real Estate (AV)	\$1,115,478,880
Legal Borrowing Limit (10% of AV)	\$111,547,888
Less: G.O. Indebtedness	
1. Long-term G.O. Bonds	(\$53,417,500)
2. Short Term G.O. Notes	(\$47,530,000)
3. <u>Washington County Settlement</u>	<u>(\$2,450,000)</u>
Remaining Legal Debt Margin	\$8,150,388

- The Legal Debt Margin calculation above shows the remaining amount of G.O. Debt that the City could issue based on the Assessed Value of Taxable Real Estate.
- The Legal Debt Margin could increase if either of the following were to occur:
 - Principal on the City's debt and the obligation to Washington County is repaid; or
 - The City's Assessed Value of Taxable Real Estate increases.
- Conversely, if the City's Assessed Value decreases, the Legal Debt Margin will decrease.

Debt Service Schedule



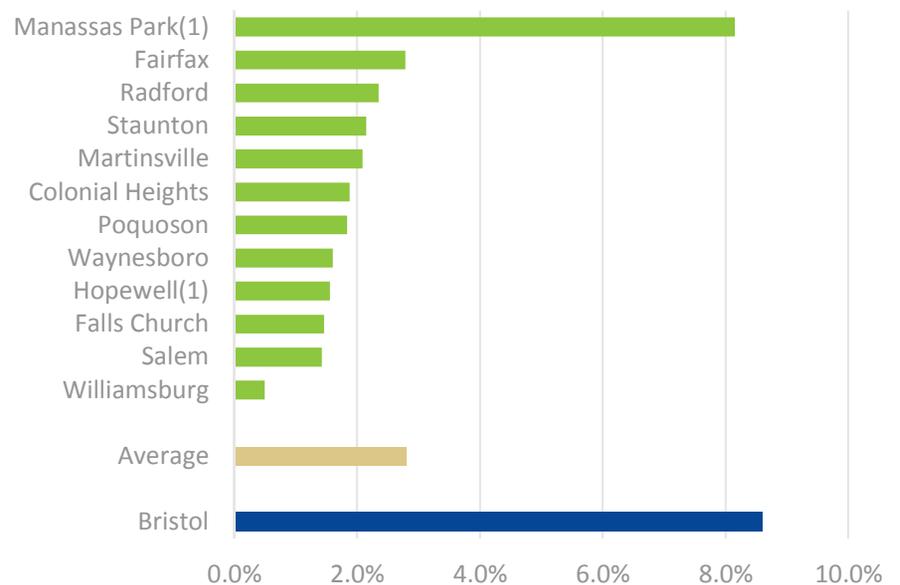
- Annual Debt Service requirements (Principal and Interest) are shown in the table to the right.
- Principal balance of Short-term Notes approximates \$47.5 million
- Principal balance of Long-term Bonds approximates \$53.4 million

Annual Debt Service			
FY	Short-term Notes	Long-term Bonds	Total
Total	55,425,103	81,614,059	137,039,162
2017	1,632,201	3,043,540	4,675,741
2018	1,632,201	3,037,450	4,669,650
2019	1,632,201	3,039,040	4,671,241
2020	1,632,201	6,030,620	7,662,820
2021	40,983,650	6,083,473	47,067,124
2022	275,100	5,947,810	6,222,910
2023	7,637,550	5,897,085	13,534,635
2024	0	6,024,760	6,024,760
2025	0	5,756,193	5,756,193
2026	0	6,088,299	6,088,299
2027	0	6,093,565	6,093,565
2028	0	1,534,887	1,534,887
2029	0	1,541,261	1,541,261
2030	0	1,535,780	1,535,780
2031	0	1,533,908	1,533,908
2032	0	1,545,413	1,545,413
2033	0	1,539,599	1,539,599
2034	0	1,532,161	1,532,161
2035	0	1,530,725	1,530,725
2036	0	1,532,089	1,532,089
2037	0	1,541,010	1,541,010
2038	0	1,531,997	1,531,997
2039	0	1,530,785	1,530,785
2040	0	1,536,885	1,536,885
2041	0	1,539,807	1,539,807
2042	0	1,534,552	1,534,552
2043	0	1,531,365	1,531,365

Debt to Total Taxable Assessed Value

- Bristol's Debt to Total Taxable Assessed Value ⁽²⁾ is the highest among the Peer Group.
- Only Manassas Park has a similarly high ratio.
- Industry Standard Benchmark range for this ratio is 3.0% to 4.0%.

Debt to Total Taxable Assessed Value ⁽²⁾



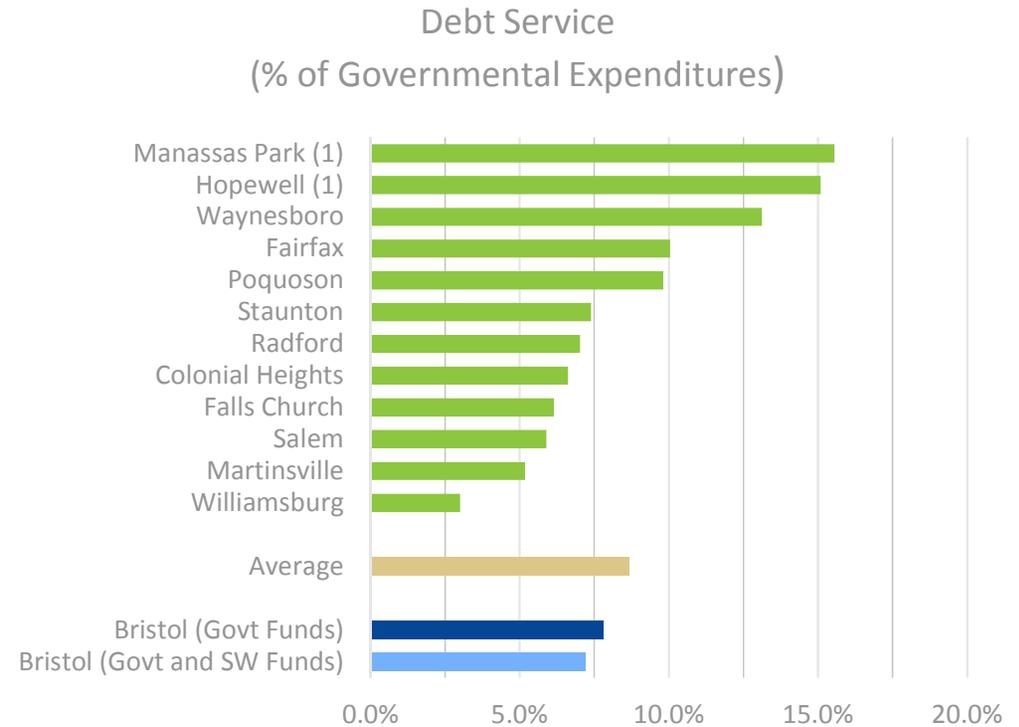
Source: Locality 2015 CAFR unless noted

(1) Only 2014 CAFR Available

(2) Total Taxable A.V. includes Personal Property and other taxable property that are not used in the legal debt margin calculations for the City on Page 36.

Debt Service to Expenditures

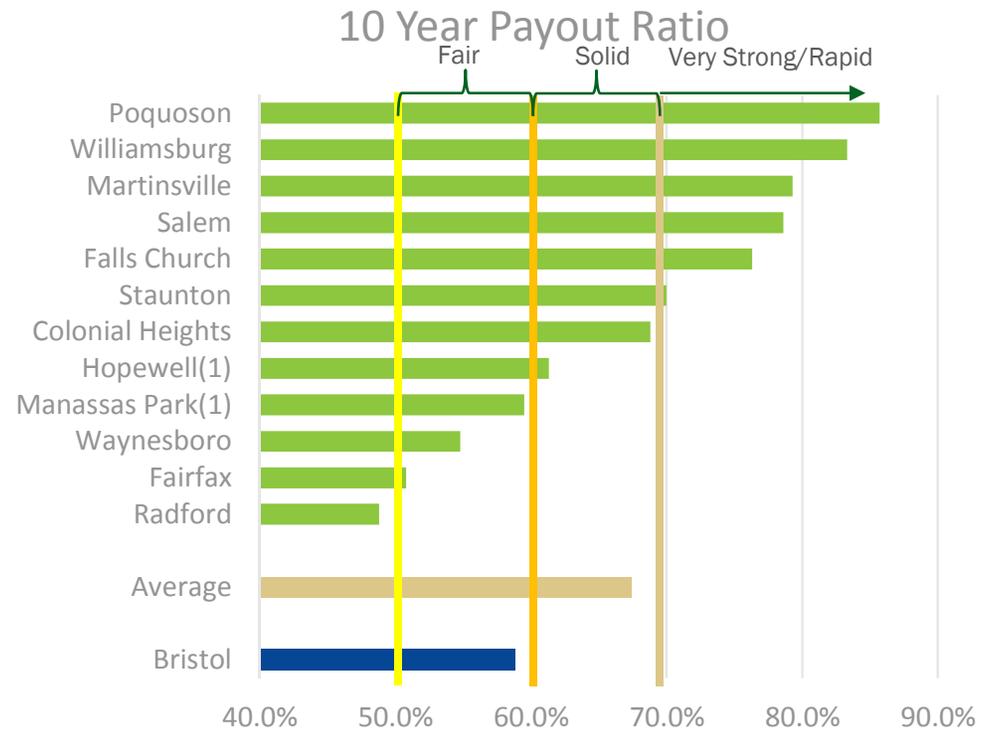
- The 10% level is considered to be an industry standard benchmark for solidly rated local government credits.
- Bristol's annual debt service as a percentage of expenditures is below the Peer Group average and industry standard benchmark.



Source: Locality 2015 CAFR unless noted
(1) Only 2014 CAFR Available

10 Year Payout Ratio

- As of 2015 Moody's data, the City's 10 Year Payout Ratio of Long-Term Debt is approximately 58.8% as of FY 2016 and is considered borderline "solid".
- The Peer Group average is between 60% and 70% which is considered solid by the Credit Rating agencies.
- A 10 Year Payout Ratio in excess of 70% is very rapid.



Source: Moody's MFRA
(1) Based on FY 2014 Data

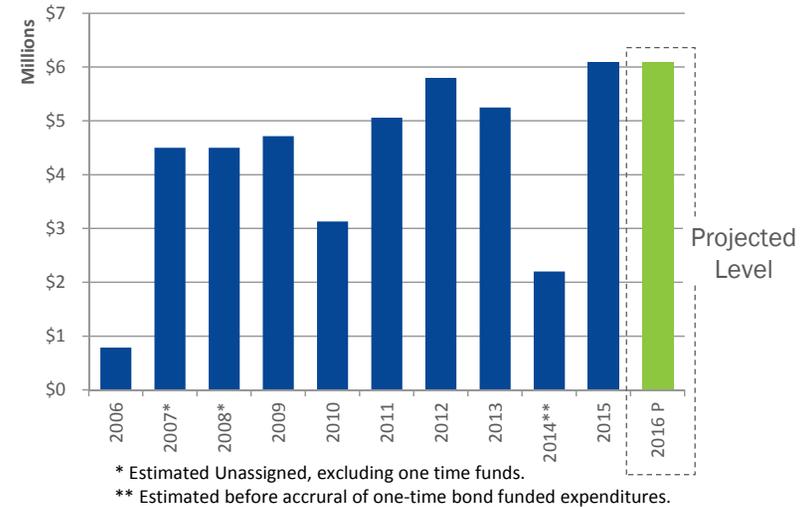
7. Unassigned Fund Balance

Fund Balance Policy

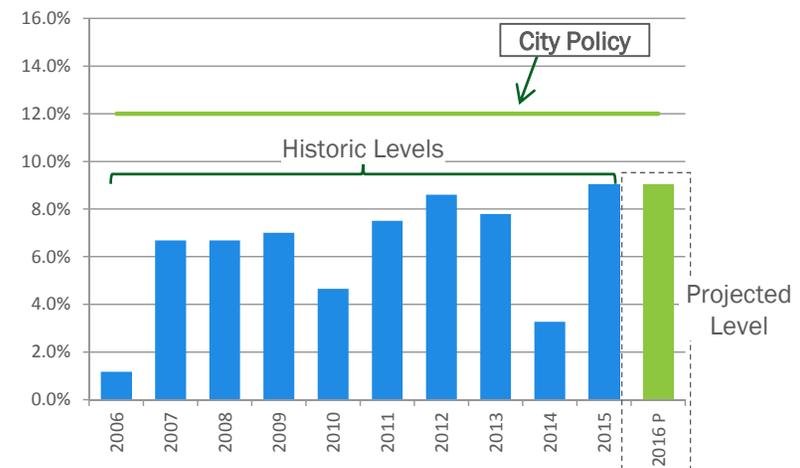


- The City has been successful in the most recent FY 2015 and FY2016 in rebuilding its Unassigned Fund Balances.
- An appropriate level of Unassigned Fund Balance serves two primary purposes for a local government such as the City:
 1. Provides sufficient reserves in order to cash flow recurring expenditures throughout the year; and
 2. Enables the City access to both the public markets and bank lenders for capital financing needs.
- As a result of the City’s prior financial history and the desire of City Management and City Council to strengthen the City’s financial position, the City adopted its Fund Balance Policy Guideline on July 21, 2015, with the following targets:
 - 12% Policy Goal (approximately \$8 million);
 - Annual Budget shall include an amount each year toward rebuilding the Unassigned Fund Balance;
 - A minimum of 50% of any remaining surplus after all Operating Expenditures (including the Annual Budgeted Amount) have been satisfied shall be applied toward Unassigned Fund Balance;
 - Once the City reaches its Policy Goal, amounts over 12% shall be used toward additional reserves or equity funding of the CIP.
 - If there is any use of the Unassigned Fund Balance that causes the amount to fall below the Policy Goal, City Council shall adopt a plan to replenish in 24 months.

Historic Unassigned Fund Balance Levels/Projected Levels



Historic /Projected Unassigned Fund Balance % of FY 2016 Budget

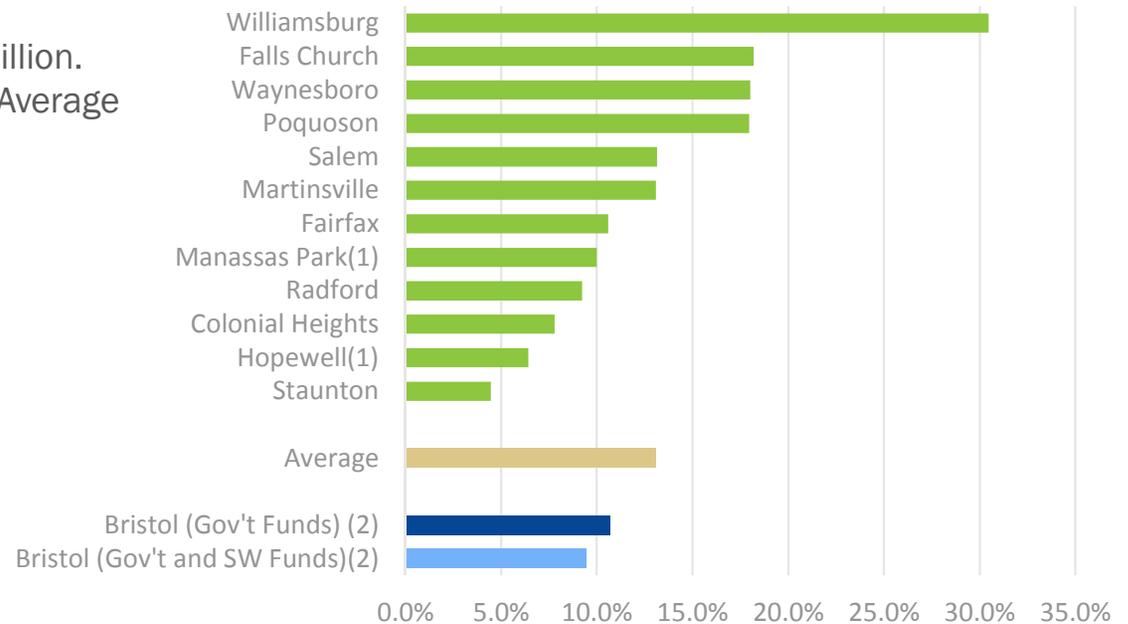


Fund Balance – Peer Group Comparison



- Bristol's Unassigned Fund Balance as a percentage of Governmental Revenues is below the Peer Group Average.
- When comparing Bristol's Unassigned Fund Balance to the Governmental and Solid Waste funds together, the City's ratio is below the 10% level.
- The City's Policy Goal is 12% or approximately \$8 million. This Policy Goal is more in line with the Peer Group Average and is estimated to eliminate the need for a TAN.

Unassigned FB as a % of Governmental Revenue



Source: Locality 2015 CAFR unless noted
 (1) Only 2014 CAFR Available
 (2) FY 2015 Unassigned Fund Balance vs. FY 2017 Budget

8. FY 2016 and FY 2017 Budget Observations

FY 2016 Budget/Preliminary Results



- Davenport has reviewed the City’s budgets during both the FY 2016 and FY 2017 budget process.

- We have consistently recommended that the City develop structurally balanced budgets and incorporate the ability to budget increases to the City’s Unassigned Fund Balance:
 - This practice will enable the City to add to fund balance and eliminate the use of Tax Anticipation Notes over time.
 - In addition, this concept is a “Best Practice” of highly rated local governments.

- In FY 2016, the City incorporated various revenue adjustments and budgeted necessary expenditure increases.
 - Real estate tax increase of 5¢.
 - Cigarette tax increase.
 - Increase in solid waste collection fees.
 - Mandated VRS increases.
 - Salary increases for City, Constitutional Officers and School employees.
 - In addition, the City budgeted approximately \$900,000 toward increasing Unassigned Fund Balance.
 - However, as the end of the FY 2016 fiscal year approaches, it appears that the City may not be able to add all of the \$900,000 budgeted amount to Unassigned Fund Balance, due to certain unexpected increases in essential operating expenditures.
 - The City anticipates ending up approximately \$300,000 to \$500,000 in the positive, thus adding modestly to Unassigned Fund Balance in FY 2016.

FY 2017 Budget



- In FY 2017, the City developed a structurally balanced budget that incorporated:
 - A real estate tax increase of 7¢;
 - Increases in personal property taxes of 50¢; and
 - Adjustments to residential solid waste collection fees.
 - In addition, the City had to increase certain expenditures related to the Sheriff, CSA, debt service and personnel.
 - In order to offset these increases, the City also made across the board cuts.

- In order to further reduce the pressure on Revenues, Davenport has recommended that the City incur a modest amount of borrowing and finance certain Capital Expenditures needed for the Solid Waste and General Fund, which approximate \$1.6 million in FY 2017 and \$1 million in FY 2018.
 - By financing these Capital Expenditures, the City avoids an additional equivalent 15¢ real estate tax impact in FY 2017.
 - The Proposed Financing would be modest in amount and include anticipated FY 2018 projects and result in a financing that approximates \$3.0 million and could be amortized over 5 to 6 years (depending on the useful life of the assets – see Estimated Payment Schedule below).

Estimated Payment Schedule	
FY	Debt Service ⁽¹⁾
2017	276,896
2018	553,793
2019	553,793
2020	553,793
2021	553,793
2022	553,793
2023	553,793

- Undertaking the Proposed Financing would still leave approximately \$5.2 million Legal Debt Margin.

- Based on the timing of the City’s needs, a financing could be accomplished in the first half of FY 2017.

(1) Estimated at 3.0% for 6 years on \$3 million financing (includes Costs of issuance); FY 2017 represents partial year.

FY 2018 Budget and Beyond



- In 2012, The City deemed The Falls Project to be essential to stemming the loss of revenues from the decline of the existing mall in the City.
 - Specifically, City Council indicated that if the City did not pursue the Project, the City would potentially lose upwards of \$2 million annually in tax revenues from the existing mall.
 - Originally, The Falls Project was contemplated as a one phase project, but due to the inability to obtain enough tenant commitments, the project had to be divided into multiple phases at a minimum.

- Over the course of 2012 through 2015, the City issued \$46.0 million of G.O. Short-term Notes to keep the Project on schedule amidst Various Outstanding Issues, which included: legal challenges, legislative hurdles that needed to be resolved and tenant negotiations to be finalized.
 - After the issuance of additional notes for the Exit 5 Lee Highway widening project and subsequent Note consolidation/refinancing in 2015, the current outstanding balance of the G.O. Notes is \$47.5 million .

- Revenues directly generated from Phase 1 of The Falls Project are dedicated to repay debt service on approximately \$33.9 million of Project Revenue Bonds, the majority of which the City is not obligated to repay (i.e. not having a general obligation or moral obligation commitment).

- Phases 2, 3 and 4 are anticipated to occur over the next few years and result in new revenues to the City.

FY 2018 Budget and Beyond



- Revenues from these additional phases are intended to pay down the G.O. Short-term Notes which mature in FY 2021 and FY 2023.

- The City has the option to refinance the Short-term G.O. Notes sooner if circumstances dictate. The refinancing could include one or several strategies such as:
 1. Rolling some or all of one or both of the Note issue(s);
 2. Permanently financing some or all of one or both of the Note issue(s); or
 3. Some combination of the above.

Note: the decision to move forward with a potential refinancing of the Notes rests with City Council.

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**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: City Clerk

Bulk Item: Yes No

Staff Contact: Pam Venable

AGENDA ITEM WORDING:

Executive Session pursuant to §2.2-3711.A.5, Code of Virginia 1950, as amended. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community (unannounced business); and

pursuant to §2.2-3711.A.1, Code of Virginia 1950, as amended. Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; (Appointments).

ITEM BACKGROUND:

N/A

PREVIOUS RELEVANT ACTION:

N/A

Staff Recommendations:

N/A

DOCUMENTATION: Included _____ Not Required _____

MOTION: I move to enter into executive session pursuant to §2.2-3711.A.5, and §2.2-3711.A.1, Code of Virginia 1950, as amended.

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: City Clerk

Bulk Item: Yes No

Staff Contact: Pam Venable

AGENDA ITEM WORDING:

Consider Appointment to the Industrial Development Authority.

ITEM BACKGROUND:

n/a

PREVIOUS RELEVANT ACTION:

n/a

Staff Recommendations:

Council's discretion

DOCUMENTATION: Included _____ Not Required _____

MOTION:

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: Community Development

Bulk Item: Yes ___ No ___

Staff Contact: Andrew Trivette

AGENDA ITEM WORDING:

Consider a Resolution to Recommend and Support Project Circumstance (Bluefield College)

ITEM BACKGROUND:

Details will be provided during the Council meeting.

PREVIOUS RELEVANT ACTION:

N/A

Staff Recommendations:

Staff recommends approval.

DOCUMENTATION: Included _____ Not Required _____

MOTION: I move to approve the Resolution supporting project circumstance.

**BRISTOL, VIRGINIA CITY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: August 9, 2016

Department: Development and Planning

Bulk Item: Yes No

Staff Contact: Jay Detrick

AGENDA ITEM WORDING:

Consider a Street Closure Request for Downtown Events Associated with the Battle of Bristol Football Game - September 8, 2016 and September 9, 2016.

ITEM BACKGROUND:

A request has been made to close Martin Luther King Jr Blvd, State Street, Lee Street, Moore Street, Piedmont Avenue, and Stoneman Family Drive.

The events are scheduled to begin on Thursday September 8 at 2:00 PM and conclude at 4:00 PM on Friday September 9. The streets will remain closed for the duration of the events. The streets would then reopen at approximately 7:00 PM on September 9 to allow for cleaning of the streets and the removal of all traffic control devices to reopen the streets after the event.

PREVIOUS RELEVANT ACTION:

There has been no previous action.

Staff Recommendations:

Staff recommends the street closure be approved as requested.

DOCUMENTATION: Included Not Required

MOTION: I move to approve the street closure request for downtown events associated with the Battle of Bristol football game - September 8, 2016 and September 9, 2016.

BATTLE OF BRISTOL CLOSURE - DOWNTOWN BRISTOL

