

In the opinion of Bond Counsel, under current law and subject to conditions described in the section "MISCELLANEOUS - TAX MATTERS," interest on the Bonds (1) is excludable from gross income for Federal income tax purpose under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (2) is not treated as a preference item in calculating the alternative minimum income tax imposed under the Code. Interest on the Bonds will be subject to other Federal tax consequences as described in the section herein entitled "MISCELLANEOUS - TAX MATTERS." Bond Counsel is also of the opinion that interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. See "MISCELLANEOUS - TAX MATTERS – Opinion of Bond Counsel – Virginia Income Tax Consequences." In addition, the Bonds have been designated by the Town as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "MISCELLANEOUS – DESIGNATION FOR PURCHASE BY FINANCIAL INSTITUTIONS" herein.

\$7,900,000
Town of Vienna, Virginia
General Obligation Public Improvement Bonds
Series 2018A

Dated: Date of Delivery

Due: August 1, as shown below

The Bonds will be general obligations of the Town for the payment of which the Town's full faith and credit will be irrevocably pledged. The Town Council will be authorized and required, unless other funds are lawfully available and appropriated for timely payment of the Bonds, to levy and collect annually on all locally taxable property in the Town an ad valorem tax, over and above all or other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds.

The Bonds will be issued in denominations of \$5,000 and multiples thereof, in registered form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only and individual purchasers will not receive physical delivery of bond certificates. The Bonds will bear interest from their date, payable semi-annually on each February 1 and August 1, commencing August 1, 2018. Principal will be payable on August 1, of each year as set forth below. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made to Cede & Co., as nominee for DTC, for disbursement to DTC participants, to be disbursed subsequently to the beneficial owners of the Bonds.

The Bonds are not subject to redemption prior to their stated maturities.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS
Base CUSIP: 926667

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Suffix</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Suffix</u>
2018	\$525,000	5.000%	1.200%	LF1	2026	\$525,000	5.000%	2.290%	LP9
2019	530,000	5.000	1.400	LG9	2027	525,000	5.000	2.400	LQ7
2020	530,000	5.000	1.540	LH7	2028	525,000	5.000	2.500	LR5
2021	530,000	5.000	1.670	LJ3	2029	525,000	5.000	2.600	LS3
2022	530,000	5.000	1.810	LK0	2030	525,000	5.000	2.680	LT1
2023	530,000	5.000	1.950	LL8	2031	525,000	5.000	2.750	LU8
2024	525,000	5.000	2.060	LM6	2032	525,000	5.000	2.800	LV6
2025	525,000	5.000	2.180	LN4					

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to approval of their validity by McGuireWoods LLP, Tysons, Virginia, Bond Counsel, as described herein, and certain other conditions. It is expected that delivery of the Bonds will be made through the facilities of The Depository Trust Company, New York, New York, on or about February 28, 2018.

The Bonds will be exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Bonds will also be exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations with respect to the Town or the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the Town and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or in any other matters described herein since the date of this Official Statement or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words, “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Town’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The CUSIP (Committee on Uniform Securities Identification Procedures) numbers appearing on the cover of this Official Statement have been assigned by an organization not affiliated with the Town, and the Town is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The Town has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

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SECTION ONE: INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices hereto, is to furnish information in connection with the sale by the Town of Vienna, Virginia (the “Town” or “Vienna”), of its \$7,900,000 General Obligation Public Improvement Bonds, Series 2018A (the “Bonds”). This information speaks as of its date and is not intended to indicate future or continuing trends in the financial or economic position of the Town.

The Issuer

The Town derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The Town is governed under a Council-Mayor form of government. The Town provides all municipal services to citizens except for education, fire, library, health and welfare, which are provided by Fairfax County, Virginia.

The Bonds

The Bonds will be dated the date of their delivery, will mature on August 1, from 2018 through 2032, will be issued in authorized denominations of \$5,000 and multiples thereof and will be held by The Depository Trust Company (“DTC”), or its nominee, as securities depository with respect to the Bonds. See “DESCRIPTION OF THE BONDS - Book-Entry System” in Section Two.

Security for the Bonds

The Bonds will be general obligations of the Town, to which the full faith and credit of the Town will be pledged for payment. Payment of the principal of and interest on the Bonds is not limited to a particular fund or revenue source. The security for the Bonds is more fully described in the subsection “Security for and Sources of Payment of the Bonds” in Section Two.

Use of Proceeds

Proceeds of the Bonds will be used for the purpose of providing funds for various construction projects in accordance with the Town’s capital improvement program. Refer to “Authorization and Purpose of the Bonds” in Section Two for a more complete description of the purpose of the Bonds.

Redemption

The Bonds are not subject to redemption prior to their stated maturities.

Tax Matters

Under current law, interest on the Bonds will be excludable from gross income for purposes of income taxation by the United States of America and by the Commonwealth of Virginia. See “TAX MATTERS” in Section Six for a more complete description of the significant elements of the Federal and state income tax status of interest on the Bonds.

Bond Counsel

McGuireWoods LLP serves as Bond Counsel (“Bond Counsel”) to the Town in connection with the issuance of the Bonds. The opinion of Bond Counsel will be dated and given on, and will speak only as of, the date of issuance and delivery of the Bonds.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth in their opinion, and Bond Counsel makes no representation that they have independently verified the same.

Financial Advisor

Davenport & Company, LLC, serves as financial advisor to the Town in connection with the issuance of the Bonds.

Auditors

The Town's general purpose financial statements for the fiscal year ended June 30, 2017, have been audited by the independent public accounting firm of Robinson, Farmer, Cox Associates, Fredericksburg, Virginia, and are incorporated herein by reference. See Appendix A. Robinson, Farmer, Cox Associates has not reviewed the Official Statement or any other matters in connection with the issuance of the Bonds. The Town's financial statements are available for inspection at the Vienna Department of Finance, Town Hall, 127 Center Street South, Room 1600, Vienna, Virginia 22180.

Ratings

The Bonds have been rated as shown on the cover page hereto by Moody's Investors Service, Inc. ("Moody's"), 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and S&P Global Ratings ("S&P"), 55 Water Street, New York, New York 10041. A more complete description of the ratings is provided in Section Six.

Delivery

The Bonds are offered for delivery, when, as, and if issued, subject to the approval of validity by Bond Counsel, and to certain other conditions referred to herein. It is expected that the Bonds will be available for delivery at the expense of the Town through the facilities of The Depository Trust Company, New York, New York on or about February 28, 2018.

Official Statement

This Official Statement has been approved and authorized by the Town for use in connection with the sale of the Bonds. Its purpose is to supply information to prospective buyers of the Bonds. Financial and other information contained in this Official Statement have been prepared by the Town from its records, except where other sources are noted. The information is not intended to indicate future or continuing trends in the financial or economic position of the Town.

All quotations from and summaries and explanations of laws contained in this Official Statement do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

Continuing Disclosure

The Town has agreed to execute a Continuing Disclosure Agreement at closing to assist the purchasers of the Bonds in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") and as in effect on the date hereof, by providing annual financial information and material event notices required by the Rule. See the subsection "CONTINUING DISCLOSURE" in Section Six.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

Additional Information

Any questions concerning the contents of this Official Statement should be directed to the following: Marion Serfass, Director of Finance and Treasurer, Town of Vienna, Virginia, 127 Center Street South, Vienna, Virginia 22180; or Joseph D. Mason, Davenport & Company LLC (571) 223-5893.

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SECTION TWO: THE BONDS

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds were authorized by an ordinance (the “Ordinance”) passed by the Vienna Town Council (the “Council” or the “Town Council”) on January 29, 2018, and are issued pursuant to the Ordinance, Article VII of the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.

Sources and Uses of Funds

The Bonds are being used to provide funds to finance or refinance the cost, in whole or in part, of certain capital improvement projects, which may include, without limitation, (i) renovation of the Vienna Police Station located at 215 Center Street South in Vienna, Virginia, (ii) water and sewer system improvements, (iii) stormwater improvements, (iv) parking facilities construction, (v) acquisition of real property, (vi) street, sidewalk and park improvements and (vii) upgrades to and equipping of recreational and other public facilities.

The following table summarizes the anticipated application of the proceeds of the Bonds to the purposes described above:

Sources:		
Bond Proceeds		\$7,900,000.00
Original Issue Premium		<u>1,347,711.20</u>
Total Sources		\$9,247,711.20
Uses:		
Project Costs		\$9,040,452.66
Issuance Expenses (including Underwriter’s discount)		<u>207,258.54</u>
Total Uses		\$9,247,711.20

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$7,900,000 will be dated the date of delivery, and will mature on August 1 in each year from 2018 through 2032, as shown on the cover page hereof. All interest payments shall be made to the registered owner as its name appears on the registration books kept by the Registrar (hereinafter defined) on the fifteenth day of the month preceding each interest payment date (the “Record Date”). The Bonds will be registered as to principal and interest in the name of Cede & Co., as nominee for DTC, or otherwise as hereinafter described. Purchases of beneficial ownership interests in the Bonds will be made only in book-entry form and purchasers will not receive physical certificates representing their interests in Bonds so purchased. If the book-entry system is discontinued, bond certificates will be delivered as described in the Ordinance, and Beneficial Owners (hereinafter defined) will become the registered owners. As long as the Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in same day funds on each interest payment date. Interest on the Bonds will be payable on August 1, 2018, and on each February 1 and August 1 thereafter until maturity. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Book-Entry System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and premium, if any and interest on the Bonds to The Depository Trust Company, New York, New York (“DTC”), its nominee, Participants or Beneficial Owners (each as hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (the “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue or a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest and any premium payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the bond registrar and paying agent for the Bonds (the "Registrar"), on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Town or the Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and any premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Neither the Town nor the Registrar has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bonds and the Ordinance to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Ordinance.

The Town may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.

Redemption

The Bonds are not subject to redemption prior to their stated maturities.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

The Bonds will be general obligations of the Town for the payment of which the Town's full faith and credit will be irrevocably pledged. While the Bonds remain outstanding and unpaid, the Town is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and unlimited as to rate or amount, upon all taxable property within the Town sufficient to pay when due the principal of and interest on the Bonds.

Payment Record

The Town has never defaulted in the payment of either principal of or interest on any indebtedness.

BONDHOLDERS REMEDIES IN THE EVENT OF DEFAULT

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed with the Governor of the Commonwealth of Virginia (the "Commonwealth") by or on behalf of any owner of a general obligation bond, or by any paying agent therefor, in default as to payment of principal or interest, the Governor shall immediately conduct a summary investigation. If it is established to the Governor's satisfaction that payment of the bond or interest thereon is in default, the Governor shall order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth to the political subdivision so in default and apply the amount so withheld to payment of the defaulted principal and interest.

Section 15.2-2659 also provides for notice to the registered owners of such bonds of the default and the availability of withheld funds. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.1-227.61 or Section 15.1-225, the predecessor provisions of 15.2-2659, has ever been issued. Although Section 15.2-2659 has not been approved by a Virginia Court, the Attorney General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to its predecessor sections. In the fiscal year ending June 30, 2017, the Commonwealth provided \$3,268,326 to the Town, all of which was deposited in the General Fund.

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to Bondholders if the Town defaults in the payment of principal of or interest thereon, nor do they contain any provision for the appointment of a trustee to enforce the interest of the Bondholders upon the occurrence of such default. Upon any default in the payment of principal or interest, a Bondholder could, among other things, seek to obtain from an appropriate court a writ of mandamus requiring the Council to levy and collect taxes as described above. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") permits a municipality such as the Town, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor...." Bankruptcy Code, Section 109(c)(2). Current Virginia statutes do not expressly authorize the Town or municipalities generally to file for bankruptcy under Chapter 9. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the Town.

Bankruptcy proceedings by the Town could have adverse effects on Bondholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claims or the "indubitable equivalent," although such a plan may not provide for

payment of the Bonds in full. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretations.

SECTION THREE: THE TOWN OF VIENNA

The Town of Vienna is located in central Fairfax County, ten miles west of the District of Columbia. The sixth largest town in the Commonwealth of Virginia, it incorporates 4.4 square miles and had a population in 2010 of 15,687 according to the United States Census Bureau.

The Town was incorporated in 1890 as a small, rural village of 300 persons. Today, Vienna seeks to retain its “small town” atmosphere as a unique family community in a rapidly urbanizing county, with careful land-use planning reflecting its goal of maintaining a predominantly single family residential community. Issues that the Town is currently addressing include high intensity development at nearby Tysons Corner and along the Route 7 and Dulles Access Road corridors.

After considerable planning and with significant input from Town residents, the Council approved the creation of a commercial zone along the Maple Avenue Corridor (the “MAC”), a portion of the Town’s main street, in September 2014. An ordinance creating the MAC commercial zone was adopted by the Council on October 20, 2014. The MAC zone is intended to promote improved environmental quality and sustainable building practices along the MAC, encourage compact, pedestrian-oriented, mixed use development and ensure that development along the MAC promotes the Town’s “small town” character. Among the features to be included within the MAC zone are parks, bicycle facilities and an increase in permitted building heights to up to four stories and 54 feet. Inclusion in the new MAC zone is optional on the part of property owners.

The Town has a Council-Manager form of government, which provides municipal services and facilities through the departments of Finance, Police, Public Works, Parks and Recreation and Planning and Zoning.

OVERVIEW OF GOVERNMENTAL ORGANIZATION

The Town has been organized under the Council-Manager form of government since 1964. The Council is the legislative body of the Town and is empowered by the Town Charter to develop all Town policies. The Council, including the Mayor, is elected at large for two-year overlapping terms.

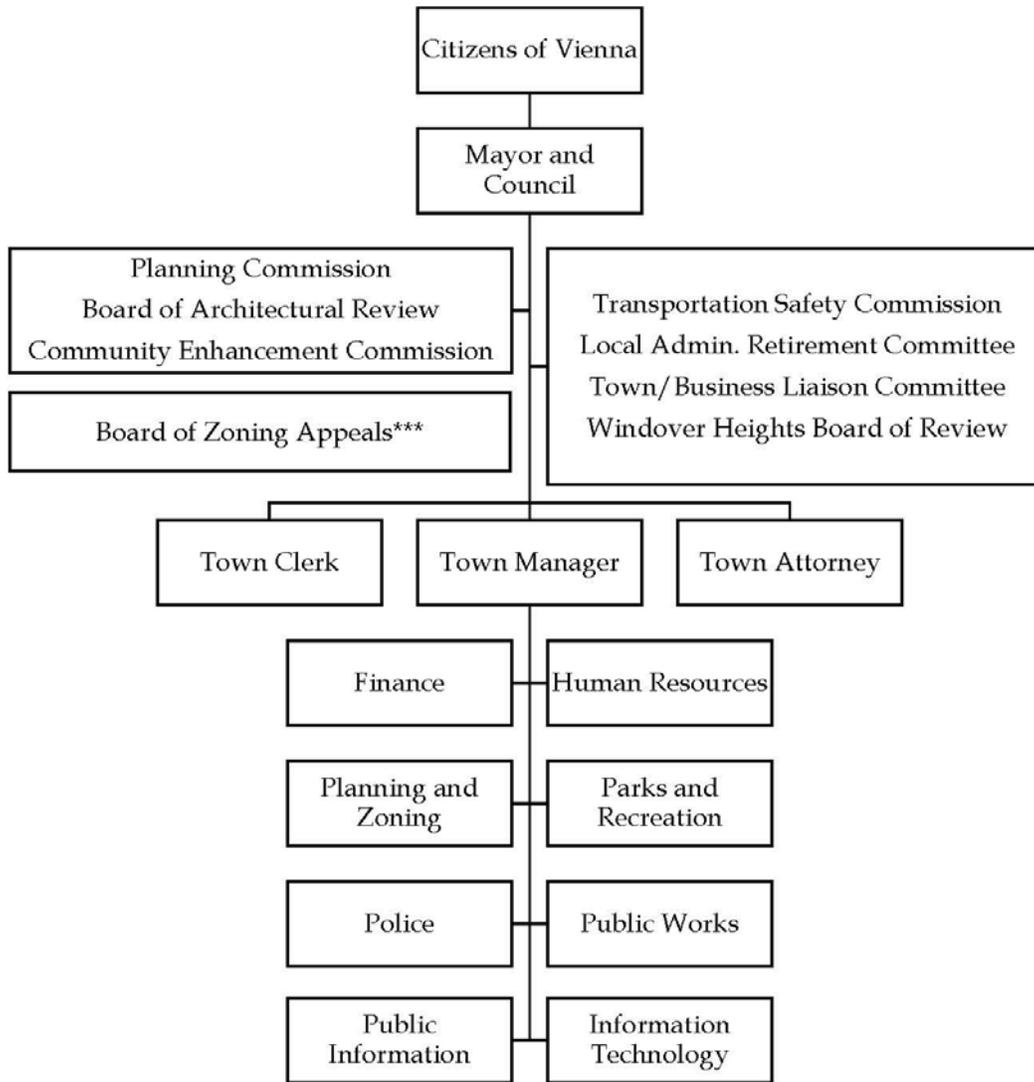
The Council appoints a Town Manager to serve as administrative head of the Town. The Town Manager serves at the pleasure of Council, carries out its policies, directs business procedures and has the power to appoint and remove Town employees, except the Town Attorney and Town Clerk, who also are appointed by the Council. Duties and responsibilities of the Town Manager include preparation, submission and administration of the capital and operating budgets, advising the Council on the affairs of the Town, handling citizens’ complaints, maintenance of all personnel records, enforcement of the Town Charter and laws of the Town, and direction and supervision of all departments.

In its legislative role the Council adopts all ordinances and resolutions and establishes the general policies of the Town. The Council also sets the tax rate and approves and adopts the Town’s budget, including all rates and charges.

The Town presently has seven departments, each of which has a director who is responsible to the Town Manager. The Town Manager also has a Communications and Marketing Manager as a direct report.

Official committees such as the Architectural Review Board, Planning Commission and Transportation Safety Commission include citizen volunteers and Town officials and advise the Mayor and Council on matters relating to their respective areas of expertise. An additional board, the Board of Zoning Appeals is a quasi-judicial body whose members are appointed by the Fairfax County Circuit Court.

ORGANIZATIONAL CHART



***The Board of Zoning Appeals is a quasi-judicial body whose members are appointed by the Fairfax County Circuit Court.

CERTAIN ELECTED OFFICIALS AND ADMINISTRATIVE/FINANCIAL STAFF MEMBERS

Elected Officials

Mayor Laurie A. DiRocco was elected to the Town Council in 2009 and re-elected in 2011 and 2013. She was appointed Mayor in 2014 to fulfill the unexpired term of the late Mayor M. Jane Seeman. She was then elected as Mayor in May 2014 for a two year term beginning July 1, 2014 and was re-elected Mayor in 2016. She previously served as Chair of the Planning Commission and as Vice-Chair of the Transportation Safety Commission. Mayor DiRocco received a Bachelor of Science degree in Business/Finance from Virginia Tech University and a Master of Business Administration degree from George Washington University. She is a former adjunct professor at George Mason University's School of Management. She served as treasurer of the Marshall Road Elementary School PTA and as President of the Camelot Elementary School Hearing Association and is currently a member of James Madison High School PTSA. She also currently serves on the Northern Virginia Regional Commission, Tyson's Transportation Service District Advisory Board, the Vienna Rotary Club, and the Finance Committee for Virginia Municipal League.

Council Member Douglas E. Noble has been a resident of the Town of Vienna from 2000 to 2004 and since 2009. He was elected to Town Council in May 2016. He previously served on the Town of Vienna Planning Commission and as Chair of the Maple Avenue Vision Steering Committee. He is Senior Director - Management and Operations at the Institute of Transportation Engineers, a professional society in Washington, DC. Councilmember Noble received a Bachelor of Science degree in civil engineering from Purdue University and a Master of Science degree in engineering from the University of Texas at Austin. He is a licensed professional engineer and holds a certificate as a professional transportation operations engineer.

Council Member Carey J. Sienicki was elected to the Town Council in 2011 serving as Vice Mayor in 2013-14 (Mayor Pro-Tempore February-April 2014) and re-elected in 2015 and 2017. She also serves on the Windover Heights Board of Review. She previously served on the Planning Commission. She received a Bachelor of Architecture from Temple University and a Bachelor of Science from the Georgia Institute of Technology. She also attended the Defense Language Institute in Monterey, California. She has been a member of the Virginia Municipal League since 2011, attaining Advanced Certified Local Government Official and serving on the General Laws and previously on the Community the Economic Development Committee. Locally, she has performed various leadership roles with First Night Vienna and Oktoberfest celebrations, Mayor's Advisory Committee, Free Little Library Committee, Cub Scout Pack 78 and Boy Scout Troop 987 of the Boy Scouts of America, Service Unit 50-10 and Troop 6597 of Girl Scouts of the Nation's Capital, VYI Basketball and VYS Soccer Teams, Louise Archer Elementary School PTA, Thoreau Middle School PTA and James Madison High School PTSA. Professionally, she is a business owner, Registered Architect, member of the American Institute of Architects and is a charter member of the Vienna Business Association.

Council Member Howard J. Springsteen was elected to the Town Council in 2009 and re-elected in 2011, 2013, 2015 and 2017. He previously served on the Transportation Safety Commission for eight years. He holds a Bachelor of Arts degree in American History from Fairleigh Dickinson University and a Masters in Public Administration degree from New York University. He currently works as Logistics Manager for the Fairfax County Department of Vehicle Services. He has been a member for over twenty-six years in the Vienna Volunteer Fire Department and has served as President, Deputy Chief, EMS Captain and board member. He was an Assistant Boy Scout Leader for Vienna troop 152 from 2007 to 2013. He has been active with Louise Archer Elementary School, Thoreau Middle School and Madison High School organizations. He served as a Peace Corps volunteer in Liberia, West Africa.

Council Member Tara L. Bloch was elected to the Town Council in May, 2015 and re-elected in 2017. She previously served on the Planning Commission and as the Chair of the Transportation Safety Commission. She received a Bachelor of Arts in Early Childhood Education from Ashford University. She is a teacher and Assistant Director at FB Meekins Preschool in Vienna. She has served in leadership roles as PTA President at Marshall Road Elementary School, James Madison Crew Parents, James Madison Band, Vienna Aquatic Club, Girl Scouts, and La Leche League.

Council Member Linda Jane Colbert was elected to the Town Council in May, 2014 and re-elected in 2016. She previously served on the Transportation Safety Commission and the Hunter Mill Transportation Advisory Council. She received a Bachelor of Arts in Math from the University of Virginia and a Master of Arts in Education from Virginia Tech. She now serves on the Northern Virginia Transportation Authority and the Virginia Municipal League Transportation Policy Committee. She is a math tutor and math SAT teacher and was a former math teacher at James Madison High School. She is a Board Member on the James Madison Athletic Hall of Fame, Girl Scout leader, member of the Vienna Woods Tennis Team, member of the Thoreau and Madison PTSA and a Vienna Rotarian.

Council Member Pasha M. Majdi was elected to Town Council in 2014 and re-elected in 2016. He previously served on the Town/Business Liaison Committee. He graduated from Duke University and George Mason University School of Law. He is a member of the Vienna Business Association and the Vienna (Host) Lions Club.

Appointed Officials and Department Heads

Town Manager: Mercury T. Payton was appointed Town Manager by the Town Council in May 2011. Prior to his current position with the Town of Vienna, he served as Deputy City Manager and City Manager of Manassas Park and as Assistant City Manager of Emporia, Virginia. He holds a Bachelor of Arts degree in Political Science from Hampton University and a Master of Public Administration from the University of Delaware. He also completed the Senior Executive Institute leadership development program at the University of Virginia's Weldon Cooper Center for Public Service in 2008. He currently serves on the Executive Board of the Virginia Local Government Management Association and is Vice President and Board Member of the Northern Virginia Emergency Response System. He is a member of the Town Association of Northern Virginia, Northern Virginia Regional Commission, Virginia Municipal League and International City/County Management Association.

Town Attorney: Steven D. Briglia was appointed Town Attorney by the Town Council in 2002. He previously served on the Town/Business Liaison Committee, as the Attorney member for the Board of Architectural Review and Town Council and, from 1996 through 2002, on the Town Council. He received a Bachelor of Arts degree from the University of Virginia and a Juris Doctor degree from George Mason University. He is admitted to practice before the Virginia Supreme Court and all lower Virginia Courts, the United States Supreme Court, the U.S. Court of Appeals for the Fourth Circuit, as well as the U.S. District and Bankruptcy Courts for the Eastern District of Virginia. He has been a partner in the law firm of Briglia Hundley PC, since 1993 and is a former Assistant Commonwealth's Attorney for Fairfax County.

Town Clerk: Melanie J. Clark was appointed Town Clerk by the Town Council in 2009. She previously served as Town Clerk of Sterling, Massachusetts, and as Assistant Town Clerk for the Town of Groton, Massachusetts. She received her Municipal Clerk certification from the New England Municipal Clerk's Institute at Salve Regina University.

Director of Finance and Town Treasurer: Marion K. Serfass joined the Town in 1999 as Deputy Finance Director and was appointed Director of Finance and Town Treasurer in 2016. She previously worked as a financial analyst, property controller and regional controller for Marriott International for 14 years, and began her career as an auditor at Ernst and Young in Washington, DC. She received her Bachelor of Science in Accounting and Finance from Miami University and is a Certified Public Accountant licensed in Virginia. She also earned the Virginia Government Finance Officers' Association certification in 2010. She is a member of the Government Finance Officers' Association, the Virginia Government Finance Officers' Association, the Virginia Society of CPAs and Virginia Women in Public Finance.

Director of Public Works: Michael J. Gallagher, P.E., was selected as the Town's Director of Public Works in September of 2016. He joined the Town staff as a Town Engineer in 2010 and had been serving as Deputy Director of Public Works since February 2012. He previously served as a senior project manager with Urban, Ltd., a private engineering firm in Annandale, VA. Mr. Gallagher holds a Bachelor of Science Degree in Civil Engineering and a Master of Public Administration Degree from Virginia Tech. He also completed the Senior Executive Institute leadership development program at the University of Virginia's Weldon Cooper Center for Public Service in 2015.

Chief of Police: Col. James Morris was appointed Chief of the Vienna Police Department in March 2013. He previously served more than 23 years with the Fairfax County Police Department where he retired as the Acting Chief of Police. He holds a Bachelor's degree in Criminal Justice from Edinboro University of Pennsylvania and is a graduate of the FBI National Academy. He is a member of the International Association of Chiefs of Police, the FBI National Academy Association and the Virginia Chiefs of Police.

Director of Human Resources: Magali Gueits Kain has been employed with the Town since October 2014, where she also serves as the Town's Risk Manager. She previously served as Director of Human Resources/Risk Manager for the City of Manassas Park, Virginia, from 2009 to 2014, and the Charlotte County Board of County Commissioners, Florida, from 2002 to 2009, with many more years in the Human Resources field in Florida. In addition, she has served as Business Manager in both the public and private sectors for a number of years. She holds a Bachelor's Degree in Liberal Arts, is a Certified Labor Relations Professional, and member of the International City/County Management Association, the Society for Human Resources Management, the International Public Management Association-Human Resources, and the Public Risk Management Association.

Director of Information of Technology: Tony Mull has been Director of Information Technology, for the Town of Vienna since December 2012. He previously worked as IT Network Manager for the City of Fairfax from 2006 to 2011. He served in the United States Navy onboard the USS Sturgeon stationed out of Charleston, S.C. He has a Bachelor of Science degree from Capella University and a Master's Degree in Public Administration from George Mason University.

Director of Planning and Zoning: Patrick Mulhern has been Director of Planning and Zoning, and Zoning Administrator, for the Town of Vienna since April 2015. He previously served as the Planning & Community Development Director for the Town of Culpeper. From 2005 to 2007, he was the Vice President of Land Planning for The Engineering Group in Woodbridge, Virginia. From 2007 to 2009, he served as the Planning Manager for Spotsylvania County. He has a Bachelor's of Science Degree from Towson State University and a Master's Degree from the University Of Virginia School Of Architecture.

Director of Parks and Recreation: Leslie K. Herman became the Town's Director of Parks and Recreation in September 2015. She was previously the Events/Facility Superintendent with the City of Fairfax Parks & Recreation Department from 2000 to 2015. She also held positions with the City of Falls Church Recreation & Parks, VA, Calvert County Parks & Recreation, MD and the Fairfax County Park Authority, VA. She received a Bachelor of Science in Parks, Recreation & Leisure Studies and a Master's Degree in Public Administration, both from George Mason University, and has received certification as a Certified Parks & Recreation Professional (CPRP) from the National Recreation and Parks Association.

Communications and Marketing Manager: Lynne DeWilde has served as the Town's Communications and Marketing Manager since November 2015. She previously worked in communications and public relations for several colleges and nonprofits and, most recently, for 15 years as the public information officer for the City of Suwanee (Georgia). She holds a Bachelor's Degree in Journalism and English from the University of Richmond and is currently a member of the class of 2018 of Leadership Fairfax.

GOVERNMENTAL SERVICES AND FACILITIES

Public Schools

Primary and secondary education is provided by the Fairfax County Public Schools System. The Fairfax County School Board consists of twelve members who are elected for four-year terms. The School Board appoints a school superintendent who serves at the pleasure of the Board and is responsible for the operations of the school system in accordance with Virginia laws, regulations of the State Board of Education and the policies and regulations of the Board. The Town Government plays no part in financing or operating public schools.

Community Services

In Virginia, incorporated towns are a part of the county in which they are located. Consequently, citizens of the Town pay certain taxes to both the Town and Fairfax County, including property taxes. Fairfax County provides public schools, libraries, courts and health and welfare services.

The Town provides a wide range of municipal services and facilities needed in an urban area with a total town staff of 200. Services include refuse collection, street and sidewalk maintenance, street lighting, storm drainage system maintenance, street cleaning, snow and leaf removal, water and sewer service, insect and animal control, comprehensive planning, zoning enforcement, litter control, Town beautification, and historic preservation.

The Department of Public Works, being the Town's largest department with 77 employees, maintains 65 miles of roads and streets, 73 miles of sidewalks, and an extensive storm drainage system. The department also operates a 131-mile water delivery system that provides water to approximately 9,500 customers through connections within the Town and in several adjacent Fairfax County areas. The department also maintains an 85-mile long gravity flow sanitary sewage system and a weekly refuse removal service that includes curbside pickup and recycling services for residential areas. It provides central vehicle and equipment maintenance for the other departmental operations and administers the Town's annual vehicle and equipment replacement plan.

The Department of Parks and Recreation provides a wide range of quality recreational programs and facilities. It offers a variety of activities, classes, programs, camps and trips for people of all ages. It sponsors special events throughout the year including the annual July 4th Festival and Fireworks, the Halloween Parade, Oktoberfest and numerous other holiday and special events. It also preserves and maintains 11 parks, stream valleys, athletic fields, landscape beds and right of ways throughout the Town with approximately 160 acres. It operates the Vienna Community Center along with the Bowman House and the Freeman House and maintains the Bikeway System.

Police protection is provided by the Town with a staff of 41 sworn officers supplemented by up to 2 sworn auxiliary police officers. In addition, the Town can obtain immediate support from the 1,400-plus officers of the Fairfax County police force. Fire protection and rescue services are provided by the Vienna Volunteer Fire Department and Fairfax County Fire and Rescue staff. The Vienna Volunteer Fire Department's budget is supplemented annually by the Town.

The Planning and Zoning department is charged with developing land use plans for the Town to ensure development is planned and meets the high standards the Town expects. It also enforces the Town's zoning code and participates in development of the comprehensive plan.

Administrative activities of the Town government, including finance, human resources, risk management and information technology, are centered in Town Hall, a two-story colonial style brick structure located on Center Street, immediately adjacent to the Town's main business street.

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DEMOGRAPHIC AND ECONOMIC FACTORS AND POPULATION CHARACTERISTICS

The following table presents population figures for selected years.

Population and Rates of Change

<u>Calendar Year</u>	<u>Population</u>	<u>Rate of Change</u>
2007	14,781	0.53%
2008	14,962	1.22
2009	15,215	1.69
2010	15,687	3.10
2011	15,964	1.77
2012	16,188	1.40
2013	16,370	1.12
2014	16,459	0.54
2015	16,522	0.38
2016	16,468	-0.33

Source: Weldon Cooper Center for Public Service.

Selected 2010 Population Characteristics

<u>Characteristics</u>	<u>Vienna</u>
Median Age	40.7
Percent of Population Under 25 years	31.9%
Percent of Persons 65 and Older	13.2%
Number of Persons/Household	2.84

Source: 2010 U.S. Census.

Vienna is a family town with over 70.5 percent of its area, or 2,376 acres, zoned for residential use, primarily in single-family detached homes. As its primary land use goal, Vienna seeks to retain its residential character and identity, while supporting a residentially compatible business community. Approximately 9.7% percent of the Town's area is used for commercial and light industrial uses. Residents enjoy the use of more than 160 acres of parks and there are more than 30 acres of Federal and county facilities within the corporate limits.

Educational attainment and income levels of Fairfax County residents are significantly higher than national and Commonwealth of Virginia averages. Approximately 92 percent have graduated from high school and approximately 64.8 percent are college graduates (U.S. Census Bureau, Selected Social Characteristics in the United States, 2009-2013 American Community Survey 5-Year Estimates). According to the U.S. Census Bureau, 2010, the median family income for Fairfax County (including Vienna) in 2010 was \$122,189.

HOUSING, CONSTRUCTION, AND FINANCIAL ACTIVITY

The data in the tables below are presented to illustrate various housing characteristics for the Town of Vienna. The distribution of all dwelling units is as follows:

Dwelling Units by Type

As of December 2016, there were 5,616 total housing units (including rental apartments) located in the Town of Vienna. Single family units constituted approximately 82 percent of the total number of units. The rest was comprised of townhouses, garden apartments, condominiums and duplexes. As of March 2017, the median sales price of a Fairfax County detached residence was \$744,526 and the median sales price of a Fairfax County attached residence was \$379,320. According to the 2010 U.S. Census Bureau, the median number of persons per housing unit in the Town of Vienna in 2010 was 2.84.

<u>Housing Units</u>	<u>Number of Units</u>	<u>% of Total</u>
Single family dwellings	4,613	82.14%
Townhouses	429	7.64
Multiplex	53	0.94
Multifamily 1-4 stories	<u>521</u>	<u>9.28</u>
Total	5,616	100.0%

Source: Fairfax County Department of Neighborhood and Community Services, Demographics Reports 2016, December 2016.

Median Sales Price of Housing in Fairfax County

Detached Homes	\$744,526
Attached Homes	\$379,320

Source: Fairfax County Economic Development Authority, March 2017.

The table below presents annual construction information for Vienna including the number and estimated value of residential and commercial units.

New Construction - Estimated Number of Units and Value

Year	<u>Residential Construction</u>			<u>Commercial Construction</u>		
	Number of Units(1)	Assessed Value (\$000)(2)	% of Total Assessed Value(2)	Number of Units(1)	Assessed Value (\$000)(2)	% of Total Assessed Value(2)
2011	65	\$48,915	1.4%	1	\$17,213	0.5%
2012	75	49,423	1.4	1	6,533	0.2
2013	110	58,920	1.6	0	-	-
2014	103	64,169	1.6	2	272	-
2015	89	95,644	2.3	1	3,817	0.1
2016	93	91,709	2.0	1	53,260	0.4
2017	75	82,538	1.7	1	24,434	0.5

⁽¹⁾ Source: Town of Vienna.

⁽²⁾ Source: Fairfax County Department of Tax Administration.

Employment

The Town is an active center of employment in the professions, commerce and light industry. The average annual unemployment rate for Fairfax County, which includes the Town, is shown on the following table.

Unemployment Rate Average Annual Rate 2008 to 2017

<u>Year</u>	<u>Fairfax Co.</u>	<u>Virginia</u>	<u>United States</u>
2008	2.8%	3.9%	5.8%
2009	4.8	6.7	9.3
2010	5.1	7.1	9.6
2011	4.8	6.6	8.9
2012	4.5	6.0	8.1
2013	4.4	5.7	7.4
2014	4.1	5.2	6.2
2015	4.4	5.3	6.1
2016	3.2	3.7	4.7
2017	3.2	3.7	4.4

Source: Fairfax County Economic Development Authority

Income

Personal income per capita for Fairfax County, which includes the Town, and other jurisdictions in the Washington Metropolitan area are as follows:

Per Capita Personal Income Selected Years

<u>Year</u>	<u>Fairfax Co.</u>	<u>Virginia</u>	<u>United States</u>
2008	\$69,949	\$44,901	\$40,873
2009	66,653	44,056	39,379
2010	67,547	44,836	40,144
2011	70,146	47,076	42,332
2012	72,205	48,715	44,200
2013	71,752	48,838	44,765
2014	72,552	50,157	46,494
2015	75,081	52,184	48,451
2016	75,978	52,957	49,246

Source: Bureau of Economic Analysis, United States Department of Commerce estimates. Fairfax County, Virginia, data includes the Cities of Fairfax and Falls Church and the Town of Vienna. Latest information available.

COMPREHENSIVE PLAN

On May 23, 2016, the Mayor and Town Council adopted the latest amendments to the Comprehensive Plan for the Town of Vienna (the “2015 Plan”). As the Town’s official guide, this Comprehensive Plan describes and updates the characteristics of the Town and also identifies trends and events that have been considered in charting the future development of Vienna. These trends and characteristics are reflected in the Town’s policies regarding physical land use development, transportation, parks and recreation activities, and capital improvements programming within a time horizon of between five and 10 years.

The 2015 Plan was updated to include new chapters on economic development, parks and recreation, and the environment and sustainability. The plan also includes chapters related to the Town’s history, demographics,

land use, transportation systems and facilities, and community facilities and services. Recent actions based upon the contents of this Plan include zoning ordinance amendments and a study of the opportunities and constraints along the W&OD Railroad Regional Park.

The 2015 Plan builds upon a number of previous Comprehensive Plans (the first was adopted in 1957) in the preservation of the Town's low-density residential development. The Plan also calls for vibrant commercial/mixed-use development along its main street - Maple Avenue East and West, to allow for a more walkable community. The plan continues with its approach in the avoidance of spot zoning, the promotion of adequate buffers between disparate zoning districts and to coordinate land use patterns both within the Town and adjoining Fairfax County.

TRANSPORTATION

The Town's central location enables it to be served by various major highways and air transportation facilities. These facilities, which have been constructed in cooperation with the Commonwealth of Virginia and the Federal Government, provide excellent transportation services for Town residents, tourists, intra-jurisdictional travelers, as well as others who work or do business in the Town.

Streets and Highways

Major highway facilities include Interstate 495 (the Capital Beltway), which borders Vienna on the northeast, Interstate 66, which borders Vienna to the south, and Dulles Airport Access and Toll Road, which runs along the Town's northern border.

Airports

The Town is located equidistant between Ronald Reagan Washington National Airport and Washington Dulles International Airport. Business travelers can conveniently use both airports. The growth of the Tysons Corner business district testifies to the convenience of Vienna for all travelers. In 1987, control of Ronald Reagan Washington National and Dulles International Airports was transferred from the Federal Aviation Administration to the Metropolitan Washington Airports Authority (the "MWAA"). This transfer has enabled MWAA to undertake major capital improvements financed through user fees at the two airports.

Metro Transit System

The Town joined the other political subdivisions in the Washington, D.C. metropolitan area in an agreement to develop the Metro subway and surface rail transit systems to serve the metropolitan area. The Washington Metropolitan Area Transit Authority ("WMATA") Metrorail system provides area residents with one of the largest and most modern regional transit systems in the world. The current Metrorail system has 118 miles of track and 91 stations. The western terminus of the Orange Line is the Vienna Station, conveniently located one mile southeast of downtown. The extension of the Metrorail system to Dulles Airport is currently under construction. The first phase of the extension project to Wiehle Avenue in Reston, including four Silver Line stations adjacent to the Town and in or near the neighboring Tysons Corner business district, is complete and was opened to the public in July 2014.

**SECTION FOUR: TOWN INDEBTEDNESS AND
CAPITAL IMPROVEMENT PROGRAM; ISSUANCE AND
AUTHORIZATION OF BONDED INDEBTEDNESS**

Pursuant to the Constitution of Virginia (the “Constitution”) and the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia, as amended), a city or town in Virginia is authorized to issue bonds and notes secured by a pledge of its full faith and credit and unlimited taxing power. The Constitution and the Public Finance Act of 1991, however, limit the amount of such indebtedness which may be incurred by cities or towns to 10 percent of the assessed valuation of real estate subject to local taxation. There is no requirement in the Constitution or the Code of Virginia that the issuance of general obligation bonds of the Town be subject to approval of the electors of the Town at referendum.

Under the Town Charter, the Town Council has full authority to authorize and issue general obligation bonds. The authorizing procedure consists of the publication in a local newspaper for two successive weeks of a notice of intention to adopt an ordinance to issue bonds, then the adoption of the ordinance by a majority of all members of the Town Council. Such ordinance is not effective until ten days after it has been published in full or by its title and an informative summary in the local newspaper.

DEBT INFORMATION

Information on the Town’s indebtedness is presented in the following tables. Included is information on key debt ratios, rapidity of principal retirement, debt service to expenditure ratios and selected debt service schedules.

The following chart details the Town-issued general obligation and revenue bond debt as of June 30, 2017.

**Computation of Legal Debt Margin
as of June 30, 2017**

Assessed Value of Real Property ⁽¹⁾	\$4,625,397,360
Add back: exempt real property	<u>164,329,160</u>
Total Assessed Value	<u>\$4,789,726,520</u>
Debt Limit: 10% of Assessed Value ⁽²⁾	\$ 478,972,652
Amount of Debt Applicable to Debt Limit	<u>21,174,000</u>
Legal Debt Margin	<u>\$ 457,798,652</u>

⁽¹⁾ Assessment made as of January 1, 2016.

⁽²⁾ The Constitution of Virginia mandates a limit on the general obligation indebtedness of the Town equal to 10 percent of the assessed value of real property subject to taxation by the Town.

**Computation of Direct and Overlapping Bonded Debt-
General Obligation Bonds
as of June 30, 2017**

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to this Government Unit</u>	<u>Share of Debt</u>
Direct Debt			
Town of Vienna - General Bonded Debt	\$ 21,174,000	100.00%	\$21,174,000
Overlapping Debt*			
Fairfax County - General Bonded Debt	<u>2,173,150.000</u>	1.96%	<u>42,681,189</u>
Total direct and overlapping debt	<u>\$2,194,324,000</u>		<u>\$63,855,189</u>

* Overlapping Debt is not bonded debt of the Town of Vienna on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the Town of Vienna are obligated to pay through direct levies of these respective governmental entities. The debt of Fairfax County is a direct general obligation debt of the County for facilities to benefit citizens of the County as a whole, including those residing within incorporated towns. Facilities include schools, hospitals, storm drainage control, parkland acquisition, etc., and the citizens of the Town of Vienna benefit generally from this use.

DEBT STATEMENT

No general obligation debt was issued by the Town during fiscal year 2016-17.

Details of Long-Term Indebtedness as of June 30, 2017

Amount Outstanding

Public Improvement Bonds:

\$4,950,000 issued June 20, 2006, maturing in annual installments of \$330,000 through June 21, 2021 with interest payable semiannually at 3.88%	\$1,320,000
\$2,680,000 issued July 28, 2010, maturing in annual installments of \$335,000 through August 1, 2018 with interest payable semiannually at rates from 2.00% to 2.50%	\$670,000
\$2,310,000 issued July 28, 2010, maturing in annual installments of \$335,000 from August 1, 2018 through August 1, 2025 with interest payable semiannually at rates from 4.00% to 4.70%	\$2,310,000
\$6,310,000 issued July 18, 2012, maturing in annual installments of \$420,000 through July 15, 2027 with interest payable semiannually at rates from 2.00% to 2.50%	\$4,620,000
\$6,555,000 issued November 14, 2013, maturing in annual installments of \$437,000 through June 1, 2029 with interest payable semiannually at 2.24%	\$5,244,000
\$794,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$73,000 to \$87,000 through June 1, 2023 with interest payable semiannually at 2.24%	\$492,000
\$878,000 refunding bonds issued November 14, 2013, maturing in annual installments ranging from \$17,000 to \$58,000 through April 1, 2033 with interest payable semiannually at 2.86%	\$753,000

\$6,180,000 issued December 23, 2015, maturing in annual installments ranging from \$410,000 to \$415,000 through August 1, 2030, interest payable semiannually at rates from 2.00% to 4.00%	\$5,765,000
Total public improvement bonds	<u>\$21,174,000</u>
<u>Notes Payable</u>	
Note payable to Fairfax County for Town share of Fairfax plant upgrade, maturing in various semiannual installments through October 1, 2041, interest at 3.19%	<u>\$2,008,262</u>
<u>Capital Lease Obligations</u>	
\$518,00 capital lease obligations due in annual installments of \$133,515 through October 14, 2020, interest payable at 1.232%	\$518,000
\$700,000 capital lease obligations due in annual installments of \$182,678 through July 1, 2020, interest payable at 1.74%	\$700,000
\$570,028 capital lease obligations due in annual installments of \$147,818 through October 3, 2018, interest payable at 1.48%	\$289,201
\$619,455 capital lease obligations due in annual installments of \$160,282 through October 31, 2017, interest payable at 1.39%	\$158,085
\$182,000 capital lease obligations due in annual installments of \$46,910 through October 14, 2020 interest payable at 1.232%	\$182,000
\$129,972 capital lease obligations due in annual installments of \$33,704 through October 3, 2018, interest payable at 1.48 %	\$65,941
\$80,545 capital lease obligations due in annual installments of \$20,841 through October 31 2017, interest payable at 1.39%	\$20,555
Total capital lease obligations	<u>\$1,933,782</u>
<u>Total Unamortized bond premiums</u>	\$574,862
Total general long-term obligations	<u>\$25,690,906</u>

**Impact of New Issue on Total
General Obligation Debt Service**

Fiscal Year Ending June 30	Outstanding General Obligation Debt Service Before New Issue			Plus New Bond Issue Debt Service		Outstanding General Obligation Debt Service After New Issue		
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Total
	2018	\$2,052,000	\$590,553	\$2,642,553			\$2,052,000	\$590,553
2019	2,055,000	537,999	2,592,999	\$525,000	\$352,250	2,580,000	890,249	3,470,249
2020	2,058,000	480,784	2,538,784	530,000	355,500	2,588,000	836,284	3,424,284
2021	2,061,000	420,982	2,481,982	530,000	329,000	2,591,000	749,982	3,340,982
2022	1,734,000	358,698	2,092,698	530,000	302,500	2,264,000	661,198	2,925,198
2023	1,732,000	306,582	2,038,582	530,000	276,000	2,262,000	582,582	2,844,582
2024	1,647,000	254,991	1,901,991	530,000	249,500	2,177,000	504,491	2,681,491
2025	1,648,000	205,873	1,853,873	525,000	223,125	2,173,000	428,998	2,601,998
2026	1,614,000	157,214	1,771,214	525,000	196,875	2,139,000	354,089	2,493,089
2027	1,316,000	116,231	1,432,231	525,000	170,625	1,841,000	286,856	2,127,856
2028	1,317,000	82,240	1,399,240	525,000	144,375	1,842,000	226,615	2,068,615
2029	899,000	52,959	951,959	525,000	118,125	1,424,000	171,084	1,595,084
2030	463,000	27,846	490,846	525,000	91,875	988,000	119,721	1,107,721
2031	464,000	11,980	475,980	525,000	65,625	989,000	77,605	1,066,605
2032	56,000	3,260	59,260	525,000	39,375	581,000	42,635	623,635
2033	58,000	1,659	59,659	525,000	13,125	583,000	14,784	597,784
	<u>\$21,174,000</u>	<u>\$3,609,851</u>	<u>\$24,783,851</u>	<u>\$7,900,000</u>	<u>\$2,927,875</u>	<u>\$29,074,000</u>	<u>\$6,537,726</u>	<u>\$35,611,726</u>

**Rapidity of Principal Retirement
All General Obligation Bonds⁽¹⁾
Expected as of July 1, 2018**

<u>Maturing Within</u>	<u>Cumulative Amount Maturing</u>	<u>Percent of Total Debt Outstanding</u>
5 years	\$9,960,000	45.8%
10 years	\$17,917,000	84.6%

Source: Town of Vienna Department of Finance.
⁽¹⁾ Not including New Issue.

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**Ratio of Annual Debt Service Expenditures for General –Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Annual Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Debt Service as Percent of Expenditures</u>
2008	\$2,513,091	\$22,205,496	11.3%
2009	2,427,339	22,701,690	10.7
2010	2,042,053	20,633,496	9.9
2011	2,057,572	20,547,872	10.0
2012	2,081,609	21,114,595	9.9
2013	2,019,690	21,725,884	9.3
2014	2,437,215	22,817,048	10.7
2015	2,538,180	22,473,953	11.3
2016	2,319,117	22,566,485	10.3
2017	2,887,608	22,788,692	12.7

**Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Reserved for Debt Service</u>	<u>Net Bonded Debt</u> ⁽¹⁾	<u>Ratio of Net General Obligation Debt to Assessed Value</u> ⁽²⁾	<u>Net Bonded Debt per Capita</u> ⁽³⁾
2008	\$ 13,426,179	-	\$ 13,426,179	0.34%	\$ 904.12
2009	11,458,372	-	11,458,372	0.29	771.61
2010	9,788,096	-	9,788,096	0.26	659.13
2011	13,167,376	-	13,167,376	0.38	839.38
2012	12,393,836	-	12,393,836	0.34	790.07
2013	17,219,419	-	17,219,419	0.46	1,097.69
2014	21,880,489	-	21,880,489	0.56	1,394.82
2015	19,331,000	-	19,331,000	0.46	1,232.29
2016	23,546,000	-	23,546,000	0.53	1,500.99
2017	21,174,000	-	21,174,000	0.46	1,349.78

Source: Town of Vienna CAFR for Fiscal Year ending June 30, 2017.

⁽¹⁾ Includes all long-term general obligation bonded debt; excludes capital leases and compensated absences.

⁽²⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

⁽³⁾ Population data can be found in the Schedule of Demographic and Economic Statistics.

Annual requirements to amortize the Town’s capital lease obligations are as follows:

Capital Lease Obligations

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$697,204	\$28,543	\$725,747
2019	526,256	18,368	544,624
2020	352,541	10,560	363,101
2021	357,781	5,320	363,101

CAPITAL IMPROVEMENT PROGRAM

The Town's Capital Improvement Program ("CIP") provides for improvements to the Town's public facilities for the ensuing fiscal year and four years thereafter. The principal means of financing these improvements is through the issuance of general obligation bonds. The first year of the program constitutes the capital budget for the current fiscal year; the remaining four fiscal years serve as a planning guide.

The approved CIP is the result of a process that balances the need for public facilities against the fiscal capability for the Town to provide for these needs.

Each Fall, the Town Council reviews and adopts the CIP which projects at least fifteen years into the future. The projects in the CIP are considered for planning purposes only until funds are provided. The CIP projects may be deleted, altered or rescheduled in any manner, and at any time, by the Town Council. As adopted in 2017, the following table sets forth the Town's adopted and planned debt issuance for the next 10 years. Such plans are subject to change and revision.

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**Capital Financing Program
Expenditures
Fiscal Years 2018 Through 2028**

	<u>2018</u> Current Issue	<u>2020</u> Estimate	<u>2022</u> Estimate	<u>2024</u> Estimate	<u>2026</u> Estimate	<u>2028</u> Estimate
<u>Sources (in \$000)</u>						
Bond Funding	\$ 7,899.0	\$ 25,250.0	\$ 8,650.0	\$ 7,750.0	\$ 9,335.0	\$ 6,400.0
Virginia Department of Transportation	948.0		1,350.0	700.0	1,215.0	875.0
Northern Virginia Transportation Authority	660.0		2,000.0	550.0	375.0	625.0
Storm Water Grants (Virginia DEQ and Fairfax County)	425.0	1,090.0	600.0	300.0		
Total	\$ 9,932.0	\$ 26,340.0	\$ 12,600.0	\$ 9,300.0	\$ 10,925.0	\$ 7,900.0
<u>Uses (in \$000)</u>						
Water and Sewer Projects	\$ 2,000.0	\$ 1,000.0	\$ 1,000.0	\$ 1,000.0	\$ 1,500.0	\$ 1,000.0
Fairfax Sewer Capital Improvements	2,500.0	2,500.0	2,500.0	3,000.0	3,000.0	3,000.0
Police Station Renovation (Engineering)	1,774.0					
Police Station Renovation (Construction and PM)	75.0	14,300.0				
Municipal Parking (Engineering)	75.0					
Municipal Parking (Construction and PM)		5,600.0				
Sidewalk Improvements	1,665.0	150.0	2,750.0	1,350.0	500.0	500.0
Roadway Improvements			2,000.0	600.0	4,180.0	1,500.0
Facility Improvements	668.0	250.0				
Operations and Maintenance Campus Design						1,425.0
Undergrounding Power Lines	100.0					
Park Improvements	250.0		300.0	1,600.0	1,345.0	75.0
Stormwater Projects	425.0	1,240.0	3,200.0	1,350.0		
Ross Drive End Wall		350.0				
Church and East Street Mini-Roundabout			500.0			
Issuance and Contingency	400.0	950.0	350.0	400.0	400.0	400.0
Total	\$ 9,932.0	\$ 26,340.0	\$ 12,600.0	\$ 9,300.0	\$ 10,925.0	\$ 7,900.0

SECTION FIVE: FINANCIAL INFORMATION

ACCOUNTING STRUCTURE AND BASIS OF ACCOUNTING

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town a Certificate of Achievement for Excellence in Financial Reporting for the Town's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2016. The GFOA awards a Certificate to governmental units that display excellence in financial reporting and conform to stringent reporting requirements promulgated by that Association and various authoritative bodies. With the exception of 1985 and 1986, the Town has been awarded the Certificate from 1979 through 2016.

Fund Accounting

The financial transactions and accounts of the Town are organized on the basis of funds or account groups, each of which constitutes a separate entity for accounting purposes. For the Town's CAFR, the various Town funds are organized into the following major groups:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and Federal distributions, licenses, permits, charges for service, and interest income.

Debt Service Fund

Transactions related to resources obtained and used for the payment of interest and principal on long-term general obligation debt and capital leases, except for the debt payable by the enterprise funds, are accounted for in the Debt Service Fund. The Debt Service Fund Revenues are derived primarily from other local taxes and transfers from the General Fund and Water and Sewer Fund.

Capital Projects Funds

The Capital Projects Funds account for all financial resources used for the acquisition or construction of major capital facilities.

Special Transportation Funds

The Special Transportation Funds consists of funds derived from State taxes for Northern Virginia transportation project authorized by the Commonwealth in 2013. These funds held in escrow for the Town by the Northern Virginia Transportation Authority (the "NVTA"). The NVTA approves projects and reimburses the Town for qualified project expenses from the escrowed cash.

Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position and cash flows. Proprietary Funds consist of the water and sewer enterprise fund.

Enterprise Funds

Enterprise Funds account for operations of the Town's water and sewer fund. Revenues are primarily derived from user charges. The Town purchases water and conveys sewage under an inter-governmental agreement with the County of Fairfax, Virginia.

Non-Major Funds

Non-major Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Non-major Funds consist of the Stormwater Fund and the Gang Task Force Fund.

Fiduciary Funds

Fiduciary Funds account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds.

Trust Funds

Trust Funds include the local retirement and the police retirement pension trust funds. These funds account for and are reported similarly to Proprietary Funds. Pension trust funds are used to account for assets held by the Town as trustee to provide to Town employees retirement benefits in addition to the benefits provided by the Virginia Retirement System and Social Security.

Basis of Accounting

The accounting records of the Town are maintained on a modified accrual basis of accounting for the Governmental Funds and Agency Funds and on an accrual basis of accounting for the Proprietary Funds and Trust Funds. In general, under the modified accrual basis of accounting, revenues are recognized in the period that they become measurable and available. Expenditures, other than accrued interest on long term debt, are recorded in the period in which liabilities are incurred. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred without regard to receipts or disbursements of cash. For a more detailed discussion of the Town's accounting policies, see "Notes to Financial Statements" in the Town's financial statements for fiscal year ended June 30, 2017, which financial statements are incorporated herein by reference. See Appendix A.

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**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2017**

Major Funds

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Transportation Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
General property taxes	\$10,622,903	\$ -	\$ -	\$ -	\$ -	\$10,622,903
Other local taxes	6,512,804	2,691,356	-	-	-	9,204,160
Permits, privilege fees and regulatory licenses	249,733	-	-	-	-	249,733
Fines and forfeitures	368,135	-	-	-	-	368,135
Revenue from use of money and property	126,870	41,012	41,502	-	5,822	215,206
Charges for services	575,312	-	-	-	-	575,312
Miscellaneous	313,012	80	252,095	-	778	565,965
Intergovernmental	3,367,809	29,561	2,637,041	1,530,763	653,782	8,218,956
Total revenues	<u>\$22,136,578</u>	<u>\$2,762,009</u>	<u>\$2,930,638</u>	<u>1,530,763</u>	<u>\$660,382</u>	<u>\$30,020,370</u>
Expenditures:						
Current:						
General government administration	\$4,635,247	\$ -	\$ -	\$ -	\$ -	\$4,635,247
Public safety	6,623,845	-	-	-	370,242	6,994,087
Public works	7,624,038	-	-	10,740	362,920	7,997,698
Health and welfare	232,186	-	-	-	-	232,186
Parks, recreation and cultural	2,832,486	-	-	-	-	2,832,486
Community development	840,890	-	-	-	-	840,890
Capital projects	-	-	11,431,288	-	-	11,431,288
Debt Service:	-	-	-	-	-	-
Principal retirement	-	2,722,249	-	-	-	2,722,249
Interest and other fiscal charges	-	641,061	-	-	-	641,061
Total expenditures	<u>\$22,788,692</u>	<u>\$3,363,310</u>	<u>\$11,431,288</u>	<u>\$10,740</u>	<u>\$733,162</u>	<u>\$38,327,192</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$(652,114)</u>	<u>\$(601,301)</u>	<u>\$(8,500,650)</u>	<u>\$(1,520,023)</u>	<u>\$(72,780)</u>	<u>\$(8,306,822)</u>
Other financing sources (uses):						
Issuance of capital lease	\$518,000	-	-	-	-	\$518,000
Transfers in	900,000	949,396	1,520,023	-	54,271	3,423,690
Transfers out	<u>(658,370)</u>	-	<u>(571,308)</u>	-	<u>(16,441)</u>	<u>(2,766,142)</u>
Total other financing sources (uses)	<u>\$759,630</u>	<u>\$949,396</u>	<u>\$948,715</u>	<u>(1,520,023)</u>	<u>\$37,830</u>	<u>\$1,175,548</u>
Net changes in fund balances	\$107,516	\$348,095	\$(7,551,935)	-	\$(34,950)	\$(7,131,274)
Fund balances at beginning of year	8,158,336	6,348,055	10,830,402	=	1,077,674	26,414,467
Fund balances at end of year	<u>\$8,265,852</u>	<u>\$6,696,150</u>	<u>\$3,278,467</u>	=	<u>\$1,042,724</u>	<u>\$19,283,193</u>

Source: Town of Vienna CAFR for Fiscal Year ended June 30, 2017.

The following table compares the Town Governmental Fund revenues, expenditures, and changes in fund balance for the fiscal years 2013 through 2017.

TOWN OF VIENNA, VIRGINIA
Revenues, Expenditures and Changes in Fund Balances in Governmental Funds
Last Five Fiscal Years
Fiscal Years Ended June 30
(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017
Revenues:					
General property taxes	\$9,280,201	\$9,210,898	\$9,824,996	\$10,149,056	\$10,622,903
Other local taxes	8,247,649	8,335,911	8,978,718	9,320,164	9,204,160
Permits, privilege fees and regulatory licenses	152,114	171,876	195,316	268,314	249,733
Fines and forfeitures	449,649	438,510	429,366	331,935	368,135
Revenue from use of money and property	224,039	214,818	265,103	179,769	215,206
Charges for services	792,935	809,685	781,286	585,374	575,312
Miscellaneous	244,303	350,451	799,340	1,560,383	565,965
Intergovernmental	5,785,650	5,097,685	6,292,473	10,272,286	8,218,956
Total revenues	\$25,176,540	\$24,629,834	\$27,566,598	\$32,667,281	\$30,020,370
Expenditures:					
Current:					
General government administration	\$4,022,335	\$4,462,089	\$4,505,608	\$4,676,681	\$4,635,247
Public safety	6,408,461	7,262,830	6,867,167	7,014,272	6,994,087
Public works	6,978,990	7,381,367	7,063,724	7,436,218	7,997,698
Health and welfare	261,088	240,455	236,416	239,830	232,186
Parks, recreation, and cultural	2,773,680	2,903,353	2,946,390	3,083,069	2,832,486
Community development	863,286	851,558	711,077	784,698	840,890
Capital Projects	6,651,007	2,230,105	5,111,855	12,072,085	11,431,288
Debt service:					
Principal retirement	2,103,421	3,513,686	2,801,394	2,490,860	2,722,249
Interest and other fiscal charges	506,152	675,999	533,590	484,952	641,061
Total expenditures	\$30,568,420	\$29,521,442	\$30,777,221	\$38,282,665	\$38,327,192
Excess (deficiency) of revenues over (under) expenditures	(5,391,880)	(4,891,608)	(3,210,623)	(5,615,384)	(8,306,822)
Other financing sources (uses):					
Issuance of capital lease	\$653,434	\$619,455	\$570,028	\$700,000	\$518,000
Long-term debt issued	6,310,000	7,896,613	-	6,180,000	-
Premium on issuance of long-term obligations	253,337	-	-	482,836	-
Transfers in	1,061,487	1,313,015	1,265,748	3,573,591	3,423,690
Transfers out	(78,510)	(408,196)	(1,501,709)	(2,892,259)	(2,766,142)
Total other financing sources (uses)	\$8,199,748	\$9,420,887	\$334,067	\$8,044,168	\$1,175,548
Net changes in fund balances	\$ 2,807,868	\$ 4,529,279	\$(2,876,556)	\$ 2,428,784	\$(7,131,274)
Debt Service as a percentage of noncapital expenditures	11.24%	16.59%	13.20%	8.37%	12.27%

Source: Town of Vienna CAFR for Fiscal Year ending June 30, 2017.

BUDGETARY PROCESS

The Code of Virginia of 1950, as amended (the “Virginia Code”), requires the Town Manager to submit a balanced General Fund Budget to the Town Council on or before May 15 of each fiscal year. A notice of public hearing on the synopsis of the budget is published in the local newspaper after copies of the proposed budget are made available to the public. On May 8, 2017, the Town Council approved the Town’s budget shown in the table below for fiscal year 2017-18.

General Fund Estimated Revenues and Budgeted Expenditures Fiscal Year 2016-17 Adopted and 2017-2018 Adopted Budgets

	<u>Adopted</u> <u>FY 16-17</u>	<u>Adj. Budget</u> <u>FY 16-17</u>	<u>Adopted</u> <u>FY 17-18</u>	<u>Net</u> <u>Change</u>
Revenues				
General Property Taxes	\$10,427,500	\$10,427,500	\$10,840,000	\$412,500
Other Local Taxes	6,451,000	6,451,000	6,681,000	230,000
Permits, Fees & Licenses	246,200	246,200	242,200	(4,000)
Fines & Forfeitures	462,500	462,500	409,000	(53,500)
Revenue from Use of Money & Property	136,000	136,000	152,000	16,000
Charges for services	625,000	625,000	770,000	145,000
Miscellaneous	156,000	208,425	109,800	(46,200)
Intergovernmental - State	3,203,210	3,203,210	3,278,410	75,200
Intergovernmental - Federal	113,500	113,500	85,000	(28,500)
Total Operating Revenues	\$21,820,910	\$21,873,335	\$22,567,410	\$746,500
Other Sources & Uses				
Transfers In	\$243,410	\$243,410	\$323,900	\$80,490
Prior Year Surplus	550,000	734,931	616,000	66,000
Capital Lease Proceeds	-	-	700,000	700,000
Total Other Sources & Uses	\$793,410	\$978,341	\$1,639,900	\$846,490
TOTAL REVENUES	\$22,614,320	\$22,851,676	\$24,207,310	\$1,592,990
Expenditures				
General Government Administration	\$4,772,990	\$4,910,823	\$4,885,700	\$112,710
Public Safety	6,536,640	6,623,205	6,552,050	15,410
Public Works	6,963,620	6,970,820	7,443,890	480,270
Health & Welfare	242,600	242,600	234,700	(7,900)
Parks & Recreation	3,094,380	3,136,485	3,295,270	200,890
Community Development	847,050	896,698	964,600	117,550
Capital Lease and PC Purchases	-	-	-	-
Reserves – PEG & Others	157,040	642,395	831,100	674,060
Other	-	-	-	-
TOTAL OPERATING EXPENDITURES	\$22,614,320	\$23,423,026	\$24,207,310	\$1,592,990

2018 PROJECTIONS

At present, revenues and expenditures for fiscal year 2017-18 are tracking with the adopted budget shown in the above table for such fiscal year.

GENERAL FUND REVENUES AND EXPENDITURES

The following is a discussion of the General Fund revenue structure and major classifications of General Fund expenditures.

Revenues

The table on the following page shows the Town's principal tax revenues by source for each of the last ten fiscal years. Growth in total tax revenues has averaged 2.8% percent over the last ten years.

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Governmental Revenues by Source⁽¹⁾
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits Privilege Fees and Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Revenue from use of Money and Property</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Intergovernmental</u>	<u>Total</u>
2008	\$7,850,154	\$8,761,959	\$106,291	\$227,215	\$845,947	\$800,382	\$368,838	\$2,080,654	\$21,041,440
2009	8,473,707	8,071,034	88,388	277,174	411,190	738,987	432,804	2,450,707	20,943,991
2010	8,689,481	6,894,432	101,143	298,921	265,712	713,568	274,906	4,363,577	21,601,740
2011	8,633,014	7,673,569	117,484	414,608	219,127	734,344	262,553	3,937,987	21,992,686
2012	9,017,905	8,102,797	135,197	512,500	199,270	772,068	720,327	3,722,619	23,182,683
2013	9,280,201	8,247,649	152,114	449,649	224,039	792,935	244,303	5,785,650	25,176,540
2014	9,210,898	8,335,911	171,876	438,510	214,818	809,685	350,451	5,097,685	24,629,834
2015	9,824,996	8,978,718	195,316	429,366	265,103	781,286	799,340	6,292,473	27,566,598
2016	10,149,056	9,320,164	268,314	331,935	179,769	585,374	1,560,383	10,272,286	32,667,281
2017	10,622,903	9,204,160	249,733	368,135	215,206	575,312	565,965	8,218,956	30,020,370

⁽¹⁾ Includes governmental fund types.

General Governmental Tax Revenues by Source⁽¹⁾
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Real Property	Local Sales	Consumer Utility	Business & Occupation License	Meals & Lodging Tax	Motor Vehicle License	Bank Franchise	Tobacco	Other Taxes	Total
2008	\$7,850,154	\$1,214,258	\$660,742	\$2,095,137	\$2,385,355	\$ 12,213	\$ 420,385	\$429,906	\$318,819	\$15,386,969
2009	8,473,707	1,224,471	659,932	2,204,093	1,691,961	-	444,050	407,741	325,635	15,431,590
2010	8,689,481	1,285,506	656,858	1,973,781	1,698,298	-	557,561	359,962	362,466	15,583,913
2011	8,633,014	1,336,821	660,823	1,964,360	1,795,855	347,963	867,459	350,098	350,190	16,306,583
2012	9,017,905	1,259,235	645,869	2,288,730	2,016,210	382,597	789,721	347,078	373,357	17,120,702
2013	9,280,201	1,320,803	660,323	2,217,307	2,212,543	389,640	761,646	323,901	361,486	17,527,850
2014	9,210,898	1,350,263	667,116	2,329,139	2,263,450	354,312	697,798	302,198	371,635	17,546,809
2015	9,824,996	1,465,129	668,218	2,334,987	2,339,686	368,070	1,153,976	262,035	386,617	18,803,714
2016	10,149,056	1,484,216	659,320	2,221,072	2,520,856	383,469	1,416,573	249,175	385,483	19,469,220
2017	10,622,903	1,425,248	654,778	2,258,387	2,691,356	364,648	1,100,576	233,877	475,290	19,827,063

⁽¹⁾Includes governmental fund types.

Real Property Taxes

Real property taxes are levied at a rate enacted by the Town Council on the assessed value of property as determined by the Supervisor of Assessments of Fairfax County. The Town does not levy personal property taxes. Neither the Town Charter nor the Commonwealth of Virginia impose a limitation on the tax rate. Assessed value of all property is 100 percent of fair market value. Each year all property is reassessed as of January 1. The Town's tax rate for fiscal year 2016-17 was \$.2250 per \$100 of assessed valuation. The tax rate for fiscal year 2017-18 is also \$.2250 per \$100 of assessed valuation.

Taxes are due in semi-annual installments on July 28 and December 5 of each year. A penalty of 10 percent or \$5.00, whichever is greater, is added to each delinquent installment. No discounts are allowed and interest at 10 percent per annum is also assessed on delinquent installments. All unpaid taxes become subject to liens against the properties upon which they are assessed as of June 30 of the year following assessment.

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Amount Collected	Percent of Levy Collected	Collections in Subsequent Years (1)	Total Collected To 6/30/17	Percentage of Levy
2008	\$7,733,269	\$7,718,007	99.80%	\$14,397	\$7,732,404	99.99%
2009	8,360,160	8,345,045	99.82	14,208	8,359,253	99.99
2010	8,575,014	8,551,194	99.72	22,857	8,574,051	99.99
2011	8,487,353	8,464,923	99.74	21,427	8,486,350	99.99
2012	8,871,145	8,841,354	99.66	28,806	8,870,160	99.99
2013	9,094,000	9,081,793	99.87	11,211	9,093,004	99.99
2014	9,017,093	9,002,376	99.84	13,106	9,015,482	99.98
2015	9,616,236	9,598,815	99.82	14,994	9,613,809	99.97
2016	9,968,163	9,946,258	99.78	8,095	9,954,353	99.86
2017	10,459,537	10,440,600	99.82	0	10,440,600	99.82

Source: Town of Vienna CAFR for Fiscal Year ended June 30, 2017.

(1) Penalties and interest not included

Under Virginia law (Virginia Code Section 58.1-3340), delinquent real estate taxes automatically constitute a lien on the property. The Town may sell real property which has three or more years of outstanding taxes (Virginia Code Section 58.1-3965). In the alternative, the Town may, after ten years, petition the General District Court to determine if the property has been abandoned and should be sold by the State for the collection of delinquent taxes (Virginia Code Sections 55-168, et seq.). Finally, any property against which a judgment has been rendered may be sold by court order (Virginia Code Section 8.01-462).

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	<u>Real Property</u> (1)			<u>Utility Companies</u> <u>Real Property</u>		<u>Total</u>	
	Assessed Value	Estimated Actual Value	Direct Tax Rate	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2008	\$3,986,152,090	\$3,986,152,090	0.1996%	\$39,616,343	\$39,616,343	\$4,025,768,433	\$4,025,768,433
2009	4,000,023,980	4,000,023,980	0.2091	40,806,556	40,806,556	4,040,830,536	4,040,830,536
2010	3,760,518,320	3,760,518,320	0.2281	40,475,624	40,475,624	3,800,993,944	3,800,993,944
2011	3,467,055,990	3,467,055,990	0.2448	39,591,839	39,591,839	3,506,647,829	3,506,647,829
2012	3,664,249,050	3,664,249,050	0.2421	36,325,461	36,325,461	3,700,574,511	3,700,574,511
2013	3,756,299,910	3,756,299,910	0.2421	37,193,940	37,193,940	3,793,493,850	3,793,493,850
2014	3,939,375,260	3,939,375,260	0.2288	35,775,929	35,775,929	3,975,151,189	3,975,151,189
2015	4,201,089,380	4,201,089,380	0.2288	37,186,660	37,186,660	4,238,276,040	4,238,276,040
2016	4,428,395,010	4,428,395,010	0.2250	39,797,131	39,797,131	4,468,192,141	4,468,192,141
2017	4,625,397,360	4,625,397,360	0.2250	39,797,131	39,797,131	4,665,194,491	4,665,194,491

Source: Town of Vienna CAFR for Fiscal Year ending June 30, 2017.

Note: Real property is assessed effective January 1 of each year by the Supervisor of Assessments of Fairfax County for the concurrent use of the Town and County. In the above tabulation \$4,625,397,360 is the assessed valuation effective January 1, 2016, which was used as a basis for billing taxes in the fiscal year 2016-17.

Real property was assessed at 100% of fair market value. Public service corporations are assessed by the State Corporation Commission.

Property owned by the Town, other governments, churches, and schools is exempt and no estimate of value is included. The Town also partially or fully exempts qualified elderly citizens. The Town does not tax personal property.

(1) Does not include abatements and adjustments.

**Property Tax Rates ⁽¹⁾--Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	Town of Vienna	County of Fairfax	Total Tax Rate
2008	\$0.1996	\$0.89	\$1.0896
2009	0.2091	0.92	1.1291
2010	0.2281	1.05	1.2781
2011	0.2448	1.09	1.3348
2012	0.2421	1.07	1.3121
2013	0.2421	1.075	1.3171
2014	0.2288	1.090	1.3188
2015	0.2288	1.090	1.3188
2016	0.2250	1.130	1.3550
2017	0.2250	1.130	1.3550

Source: Town of Vienna CAFR for Fiscal Year ending June 30, 2017.

(1) Per \$100 of assessed value.

Notes: The laws of the Commonwealth of Virginia impose no limitation on the tax rate. The Town Charter imposes a limit on the levy of taxes on real and personal property of \$2 per \$100 of assessed value, except as permitted by State law for the payment of principal of and premium, if any, and interest on general obligation bonds in accordance with Section 15.1-227.25 of the Code of Virginia of 1950, as amended.

Taxes are due in semi-annual installments on July 28 and December 5 of each year. Penalty of 10% or \$5.00, whichever is greater, is added to each delinquent installment. No discounts are allowed and interest at 10% per annum is assessed on delinquent installments. All unpaid taxes become subject to liens against the properties upon which they were assessed as of June 30 of the year following assessment.

The following table sets forth the largest private property and public utility taxpayers of ad valorem real property taxes and the assessed value of property owned by each taxpayer. The aggregate assessed value of the 15 largest taxpayers represents approximately 11.47% of the total \$4,625,397,360 assessed value of real property in the Town from the assessment made at January 1, 2016.

**Principal Real Property Taxpayers
Fiscal Year Ended June 30, 2017**

<u>Owner</u>	<u>1/1/2016 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Navy Federal Credit Union	\$146,608,470	3.68%
GI TC 801 Follin Lane	84,284,500	2.11
Vienna Park LLC	38,338,540	0.96
Maple Avenue Shopping	31,835,080	0.80
Vienna Shopping Center, LP	24,088,530	0.60
Maryland Gardens Ltd. Partnership	21,859,010	0.55
P. Daniel & Diana S. Orlich	16,888,180	0.42
Frank Zafren & Alec Jacobson, Tr.	15,074,510	0.38
JBG Vienna Retail Center	15,038,250	0.38
GRI Cedar Park LLC	11,583,870	0.29
Swart Vienna LLC	11,562,460	0.29
BFH Danor Plaza	11,474,660	0.29
Westwood Country Club	11,464,780	0.29
Cubalmart L P	10,310,150	0.26
JDC Maple Avenue LLC	6,991,410	0.18
Total	\$457,402,400	11.47%

Source: Town of Vienna CAFR for Fiscal Year ending June 30, 2017.

Other Revenues

Permits, Fees and Licenses include building permits, residential parking fees, and a variety of fees and licenses. Fines and Forfeitures include moving traffic violations fines, parking violations fines, and a variety of court costs. The Use of Money and Property consists of revenues from the rental of Town facilities and interest earnings on the Town's investment portfolio. Charges for Services include revenues derived from recreational program fees and charges for other services.

EXPENDITURES

The Town employs approximately 200 full-time employees. The Town provides a wide range of municipal services, including police protection, refuse and leaf collection, recycling, street and sidewalk maintenance, street lights, storm drainage system maintenance, street cleaning, snow removal, water and sewer services, animal control, zoning enforcement, planning and community development, recreational facilities and programs and Town beautification. Educational, fire, library, health and welfare services are provided by Fairfax County.

The following table shows the Town’s general governmental expenditures by function for the last ten fiscal years.

**Town of Vienna, Virginia
General Governmental--Expenditures by Function
Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Public Works	Health & Welfare	Parks & Recreation	Community Development	Capital Projects	Debt Service	Total
2008	\$3,284,008	\$5,714,956	\$6,388,010	\$294,054	\$2,863,952	\$729,537	\$799,922	\$2,930,979	\$23,005,418
2009	3,317,553	5,968,972	6,847,062	291,386	2,651,234	742,287	305,176	2,883,196	23,006,866
2010	3,545,989	5,850,604	6,617,842	290,027	2,729,770	728,309	1,294,779	2,611,004	23,668,324
2011	3,569,339	5,725,283	6,914,263	284,147	2,803,448	722,868	1,499,027	2,480,338	23,998,713
2012	3,663,319	6,089,459	6,765,678	275,187	2,935,398	863,380	1,200,696	2,548,657	24,341,774
2013	4,022,335	6,408,461	6,978,990	261,088	2,773,680	863,286	6,651,007	2,609,573	30,568,420
2014	4,462,089	7,262,830	7,381,367	240,455	2,903,353	851,558	2,230,105	4,189,685	29,521,442
2015	4,505,608	6,867,167	7,063,724	236,416	2,946,390	711,077	5,111,855	3,334,984	30,777,221
2016	4,676,681	7,014,272	7,436,218	239,830	3,083,069	784,698	12,072,085	2,975,812	38,282,665
2017	4,635,247	6,994,087	7,997,698	232,186	2,832,486	840,890	11,431,288	3,363,310	38,327,192

Source: Town of Vienna CAFR for Fiscal Year ending June 30, 2017.

RETIREMENT AND PENSION PLANS

Several different retirement plans are available to employees of the Town as a supplement to the Virginia Retirement System (VRS). The Town’s pension plan and 401(a) contributions, which are paid from the General Fund and Water and Sewer Fund, comprised approximately 8.7% of the Town’s General Fund budget and 2.97% of the Water and Sewer Fund budget in fiscal year 2016-17. Brief descriptions of the pension plans for Town employees appear below. For additional information concerning such plans, see Note Nos. 11 and 12 to the Town’s general purpose financial statements incorporated herein by reference. The funded status of the pension plans through July 1, 2017 is shown in Exhibit 14 to the Town’s general purpose financial statements incorporated herein by reference. See Appendix A.

Virginia Retirement System (VRS)

All eligible full-time employees of the Town are automatically enrolled in the Virginia Retirement System (the “VRS”), which provides Group term life insurance, retirement, disability and death benefits. The VRS system administers three different benefit plans for local government employees – Plan 1, Plan 2 and the Hybrid Plan.

Plan 1 and Plan 2 are defined benefit plans which cover members hired before January 1, 2014 who did not opt into the Hybrid Plan during a special election window. Plan members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary deduction.

The Hybrid Plan combines features a defined benefit plan and a defined contribution plan and cover most employees hired on or after January 1, 2014. A Hybrid Plan member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the Town to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the Town. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the Town is required to match those voluntary contributions according to specified percentages.

For all VRS Plans, the Town makes a separate actuarially determined contribution to VRA for covered employees. For fiscal year 2016-17, the Town’s annual pension cost of \$1,365,257 was equal to the Town’s required and actual contributions.

The VRS maintains separate accounts for each participating locality based on contributions made by the locality and its employees and the benefits being paid to former employees. The Town's contribution rate is actuarially determined for the VRS every two years by the actuarial firm of Cavanaugh Macdonald Consulting, LLC. at rates that provide both normal and accrued funding liability. The VRS basic calculation method is an entry age normal calculation with 40 year amortization of the unfunded accrued liability. The entry age normal cost method is designed to produce level normal costs over the working lives of the participating employees and to permit the amortization of any unfunded liability over a period of years. The unfunded liability arises because normal costs based on the current benefit formula have not been paid throughout the working lives of the current employees. The value of the unpaid normal costs, adjusted for actuarial gains and losses, comprises the unfunded liability.

As of June 30, 2016, the most recent actuarial valuation date, the Town's VRS plan was 73.74% funded. The total pension liability was \$62,707,748, and the plan fiduciary net position was \$50,368,833, resulting in a net pension liability of \$12,338,915.

Additional information regarding VRS is available at <http://www.varetire.org>.

Defined Benefit Pension Plans - Police and Local Retirement

In addition to the VRS, the Town provides supplemental benefits under two separately funded plans, a Police Retirement Plan started in 1967 and a Local Retirement Plan started in 1975 which covers all other full-time employees. The Local Retirement Plan was closed to new entrants in 2006 and replaced with an Internal Revenue Codes section 401(a) plan for new full-time employees. The most recent actuarial review was as of January 1, 2016. Assets of these plans are managed by the Town.

The normal retirement benefit of the Local Retirement Plan is equal to one-fourth of one percent of the participant's average final compensation, as defined, for each year of service up to a maximum of thirty years, with retirement benefits adjusted biannually for increases in the Consumer Price Index. The Local Retirement Plan required a contribution by the Town in fiscal year 2017 equal to 20% of covered wages for the remaining 14 participants, amounting to a total contribution of \$194,185 through June 30, 2017. Employees make no contribution. As of July 1, 2017, the Local Retirement Plan had 14 active participants, 44 retired participants and beneficiaries and 59 other members.

The normal retirement benefit under the Police Plan is a supplement which, when added to the benefits under the VRS, will provide a minimum allowance of 40% of average salary, as defined, up to a maximum of 50%, with post-retirement benefit adjustments not to exceed 5% annually. The Police Plan contribution rate for 2016-17 was 9.9% of covered wages, of which 1.5% was paid by the employees. Total cost to the Town was \$205,122 for fiscal year 2016-17. As of July 1, 2017, the Police Plan had 41 active participants and 24 retired participants and beneficiaries.

There is no past service liability in either of these supplemental plans and the present contribution rates are not expected to need further adjustment, other than for actual experience in future years with retirement age assumptions.

For additional information concerning the Town's defined benefit pension plans, see "Town Retirement Plans" in Note 11 to the Town's general purpose financial statements incorporated herein by reference. See Appendix A.

Defined Contribution and Deferred Compensation Plans

During fiscal year 2006 the Town established the Town of Vienna Defined Contribution Civilian Retirement plan pursuant to Internal Revenue Code 401(a) for employees who are members of the local pension plan. The plan was initially funded by a payment of \$1,079,183 from the Local Retirement Fund. Under the terms of the plan administered by ICMA-RC, employees are eligible to participate after six months of employment. The Town contributes 2% of the participating employee's annual base salary to the plan. An employee may elect to

contribute to the plan to the extent allowed by federal law. Employee contributions of up to 2% will be matched by the Town 100%. The Town may amend the plan, including contribution rates, as allowed by federal law. Total employer contributions to the plan totaled \$303,464, and employee contributions were \$148,104 for fiscal year 2016-17.

The Town also offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. Permanent part-time and full-time Town employees are eligible to participate and may defer 25% of their gross income up to a maximum of \$18,000 in 2017. Employees who are age 50 or older may defer up to \$24,000 of their income. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency. Internal Revenue Code Section 457 requires that all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the plan participant and are not subject to the claims of the Town's general creditors.

Postemployment Benefits Other Than Pensions

The Town's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statements 74 and 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

See Note No. 18 to the Town's general purpose financial statements incorporated herein by reference with respect to the Town's OPEB funding policies and its unfunded liability as of June 30, 2017. See Appendix A.

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SECTION SIX: MISCELLANEOUS

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of McGuireWoods LLP, Tysons Corner, Virginia, Bond Counsel, which will be furnished at the expense of the Town upon delivery of the Bonds, in substantially the form set forth as Appendix B (the “Bond Opinion”). The Bond Opinion will be limited to matters relating to authorization and validity of the Bonds and to the tax status of interest thereon as described in the section “Tax Matters.” Bond Counsel has not been engaged to investigate the financial resources of the Town or its ability to provide for payment of the Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Bonds.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

The Bond Opinion will state that, under current law, (i) interest on the Bonds (including any accrued “original issue discount” properly allocable to the owners of the Bonds) is excludable from gross income of the owners of the Bonds for purposes of Federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Bonds is not a specific item of tax preference for purposes of the Federal alternative minimum tax imposed under the Code.

The Town has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution’s interest expense allocable to interest on the Bonds.

Bond Counsel will express no opinion regarding other Federal tax consequences arising with respect to the Bonds.

Bond Counsel’s opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel’s judgment as to the proper treatment of interest on the Bonds for Federal income tax purposes. Bond Counsel’s opinion does not contain or provide any opinion or assurance regarding the future activities of the Town or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the “IRS”). The Town has covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the treatment of interest on the Bonds, Bond Counsel is relying upon certifications of representatives of the Town, the underwriter of the Bonds, and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Town. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of Federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax compliance agreement to be entered into by the Town with respect to the Bonds contains covenants (the “Covenants”) under which the Town has agreed to comply with such requirements. Failure by the Town to comply with the Covenants could cause interest on the Bonds to become includable in gross income for Federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available

enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for Federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for Federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of obligations may result in collateral Federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the “branch profits tax,” individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on Federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for Federal tax purposes or any other Federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

The “original issue discount” (“OID”) on any bond is the excess of such bond’s stated redemption price at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of such bond. The “issue price” of a bond is the initial offering price to the public at which price a substantial amount of such bonds of the same maturity was sold. The issue price for each maturity of the Bonds is expected to be the initial public offering price set forth on the cover page of this Official Statement (or, in the case of Bonds sold on a yield basis, the initial offering price derived from such yield), but is subject to change based on actual sales. OID on the Bonds with OID (the “OID Bonds”) represents interest that is excludable from gross income for purposes of Federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the distribution requirements of certain investment companies and may result in some of the collateral Federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in additional distribution requirements or other collateral Federal and Virginia income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that

semiannual compounding period for Federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for Federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for Federal income tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Effects of Future Enforcement, Regulatory and Legislative Actions

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for Federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the Town as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various State legislatures. Such legislation may effect changes in Federal or State income tax rates and the application of Federal or State income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for Federal or State income tax purposes.

The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the Federal or State tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' Federal or State tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed Federal or State tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel – Virginia Income Tax Consequences

Bond Counsel's opinion also will state that, under current law, interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. Bond Counsel will express no opinion regarding (i) other Virginia tax consequences arising with respect to the Bonds or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than Virginia. Prospective purchasers of the Bonds should consult their own tax advisors regarding the tax status of interest on the Bonds in a particular state or local jurisdiction other than Virginia.

DESIGNATION FOR PURCHASE BY FINANCIAL INSTITUTIONS

The Code generally provides that financial institutions (within the meaning of Section 265(b)(5) of the Code) may not deduct any of the interest expense (the "cost of carry") allocable to tax-exempt obligations acquired after August 7, 1986. A deduction is allowed, however, for 80% of that portion of such financial institutions' cost of carry allocable to "qualified tax-exempt obligations" (within the meaning of Section 265(b)(3) of the Code). An obligation's status as a qualified tax-exempt obligation is dependent upon an affirmative act of designation by the issuer and is subject to, among other things, the issuer and its "subordinate entities," within the meaning of Section 265(b)(3) of the Code, complying with limitations on the amount of obligations that may be issued and designated in the same calendar year.

The Town has designated the Bonds as "qualified tax-exempt obligations" and has covenanted to comply with the provisions of Section 265(b)(3) of the Code. In the opinion of Bond Counsel, under existing law, the Bonds will be qualified tax-exempt obligations within the meaning of Section 265(b)(3). Such opinion will be given in reliance upon certifications by representatives of the Town as to certain facts material to both such opinion and the requirements of Section 265(b)(3).

RATINGS

Moody's and S&P have assigned ratings of "Aaa" and "AAA," respectively, to the Bonds. The Town requested that the Bonds be rated and furnished certain information to Moody's and S&P, including certain information that may not be included in this Official Statement.

Such ratings reflect only the respective views of such organizations. An explanation of the significance of any such rating may only be obtained from the rating agency furnishing the same. These ratings are not a recommendation to buy, sell or hold the Bonds. The ratings are subject to review and change or withdrawal at any time if, in the judgment of the respective rating agency, circumstances so warrant. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. A downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

LITIGATION

During the normal course of business, the Town or its officers or employees are or may be named as defendants in litigation involving personal injury, property damage, or other matters, which are defended by the Town Attorney and associated counsel. The Town's potential liability is protected partially by insurance. It is the opinion of the Town Attorney that any possible losses in connection with any such pending or threatened litigation will not materially affect the Town's financial condition or operations. There is no litigation pending against the Town, which would in any way affect the validity of the Bonds or the ability of the Town to levy or collect ad valorem taxes, without limitation as to rate or amount, for the payment of the Bonds or the interest thereon.

COMMITMENTS AND CONTINGENCIES

The Town participates in a number of Federal and State grants, entitlement, and shared revenue programs. The programs are subject to program compliance audits by the applicable Federal or State agency or its representatives. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the Town expects such amount, if any, to be immaterial.

CERTIFICATES OF TOWN OFFICIALS

Concurrently with the delivery of the Bonds, the Town will furnish to the Underwriter (defined below) a certificate dated the date of delivery of the Bonds, signed by the appropriate Town officials and stating that: (a) no litigation of any kind is then pending or, to the best of their information, knowledge and belief, threatened against the Town to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of ad valorem taxes, over and above all other taxes authorized and without limitation as to rate or amount on all locally taxable property within the Town sufficient to pay when due principal of or interest on the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued; (b) the descriptions and statements in this Official Statement (except in the subsection "DESCRIPTION OF THE BONDS - Book-Entry System" and the subsection "LITIGATION" and the information as to yield or price on the cover page) on the date of this Official Statement and on the date of delivery of the Bonds were and are true and correct in all material respects, did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading; and (c) no material adverse change has occurred in the financial condition of the Town between the date of this Official Statement and the date of delivery of the Bonds other than as contemplated in this Official Statement. Such certificate will also state, however, that such Town officials did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the Town and its officers but that they have no reason to believe that such information is not accurate.

The Town Attorney also will furnish to the Underwriter concurrently with the delivery of the Bonds a certificate dated the date of delivery of the Bonds, stating that the statements in the subsection herein entitled "LITIGATION" on the date of this Official Statement and on the date of delivery of the Bonds were and are true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in light of the circumstances under which they were made, not misleading.

SALE AT COMPETITIVE BIDDING

After competitive bidding on February 13, 2018, the Bonds were awarded to Morgan Stanley & Co. LLC (the "Underwriter"). The Underwriter has supplied the information as to the public offering yields set forth on the cover hereof. If all of the Bonds are resold to the public as such public offering yields, the Underwriter has informed the Town that it anticipates total underwriting compensation of \$27,258.54. The Underwriter may change the offering yields from time to time.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

CONTINUING DISCLOSURE

To permit compliance by the Underwriter with the continuing disclosure requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Town will execute a Continuing Disclosure Agreement (the "Disclosure Agreement") at closing pursuant to which the Town will agree to provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board

(the “MSRB”) and may be accessed through the Internet at emma.mrsb.org. As described in Appendix C, the Disclosure Agreement requires the Town to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Bonds at any particular time. The Town may from time to time disclose certain information and data in addition to that required by the Disclosure Agreement. If the Town chooses to provide any additional information, the Town shall have no obligation to continue to update such information or to include it in any future disclosure filing.

Failure by the Town to comply with the Disclosure Agreement is not an event of default under the Bonds or the Ordinance. The sole remedy for a default under the Disclosure Agreement is to bring an action for specific performance of the Town’s covenants thereunder, and no assurance can be provided as to the outcome of any such proceeding.

During the previous five years, the Town has complied in all material respects with its continuing disclosure undertakings with respect to the Rule, except as described in this paragraph. In connection with the issuance of its General Obligation Public Improvement Bonds, Series of 1998 (the “1998 Bonds”) and its General Obligation Public Improvement Bonds, Series of 1999 (the “1999 Bonds”), the Town undertook to file certain annual financial information (the “Annual Information”) within 180 days of the end of each fiscal year while such bonds were outstanding. With respect to the 1998 Bonds, the Town filed the Annual Information for fiscal year 2012 approximately seventeen days after the deadline and filed a notice of failure to file such Annual Information with the MSRB On February 14, 2018. The 1998 Bonds matured and were paid in full on March 1, 2013. With respect to the 1999 Bonds, the Town filed the Annual Information for fiscal years 2012 and 2013 approximately seventeen days and ten days, respectively, after the deadlines and filed a notice of failure to file such Annual Information with the MSRB on February 14, 2018. The 1999 Bonds matured and were paid in full on July 1, 2014.

MISCELLANEOUS

All summaries in this Official Statement of provisions of the Constitution of the Commonwealth of Virginia, statutes of the Commonwealth of Virginia, ordinances or resolutions of the Town, or other documents and instruments and of the Bonds are subject to the detailed provisions and judicial interpretations to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. This Official Statement and any advertisement of the Bonds are not to be construed as a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinions or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution of this Official Statement has been duly authorized by the Town’s Council.

TOWN OF VIENNA, VIRGINIA

By: /s/ Mercury T. Payton
Town Manager

APPENDIX A

FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2017

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APPENDIX A

FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2017

The Town's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 is incorporated herein by reference and may be viewed at

<https://www.viennava.gov/ArchiveCenter/ViewFile/Item/3884>

and on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system under the Continuing Disclosure tab for the Town of Vienna, Virginia General Obligation Public Improvements Bonds, Series 2015 (Green Bonds).

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APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

*Set forth below is the proposed form of opinion of McGuireWoods LLP, Bond Counsel, regarding the Bonds.
It is preliminary and subject to change prior to delivery of the Bonds.*

Mayor and Council
Town of Vienna
Vienna, Virginia

Town of Vienna, Virginia
\$7,900,000 General Obligation Public Improvement Bonds
Series 2018A

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Vienna, Virginia (the “Town”) in connection with its issuance and sale of the above-referenced bonds (the “Bonds”), dated the date of their delivery.

We have examined the Constitution and the laws of both the United States and the Commonwealth of Virginia and such certified proceedings and other documents of the Town as we deem necessary to render this opinion. As to questions of fact material to this opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, in our opinion, under current law:

1. The Bonds have been duly authorized and issued in accordance with the Constitution and laws of the Commonwealth of Virginia and constitute valid and binding general obligations of the Town for the payment of which the Town’s full faith and credit are pledged.

2. The Town Council of the Town has the power, and is authorized and required by law, to levy and collect annually, at the same time and in the same manner as other taxes of the Town are assessed, levied and collected, a tax upon all taxable property within the Town, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the Town are not lawfully available and appropriated for such purpose.

3. Interest on the Bonds, including any accrued “original issue discount” properly allocable to holders of the Bonds, is excludable from gross income of the owners of the Bonds for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not a specific item of tax preference for purposes of the federal alternative minimum income tax imposed under the Code. The “original issue discount” on any Bond is the excess of its stated redemption price at maturity over the initial offering price to the public at which price a substantial amount of Bonds of the same maturity was sold.

In providing the opinions set forth in this paragraph 3, we are assuming continuing compliance with the Covenants (as hereinafter defined) by the Town. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The Town’s non-arbitrage and tax covenants certificate dated the date hereof contains covenants (the “Covenants”) under which the Town has agreed to comply with such requirements. Failure by the Town to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants,

the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated, or referred to in the Tax Certificate, including the Covenants, may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. We express no opinion concerning the effect on the excludability of interest on the Bonds from gross income for federal tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

4. The Town has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institutions’ interest expense allocable to interest on the Bonds.

5. Interest on the Bonds is excludable from gross income of the owners thereof for purposes of income taxation by the Commonwealth of Virginia. We express no opinion regarding (i) other Virginia tax consequences arising with respect to the Bonds or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth of Virginia.

Except as set forth in paragraphs 3, 4 and 5, we express no opinion regarding any tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of those rights are subject to bankruptcy, insolvency, reorganization, moratorium and similar laws now or hereafter in effect affecting creditors’ rights. The enforceability of those rights is also subject to the exercise of judicial discretion in accordance with general principles of equity.

Our services as Bond Counsel have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary to make the statements contained herein and to approve the validity of the Bonds and the tax-exempt status of the interest on the Bonds and the status of the Bonds as “qualified tax-exempt obligations.” The foregoing opinion is in no respect an opinion as to the business or financial resources of the Town or the Town’s ability to provide for the payment of the Bonds or the accuracy, completeness or sufficiency of any offering material or information that anyone may have relied upon in making a decision to purchase the Bonds, including without limitation the Preliminary Official Statement of the Town dated February 5, 2018 and the Official Statement of the Town dated February 13, 2018.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT dated as of February ___, 2018 (the “Disclosure Agreement”), is executed and delivered by the Town of Vienna, Virginia (the “Issuer”), in connection with the issuance by the Issuer of its \$7,900,000 General Obligation Public Improvement Bonds, Series 2018A (the “Bonds”). The Issuer hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5) of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) by providing certain annual financial information and material event notices required by the Rule.

Section 2. Annual Disclosure. (a) The Issuer shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data with respect to the Issuer generally of the type described in the subsections or tables of the Issuer’s Official Statement dated February 13, 2018, entitled “Computation of Legal Debt Margin,” “Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds,” “Governmental Revenues by Source - Last Ten Fiscal Years,” “Property Tax Levies and Collections - Last Ten Fiscal Years,” “Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years,” “Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years” and “Principal Real Property Taxpayers.”

If the audited financial statements filed pursuant to Section 2(a)(i) are not available as of the date prescribed in Section 2(b), the Issuer shall file such statements as may be required by the Rule and will file the audited statements when they become available.

(b) The Issuer shall file annually with the Municipal Securities Rulemaking Board (“MSRB”) the financial information and operating data described in subsection (a) above (collectively, the “Annual Disclosure”) within 210 days after the end of each of the Issuer’s fiscal years, commencing with the Issuer’s fiscal year ending June 30, 2018.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Issuer shall file with the MSRB in a timely manner a notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The Issuer shall file with the MSRB in a timely manner, not in excess of 10 business days following the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;

- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of the holders of the Bonds, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasance of all or any portion of the Bonds;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer (for the purposes of the event identified in this Section (3)(l), the event is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

provided that nothing in this Section 3 shall require the Issuer to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the Bonds or to pledge any property as security for repayment of the Bonds.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement (the “Continuing Disclosure”), any holder (within the meaning of the Rule) of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Issuer’s covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure (i) shall not be deemed to constitute an event of default under the Bonds

or the resolution providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information to the MSRB in electronic format through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB or as otherwise may be prescribed by the MSRB or the SEC from time to time.

Section 8. Identifying Information; CUSIP Numbers. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB. The Issuer shall reference the CUSIP prefix number for the Bonds in any notice provided to the MSRB pursuant to Sections 2 and 3.

Section 9. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 10. Counterparts. This Disclosure Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

TOWN OF VIENNA, VIRGINIA

_____, Town of Vienna, Virginia

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