

MINUTES - REGULAR MEETING OF CITY COUNCIL - APRIL 23, 2002

REGULAR MEETING

APRIL 23, 2002

At a regular meeting of Council held this evening at 7:30 p.m., there were present: Mayor Carolyn W. Frank; City Manager Roger Baker; Assistant City Manager Kurt Hodgen; City Attorney Thomas H. Miller, Jr., Vice-Mayor Dorn W. Peterson; Council Member Larry M. Rogers, Hugh J. Lantz, Joseph Gus Fitzgerald; City Clerk Yvonne Bonnie Ryan, CMC/MMCA, and Chief of Police Donald Harper.

Mayor Frank delivered the invocation and led everyone in the Pledge of Allegiance.

Council Member Fitzgerald offered a motion that Council resolve to approve the consent agenda, including approval of the minutes and the second reading of a rezoning request by Lewis Bagwell. The recorded roll call vote was taken as follows:

Vote: Yes - Council Member Rogers

Vice-Mayor Peterson

Council Member Fitzgerald

Council Member Lantz

Mayor Frank

Absent None

Vice-Mayor Peterson requested the unanimous consent of Council to change the agenda by adding a presentation by the Convention and Visitors Bureau and to consider a request for preliminary subdivision approval for Beacon Hill. These agenda items will be number 5A and 5B.

City Manager Baker presented the proposed 2002-2003 budget. The City's Charter requires that the budget be adopted by June 1, 2002. He reiterated that the City continued to be in a growth situation as

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evidenced by the latest population figures of 40,900. The proposed budget represents a 46.4% decrease in net expenditures from the fiscal year 2002 budget as amended (13.1% decrease when compared to the original 2002 budget), while moving forward towards many of the City's priorities. The decrease from the current year budget is mainly due to a decrease in capital projects expenditures. The guiding force behind this budget has been staff's continued commitment to the cost efficient delivery of services and attainment of Council's goals. The proposed budget's primary goals are to provide the means by which services are delivered to the citizens of Harrisonburg in the most cost-effective manner. A continued major commitment remains to the funding for education, public safety, roads, public utilities and the maintenance of existing infrastructure. The General Fund budget includes \$3,549,750 in budgetary revenue from the fund balance. In the future the City may have to consider developing some new revenue generating options. This budget format is similar to prior years, with detailed explanations by fund and by major function areas in the General Fund. A number of charts and graphs have also been included in order to assist with the explanation of the budget document. We will continue to refine the presentation of this budget format in future years. Staff is committed to implementing this management tool that will provide for a better link between the allocation of funds to planned service efforts and accomplishments. Mr. Baker reviewed the 2000 retreat goals. The proposed budget reflects sensitivity to the need to keep expenditure levels to a minimum as evidenced by the ability to provide current service levels without any tax rate or fee increases in the General Fund. The review and adoption of the budget represents one of the Council's most important activities. The population increase represents a 2.8% annual growth rate since 1990. For this time period, the City's population growth rates were second among all independent cities. The proposed budget recognizes the increased demand for services while being sensitive to the need to hold expenditure levels to a minimum. This budget has been prepared through a conscientious and coordinated effort by all City departments and represents a team approach by City employees. It also reflects a commitment to the City's adopted Mission Statement, Organizational Values, 2000 City Council Retreat Goals and Total Quality Management. Primary emphasis is placed on education, public safety, roads and public utilities.

Capital outlay expenditures have been reviewed with an attempt not to delay items that would reduce current service levels or would add greatly to future costs. Most priority 1 and 2 Capital Improvement Projects are proposed to be funded. Emphasis is placed on capital outlay in this budget due to the aging infrastructure of the City. **NO** priority 3 projects are proposed due to funding restraints. Schools represent the largest single expenditure in the City budget. The proposed transfer and the school related debt service expenditures paid from the General Fund is 43.3% of the total General Fund budget. After adjusting for the accounting change in debt service mentioned previously, the proposed School Fund budget is \$2,101,503 or 6.3% higher than the original fiscal year 2002 budget. The City's proposed funding represents a \$789,147 or a 4.3% increase over the current years funding. This proposed appropriation represents 78% of the estimated new General Fund revenues for 2003. For the City to provide 78% of new General Fund revenue again speaks loudly as to the priority placed on schools. The proposed appropriation and school debt service is \$35,412,183. In addition, another \$150,000 is proposed in the Public Transportation budget for purchase of new school buses. The primary increases (based on the biennial real estate reassessment and growth, not rate increases) will occur in property taxes, business license taxes, lodging taxes, meal taxes and public right-of-way user fees. Also, HEC is expected to increase its contribution by \$200,000 for a total of \$3.6 million. Harrisonburg has the **second** lowest nominal real estate tax rate among all independent cities and sixth on personal property rates for motor vehicles. Harrisonburg is ahead of Charlottesville according to population. Reserve for Contingencies is budgeted at \$683,766. The remaining funds will be used to implement a new pay and benefits study recommendation. Proposed expenditures in the General Capital Projects Fund include widening of Cantrell Avenue, resurfacing nearly 10 miles of City streets, a traffic calming project, replacing deteriorated sidewalks, replacing various construction equipment, rebuilding the steam plant, playground equipment replacement, purchasing new school buses, and the Hardesty-Higgins House renovations. Each department has made a commitment to continuously look for ways to become more cost efficient. The new employees that are being

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added are necessary to maintain and improve the current service levels. It becomes increasingly important that the City maintain a competitive wage and fringe benefit package in order to attract and retain highly qualified and motivated employees who in many cases are being asked to do more with less.

At 7:46 p.m., Mayor Frank closed the regular session temporarily and called the evening's public hearing to order. The following notice appeared in the Daily News-Record on Monday, April 15, 2002.

CITY OF HARRISONBURG, VIRGINIA

PROPOSED BUDGET FOR

FISCAL YEAR ENDED JUNE 30, 2003

For information and fiscal planning purposes only

A public hearing will be held by the Harrisonburg City Council on Tuesday, April 23, 2002 at 7:30 p.m. in the Harrisonburg Municipal Building, 345 South Main Street, Harrisonburg, Virginia. Interested citizens are encouraged to attend and express their views.

<u>Revenues By Funds</u>	<u>2001-02</u>		<u>2002-03</u>	
	<u>Original</u>	<u>Amendments</u>	<u>Amended</u>	<u>As Proposed</u>
Operating:				
General	57,071,853	4,694,955	61,766,808	56,980,181
School	36,695,788	109,372	36,805,160	35,412,183
Water	5,824,464	--	5,824,464	5,819,144
Sewer	6,185,631	160,000	6,345,631	6,160,563
Public Transportation	3,604,326	941,201	4,545,527	4,199,508
Sanitation	7,879,989	14,000	7,893,989	7,286,706
Parking Authority	250,380	14,750	265,130	266,034
Golf Course	818,226	--	818,226	958,849

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Central Garage	605,049	19,997	625,046	636,291
Central Stores Operating	<u>102,408</u>	<u>--</u>	<u>102,408</u>	<u>89,522</u>
Total Operating	<u>119,038,114</u>	<u>5,954,275</u>	<u>124,992,389</u>	<u>117,808,981</u>
-				
Capital Projects:				
General Capital Projects	3,345,000	11,952,777	15,297,777	1,790,000
School Capital Projects	--	44,186,829	44,186,829	--
Water Capital Projects	1,876,300	3,035,841	4,912,141	1,599,527
Sewer Capital Projects	1,394,600	2,514,115	3,908,715	872,217
Sanitation Capital Projects	20,881,175	3,204,318	24,085,493	3,940,968
Parking Authority Capital Projects		88,734	88,734	20,000
Golf Course Capital Projects	59,248	2,082,551	2,141,799	--
Total Capital Projects	27,556,323	67,065,165	94,621,488	8,222,712
Total	<u>146,594,437</u>	<u>73,019,440</u>	<u>219,613,877</u>	<u>126,031,693</u>

Expenditures By Funds

Operating:

General	57,071,853	4,694,955	61,766,808	56,980,181
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Copies of the proposed budget are available for public review in the City Manager's office, 345 South Main Street; the Massanutten Regional Library, 145 South Main Street and on the City's internet web site at (<http://www.ci.harrisonburg.va.us>).

Mayor Frank called on anyone present desiring to speak either for or against the 2002-2003 budget.

Jane Hubbell, Director of the Office on Children and Youth for Harrisonburg and Rockingham County said that the office was gratified to receive some funding from Harrisonburg. She said that a question had been asked, what would not be done if the Office on Children and Youth were not here? Ms. Hubbell explained

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that the OCY mission is to promote youth development through working with all youth-serving organizations in Harrisonburg and Rockingham County to support, coordinate, and examine the needs of our youth. The office also gathers and evaluates data related to the needs of children and youth, works to coordinate services for efficient delivery, advocates for needed services, and is a resource center for information concerning youth. The Office on Children and Youth is the voice for all of the youth in the community. The Youth Council is a strong vibrant group of 24 students who are proud to stand for all youth in the community and who can voice concerns. The OCY is in a very unique position of being able to work with all the children and youth serving organizations in an objective manner, examining data, spotting trends and involving the appropriate people who need to discuss the possible solutions. Some of the things that could go away if the OCY does not exist includes the Youth Data Survey, housing for start up initiatives or small grant funded programs, annual Teen Health Fair, Faith Initiative, Youth Council, a children and youth information and referral center, children and youth services website, youth resource cards, an organization capable of conducting independent studies around children and youth issues, and a center in the community that does long range planning for services to children and youth. She said that three out of the four conducted focus groups mentioned the importance of parental involvement, parenting skills, constructive parental involvement, positive role modeling, and consistent communication. Although, the Office on Children and Youth is very small, it has accomplished a tremendous amount by conducting long-range planning.

Marilyn Wakefield, Director of Acting Outreach, emphasized the importance of the data that had been collected by the Office on Children and Youth to help Acting Outreach obtain some funding. She said the outreach program operates on less than \$4,000 per year; however, the program has been able to touch approximately 400 children lives in the middle and high schools.

Jane Wiggins, a resident living at 111 East Weaver Avenue, said that she is a crisis counselor and serves as the chair of the Suicide Prevention Task Force. She said, There is no way (the suicide-prevention program) would happen without the Office on Children and Youth data. She reviewed many statistics concerning suicides in the area.

Allison Coonley, Executive Director of the Convention and Visitors Bureau, presented an overview on CVB. She displayed a sketch of the web site and noted that although it had only been available for several months, the web site received 51,000 hits in March. Many inquiries are received daily from tourists wanting to visit Harrisonburg and Rockingham County. Approximately 12 brochures are mailed every day. She said more marketing is needed because last year visitation was down 11%. The Visitors Center has developed maps of Harrisonburg and Rockingham County, assisting and supporting many organizations including the Arts Council of the Valley and the Shenandoah National Battlefield. CVB is funded by both Harrisonburg and Rockingham County. She reviewed the operating budget. She said that she was requesting additional funding to develop a new brochure that could adequately represent Harrisonburg and Rockingham County. It is easy to promote tourism within the region, but Harrisonburg and Rockingham County needs to be promoted outside the Shenandoah Valley. It will cost money to encourage tourism from surrounding states of Virginia. She said that she needed money to make money. Tourists spend a lot of money in the area bringing tax revenues to the City.

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John Hopkins, a business owner in Harrisonburg said, Allison has done such a great job with tourism, and he said if I didn't live here, I would move here. He commented that when the Sheraton was built in 1974 there were only three motels in the area. Tourists traveling through the area have discovered Harrisonburg and Rockingham County and commented what a great place to retired.

Craig Moore, owner of the Joshua Wilton House, said that tourism is the third largest industry in the state of Virginia. He said that in 2000 the Shenandoah Valley generated \$1.3 billion in travel revenue. Harrisonburg generated \$58 million of the \$1.3 billion. Of that \$58 million it generated \$1.8 million in taxes. He said, If we can invest just a little bit more in tourism we could double that amount. Tourism is a clean industry because people come, visit, and then they leave. Harrisonburg is one of the fastest growing communities in the state. We pride ourselves on low taxes. There is a huge potential to generate revenues for tax dollars from tourism.

Janice Fitzgerald, a resident living at 491 Garbers Church Road said that she operates a Bed and Breakfast Inn. She also said that she is a member of the HRCVB and pays a membership fee and the City of Harrisonburg benefits every time someone visits her web site. Tourism is one of the dynamics ways that the City of Harrisonburg can create clean revenue. The City doesn't have to educate or house tourists. It is a way to keep taxes down and showcase a beautiful part of the country without having the burden of over population.

Bob Privott a resident of the City for 30 years said that because of his business he became involved with the Chamber of Commerce. He said the group is constantly looking for ways to stretch a dollar. He suggested that Court Days should be re-created. In the past, Court Days were held at the Rockingham County Courthouse. It was one day of the month when court was held and attracted a lot of people to the City. Many booths were set up around Court Square. However, if it was re-created now it would have to be held on Saturday rather than a weekday as it was in the past, allowing a lot of people to be involved including many vendors and merchants.

Betty Newell representing Community Association for Rural Transportation (CART) said that it is a non-profit organization founded in 1996. It was primarily founded to address unmet need of people with physical disabilities in the county. CART does receive grants and contributions. She explained some City residents have contacted CART because their needs cannot be met by para transit services. Many City residents cannot use the services because they need door-to- door service. She said that CART could provide this service. Mobility is an essential for a decent quality of life.

Vice-Mayor Peterson questioned how did CART receive its principal source of funding? Ms. Newell answered private foundations, co-payment and some fund raising. She also noted that most of CART's clients are 65 or older, have some sort of disability, or have an income below the poverty level. She said that CART does not duplicate services provided by the City. Mr. Peterson said that he needed more data and information before committing City funding.

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Bucky Berry, a resident of 877 North Main Street, complained about the deteriorating sidewalks in front on his house.

There being no others desiring to be heard, the public hearing was declared closed at 9:07 p.m., and the regular session reconvened.

Vice-Mayor Peterson commented that the School Board has saved approximately \$1.2 million during the past two years in its un-appropriated fund balance and expects to have another \$400,000 to \$500,000 left over this year. He said, I am concerned that when bond rating agencies look at the City that money held by the School Board is not counted toward the financial health of the City. He said there should be a joint decision between the Council and School Board to have a policy of how much money they should be maintaining in their un-appropriated fund balance. Money left over in the School Board's un-appropriated fund should switch back to the City's account. It would create a healthier financial picture for the City. He said that he wanted the school board to agree to an amount of money it should have left over each year, likely a percentage of its total budget. This way, the City would keep more money in its accounts rather than allocate too much to schools. He said, It is good management, but not over budgeting. We might have to wait another year before that money comes back. He suggested delaying approval of the budget for a first reading until the next meeting to discuss some of the requested changes regarding the Office on Children and Youth, CVB and CART.

Council Member Lantz said, The only adequate information I have is on tourism. Rockingham County has stated that it will increase its funding to CVB by 25%. Since we requested that City Manager Baker discuss this issue with Rockingham County about the possibility of increasing its funding for tourism, Rockingham County reconsidered and increased its funding to CVB from \$40,000 to \$50,000. He said, I would like for the City to contribute about 65% and the county about 35% to the budget of CVB. Based on that ratio if the county has increased its funding with additional \$10,000, the City should increase its funding by \$18,500 to be on an equal basis. We definitely would be making great strides in trying not only to have a visitor's center, but also promote tourism. Mr. Lantz said, I am not happy with the old split of 35%-65%, but I still think that we need to at least maintain that ratio to this point. Maybe, we could encourage the county to do a little more next year.

City Council agreed to postpone approving any increased funding to the Office on Children and Youth and CART until after the City/County Liaison meeting.

Vice-Mayor Peterson proposed another amendment to the City Council's budget. He recommended transferring the duties of maintaining City Span and other responsibilities to the City Clerk. He also recommended leaving the funding in City Council's budget to hire a student intern.

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Council Member Fitzgerald offered a motion that the Council resolve to approve the 2002-2003 budget for a first reading. The recorded roll call vote was taken as follows:

Vote: Yes - Council Member Rogers

Vice-Mayor Peterson

Council Member Fitzgerald

Council Member Lantz

Mayor Frank

Absent None

Planning and Community Development Director Turner introduced a request for a preliminary subdivision for Beacon Hill phase two and three. She explained that the reason it is coming before City Council is because it does include a variance to Section 10-2-42(d) of the Subdivision Ordinance, which requires all lots to front on public streets. This request is to subdivide an area off of South Main Street which is zoned R-4 Planned Unit Residential District into 96 townhouse lots and one common area. The area contains a mixture of zoning classifications. She reviewed the surrounding uses in the area. Planning Commission approved the first master plan in March of 1998 and by City Council in April. Planning Commission approved a new master plan for the development on March 14, 2001. The plan outlined a townhouse development with six phases. The property owner vacated the existing final platted lots and easements in June of 2001. Also, in June the Planning Commission reviewed and approved phase one preliminary plat. Currently, all of the phase one has been platted. Building permits have been issued for all but five of the 44 lots and certificate of occupancy has been issued for 16 of the properties. The preliminary plat shows 96 townhome lots and one common area that will be built out through two phases. With phase one of the Beacon Hill master plan almost complete the next phase, two, will begin by extending Emerson Lane over the hill and start with the construction of phase 2A (13 townhomes), then Old Richmond Circle will be built (25 townhomes and one common area). Phase three will be built out as a whole and contains 50 units, which will extend off Victorian Village Drive. She said that Planning Commission reviewed the preliminary subdivision plat and recommended approval of the request. Vice-Mayor Peterson offer a motion that the Council resolve to approve this request. The recorded roll call vote was taken as follows:

Vote: Yes - Vice-Mayor Peterson

Council Member Fitzgerald

Council Member Lantz

Mayor Frank

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Absent Council Member Rogers was absent from the room

City Manager Baker explained that the John D. Eiland Company has again requested sponsoring Fundfest concert series. The concert series will be held on alternating Wednesday evenings and will again provide fund raising opportunities for a number of local charities. The Fundfest concert series will begin May 22, 2002 and end on September 11, 2002. Over the years the Fundfest events have contributed a lot of money to local charities within the community. Council Member Fitzgerald offered a motion that the Council resolve to approve the Fundfest Concert Series. The motion to resolve was approved with a unanimous vote of Council.

Ron Steele, a resident of 1611 Smithland Road, read the following statement: We the residents of Smithland Road are the last area in the City that does not have public water and sewer service. Over the last couple of years, several of our residents have experienced problems with their wells. These problems include drop in flow rate, total loss in flow requiring new wells and problems with sediments due to low water table. It is difficult to know what caused these problems; certainly drought conditions have contributed to the problem.

However, it is evident that at least two residents have had problems with their wells that can be attributed to the consistent and considerable pumping of the well at the City soccer fields. This could be the cause of others problems also. We understand that spring watering of the soccer fields is to begin very soon. In light of the current drought, and with the recent addition of a third soccer field, we have grave concerns that our wells might fail because of this depletion of the groundwater supply.

Recent news reports have described our current drought as the worst in 70 years. We listened to Mike Collins recent presentation to you on water supply and conservation measures. We, as responsible citizens, have vowed to conserve water use as much as possible to protect each other s water supply. In return, we ask that the City of Harrisonburg respect the water needs of all its citizens, not just those on the public supply.

In our presentation to you, we will ask those residents who wish to speak to tell their stories. We also will present some of our own ideas for lessening the impacts of the current and potential water shortages in our area. We hope that you will act to invoke changes in the current City planning to protect the existing groundwater supply and, if possible, expedite the provision of public water to the area to ensure your citizens are protected.

We thank you in advance for the opportunity to discuss this with you further.

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Mr. Steele said many residents on his street do not wash cars, water lawns, and some residents take their laundry to a laundromat. He said we have been patient for 20 years waiting for water. Harrisonburg is the City with a planned future and he said the Smithland Road residents want to be part of the future. He also explained that if a resident's well goes dry, another well must be dug and the cost can be approximately \$10,000 to \$20,000.

Dennis Lambert, a resident living at 1366 Smithland Road, said that he has lived on the road for 30 years. He said, "I did not want the City to annex our area, but it is progress." He said that he has had a cistern and bought water for many years and then was forced to put in a well. Once the well was installed at the soccer field he has experienced problems with getting water. He asked, "Is it more important to water a soccer field and cause problems for a nearby resident?" He said the Parks and Recreation Department installed a robot and cut back on all the extra pipelines and after two days he did get water again from the well. He suggested that if the City did not have the funding to install water lines to the Smithland Road area, then cut back on watering the soccer fields.

Connie Hofacker, a resident of 1321 Smithland Road, said that her family has lived on Smithland Road for one year. The well went dry and they had to drill down to 895 feet and spent \$14,000 for a brand new well. She said that something needed to be done by the City.

Gilbert Gray, a resident of 1165 Smithland Road, said that he has lived in the area for over 30 years. He said it was interesting to hear City Manager Baker state that the City has not had a real estate increase in many years. He said the real estate tax has increased for the Smithland Road residents by several thousand percent because they had to drill new wells, replacing equipment and purchasing new appliances. He said the residents have been patient and it is time for the City to provide water to residents of Smithland Road. He said he has attended many Council meetings and has been told maybe you will be included in the five-year plan. Mr. Gray said that Harrisonburg states it is the City with the Planned Future and he questioned who was it planned for, just a few of its citizens or all of its citizens. He said there is a tremendous amount of money appropriated for the Parks and Recreation Department and I plead with you to consider recreation priorities against basic living priorities. Water is a necessity of life, it is a necessity of health and water is a necessity of well being. We need public water and until we get the public water, protect the water we do have, and don't deplete it for the few playing soccer in the county on the soccer fields in the county.

Preston Wiseman, a resident of 1552 Smithland Road, said that he has had problems with his well during the heavy watering of the soccer fields.

Dan Rublee, a resident of 1251 Smithland Road, said that he lived on Smithland Road since 1986 and had an unusual situation because he shares a well with a neighbor. The area has bacteria problems. He said that last year he had to spend money to repair a septic field. The water use at the soccer fields can be significant. The pump carries approximately 75 gallons a minute and if it runs for 12 hours it adds up to 55,000 gallons of water. The ideal watering during a dry time is to try to get an equivalent of one inch of rain on the field. To have an inch of water on just one of the fields water must be pumped from a well for 24 hours. He said this

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type of pumping on three fields could lead to real trouble with the water supply in the area. There has been a component of the CIP called Smithland Water & Sewer for several years. Much of the funding that was put in that CIP was listed in a column as beyond. In 2001-2006 CIP a total of \$2.4 million was listed for water and sewer, but \$1.6 million was listed in the beyond category. This project has been in the CIP and is under construction with the first phase. Smithland Road in the City is approximately 1.9 miles long. He reviewed funds included in the current budget that had been spent and estimated that approximately \$300,000 was left of the original targeted funds for Smithland Road water and sewer. He said that this project is not included in the current CIP since phase one has been funded. He also said that approximately \$300,000 in funds left over from phase one could go a long way in looking at the cost of the current bid and could probably get as much as 6,000 feet of water line at the price the City is paying under phase one. The next phase could do a lot more to serve the residents in the area. He said that the Smithland Road residents are asking the City to check into some of these requests.

Director of Public Utilities Mike Collins came to the podium and proposed a solution. He recommended that the City conduct a survey of the area to determine the location of all of the wells in the Smithland Road area. The residents of the area don't understand the City's progress plans. A CIP presentation was made at a meeting with Blackwell Engineering. He suggested that a liaison committee be formed to include himself and the City Engineer. It is difficult to get everything with bond funding. A decision was made to pay as we go and try to address the area in phase two which is being constructed now. The money will not elapse at the end of year because it is in a capital project. One of the City's engineers is currently designing the next phase, which will be to install a water tank and a connection line to the tank behind Valley Mall to have enough infrastructure to deliver fire flow in the area. The money is allocated to finish the rest of phase one which includes a water tank and 12 inch line from Betts Court to Keezletown Road. Mr. Collins said that there is nothing in the CIP for the next five years because the City has experienced several summers of extremely high water sales. He said, I suggest that a liaison committee be established to include City Engineer Dan Rublee, City engineering employees, myself and several of the residents to review the priorities of the projects, revisit the remainder of phase one, accumulate data of the area, accumulate the problems on Smithland Road, and review the budget constraints of the bond arrangement.

Vice-Mayor Peterson questioned how the soccer fields were watered and wasn't there something the City could do to limit the draw down to a gradual level. He suggested perhaps not watering all three fields at the same time and spacing the watering out over a week.

Parks and Recreation Director Foerster responded that the City has not watered the soccer fields since December 6, 2001 and was only done at that time to conduct and perform some tests. He said that the City would be making more effective use of its water by only watering from late afternoon or early morning on the soccer fields.

Council Member Rogers commented that during a drought soccer fields should not be watered so the residents on Smithland Road will have water. Council Member Rogers offered a motion that the Council resolve that Public Utilities Director Collins, City Engineer Rublee and City Manager Baker form a committee and present a recommendation to City Council at the next meeting. The motion to resolve was approved with a unanimous vote of Council.

Steve Johnson, Attorney with Troutman & Sanders, presented the following resolution:

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
UP TO \$45,000,000 GENERAL OBLIGATION BONDS,
SERIES 2002, OF THE CITY OF HARRISONBURG, VIRGINIA,
AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF**

In a resolution adopted by the City Council of City of Harrisonburg, Virginia (the City Council) following a public hearing on March 26, 2002 (the Preliminary Resolution), the City Council determined that it was necessary and expedient to issue general obligation bonds for various capital projects in the City of Harrisonburg, Virginia (the City).

The City Council now wishes to issue and sell up to \$43,500,000 of such general obligation bonds to finance (a) a portion of the costs of the acquisition, renovation and equipping of a building for public safety and other administrative use by the City, (b) the costs of improvements to and the acquisition of equipment for the City s steam plant and resource recovery facility and (c) the costs of expansion and improvements to the City s water system (collectively, the Projects). In addition, the City Council wishes to issue and sell up to \$1,500,000 of general obligation bonds to refund the outstanding principal balance of the City s \$1,600,000 Elderly Housing Facility Bonds of 1979 and its \$800,000 Bridgewater College Note (collectively, the Prior Bonds) if interest cost savings will result.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HARRISONBURG, VIRGINIA:

Section 1. Authorization, Issuance and Sale. There is hereby authorized to be issued and sold, pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended (the Act), general obligation bonds of the City in the maximum principal amount of \$45,000,000 to pay a portion of the costs of the Projects, pay the costs incurred in connection with issuing such bonds, pay capitalized interest on such bonds and refund the Prior Bonds. The City Council hereby elects to issue such bonds under the provisions of the Act and not under the City Charter. Accordingly, the City Council may adopt this Resolution at the meeting at which it is introduced.

Section 2. Bond Details. Such bonds shall be designated **General Obligation Public Safety Bonds, Series 2002A (the Series A Bonds), General Obligation and Revenue Water Bonds, Series 2002B (the Series B Bonds), General Obligation Steam Plant Bonds, Series 2002C (the Series C Bonds) and General Obligation Refunding Bonds, Series 2002D (the Series D Bonds)** (the Series A Bonds, the Series B Bonds, the Series C Bonds and the Series D Bonds being collectively referred to herein as the **Bonds**). The Bonds shall be dated June 1, 2002, shall be in registered form, in denominations of \$5,000 and multiples thereof, and shall be numbered appropriately. Subject to Section 4, the Bonds shall mature in installments, or have mandatory sinking fund installments, on each July 15 beginning no earlier than the year 2003 and ending no later than the year 2035. Interest on the Bonds shall be payable on January 15, 2003, and semiannually thereafter on each July 15 and January 15 and at maturity. The City Council authorizes the issuance and sale of the Bonds on terms as shall be satisfactory to the City Manager; *provided*, that the Bonds (a) shall have a true or Canadian interest cost not to exceed 6.25% per year, taking into account any original issue discount or premium; (b) shall be sold at a price not less than 99% nor more than 103% of the original aggregate principal amount thereof; (c) shall have a weighted average maturity of no more than thirty (30) years; (d) shall be issued in an aggregate amount not to exceed \$45,000,000; (e) shall be subject to optional redemption, so long as the period during which the Bonds may not be optionally redeemed shall not extend beyond July 15, 2012, with a redemption premium no greater than two percent (2.00%) of the principal amount of the Bonds to be optionally redeemed; and (f) shall be issued with such designations, including series designations, as desired for the marketing and sale thereof. The Bonds may be issued with bond insurance as security for the principal and interest payments thereon if interest cost savings relative to the insurance premium paid will result therefrom. The Series D Bonds shall be issued only if interest cost savings result from the refunding of all or a portion of the Prior Bonds.

Principal and premium, if any, shall be payable to the registered owners upon surrender of the Bonds as they become due at the designated corporate trust office of the Registrar, as defined below. Interest shall be payable by check or draft mailed to the registered owners at their addresses as they appear on the registration books kept by the Registrar as of the close of business on the first day of the month during which each interest payment date occurs. In case the date of maturity or redemption of the principal of any Bond or an interest payment date shall be a date on which banking institutions are authorized or obligated by law to close at the place where the designated corporate trust office of the Registrar is located, then payment of principal and interest need not be made on such date, but may be made on the next succeeding date which is not such a date at the place where the designated corporate trust office of the Registrar is located, and if made on such next succeeding date no additional interest shall accrue for the period after such date of maturity or redemption or interest payment date. Principal, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America.

Interest on the Bonds shall be calculated on the basis of a 360-day year with twelve 30-day months. Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless such Bond is (a) authenticated before January 15, 2003, in which case it will bear interest from June 1, 2002, or (b) authenticated upon an interest payment date or after the record date with respect thereto, in which case it will bear interest from such interest payment date (unless payment of interest thereon is in default, in which case interest on such Bond shall be payable from the date to which interest has been paid).

Section 3. Book-Entry System. Initially, one Bond certificate for each maturity of the Bonds shall be issued to and registered in the name of The Depository Trust Company, New York, New York (DTC), or its nominee. The City has entered into a Blanket Issuer Letter of Representations relating to a book-entry system to be maintained by DTC with respect to certain securities issued by the City, including the Bonds. As used herein, the term Securities Depository shall mean DTC or any other securities depository for the Bonds appointed pursuant to this Section 3.

In the event that (a) the Securities Depository determines not to continue to act as the securities depository for the Bonds by giving notice to the Registrar and the City, or (b) the City in its sole discretion determines (i) to select a new Securities Depository or (ii) that beneficial owners of Bonds shall be able to obtain certificated Bonds, then the City Manager shall, at the direction of the City, attempt to locate another qualified securities depository to serve as Securities Depository or arrange for the authentication and delivery of certificated Bonds to the beneficial owners or to the Securities Depository's participants on behalf of beneficial owners, substantially in the form provided for in Exhibit A. In delivering certificated Bonds, the City Manager shall be entitled to rely on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository's participants acting on behalf of beneficial owners. Such certificated Bonds will then be registrable, transferable and exchangeable as set forth in Section 8.

So long as there is a Securities Depository for the Bonds (1) it or its nominee shall be the registered owner of the Bonds, (2) notwithstanding anything to the contrary in this Resolution, determinations of persons entitled to payment of principal, premium, if any, and interest, transfers of ownership and exchanges, and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository, (3) the Registrar and the City shall not be responsible or liable for maintaining, supervising, or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants, (4) references in this Resolution to registered owners of the Bonds shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Bonds, and (5) in the event of any inconsistency between the provisions of this Resolution and the provisions of the above-referenced Letter of Representations, such provisions of the Letter of Representations, except to the extent set forth in this paragraph and the next preceding paragraph, shall control.

Section 4. Redemption Provisions.

(a) **Optional Redemption.** Subject to the provisions of Section 2 and 9, the Bonds may be subject to optional redemption prior to their respective stated dates of maturity as determined by the City Manager.

(b) **Mandatory Sinking Fund Redemption.** Any term bonds may be subject to mandatory sinking fund redemption as determined by the City Manager. If there are any term bonds, on or before the 70th day next preceding any mandatory sinking fund redemption date, the City may

apply as a credit against the City's mandatory sinking fund redemption obligation for any Bonds maturing on such date, Bonds that previously have been optionally redeemed or purchased and canceled or surrendered for cancellation by the City and not previously applied as a credit against any mandatory sinking fund redemption obligation for such Bonds. Each such Bond so purchased, delivered or previously redeemed shall be credited at 100% of the principal amount thereof against the principal amount of the Bonds required to be redeemed on such mandatory sinking fund redemption date. Any principal amount of Bonds so purchased, delivered or previously redeemed in excess of the principal amount required to be redeemed on such mandatory sinking fund redemption date shall similarly reduce the principal amount of the Bonds to be redeemed on future mandatory sinking fund redemption dates, as selected by the City Manager.

(c) **Bonds Selected for Redemption.** If less than all of the Bonds are called for optional redemption, the maturities and series of the Bonds to be redeemed shall be selected by the City Manager in such manner as he may determine to be in the best interest of the City. If less than all the Bonds of any maturity or series are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor Securities Depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and (b) in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

(d) **Notice of Redemption.** The City shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile transmission, registered or certified mail, or overnight express delivery, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to DTC or its nominee as the registered owner of the Bonds or, if the book-entry system is discontinued, by registered or certified mail to the registered owners of the Bonds to be redeemed.

Section 5. Execution and Authentication. The Bonds shall be signed by the manual or facsimile signature of the Mayor or Vice Mayor of the City and the City's seal shall be affixed thereto or a facsimile thereof printed thereon and attested to by the manual or facsimile signature of the Clerk or Deputy Clerk of the City; *provided*, that no Bond shall be valid until it has been authenticated by the manual signature of an authorized representative of the Registrar and the date of authentication noted thereon.

Section 6. Bond Form. The Bonds shall be in substantially the form set forth in Exhibit A attached hereto with appropriate variations for the Series A Bonds, the Series B Bonds, the Series C Bonds and Series D Bonds or any other series designation desired and authorized by Section 2 hereof.

Section 7. Pledge of Full Faith and Credit and Pledge of Revenues. (a) The full faith and credit of the City are irrevocably pledged for the payment of principal of, premium, if any, and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the City shall levy and collect an annual *ad valorem* tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay the principal of, premium, if any, and interest on the Bonds, as the same become due.

(b) The City pledges to the payment of the Series B Bonds the Revenues (as hereinafter defined) from the City's water system (the Water System). Revenues means (i) all rates, fees, rentals, charges, income and money properly allocable to the Water System in accordance with generally accepted accounting principles or resulting from the City's ownership or operation of the Water System, excluding customer and other deposits subject to refund until such deposits have become the City's property, (ii) the proceeds of any insurance covering business interruption loss relating to the Water System, and (iii) interest on any money or securities related to the Water System held by or on behalf of the City. The Revenues shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. Other bonds may be issued on a parity with the lien on the Revenues granted to the Series B Bonds. The City covenants that it will fix and collect rates, fees and other charges for the use of, and for service furnished by, the Water System sufficient to pay operating and maintenance expenses and debt service on the Series B Bonds and any other bonds issued on a parity with the Series B Bonds.

Section 8. Registration, Transfer and Owners of Bonds. The City Manager shall have the authority to select the paying agent and registrar for the Bonds (the Registrar). The Registrar shall maintain registration books for the registration of the Bonds. Upon surrender of any Bonds at the designated corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate and deliver in exchange, a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form, series and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner or his duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the registration books on the first day of the month during which each interest payment date occurs.

Section 9. Sale of Bonds. The City Council approves the following terms of the sale of the Bonds. The Bonds will be sold by competitive bid. The City Manager, in collaboration with the City's financial advisor (the Financial Advisor), shall receive bids for the Bonds and award the Bonds to the bidder providing the lowest true or Canadian interest cost, all subject to the limitations set forth in Section 2. The City Council further authorizes the City Manager, in collaboration with the Financial Advisor, to (a) determine the principal amount of the Bonds, subject to the limitations set forth in Section 2, (b) determine the maturity schedule of the Bonds, subject to the weighted average maturity limitations set forth in Section 2, and (c) establish the redemption provisions, if any, for the Bonds, subject to the limitations set forth in Section 2. Prior to the sale of the Bonds, the City Manager, in collaboration with the Financial Advisor, may change the dated date of the Bonds and the payment dates provided therein (so long as the interest payment dates for any series are semi-annual) to facilitate the sale and delivery of the Bonds. The actions of the City Manager in selling the Bonds shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the City Council.

Section 10. Sale Documents. The use and distribution of the Notice of Bond Sale, the Summary Notice of Bond Sale, and the Official Bid Form, pursuant to which the Bonds will be offered for sale, are hereby authorized and approved.

Section 11. Official Statement. The form of the Preliminary Official Statement of the City, to be dated the date of its mailing (the Preliminary Official Statement), has been made available to the City Council prior to the adoption of this Resolution. The use and distribution of the Preliminary Official Statement, in substantially the form made available to the City Council, are hereby authorized and approved. The Preliminary Official Statement, may be completed and deemed final by the City Manager as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the Rule), except for the omission from the Preliminary Official Statement of such pricing and other information permitted to be omitted pursuant to the Rule. The delivery of the Preliminary Official Statement to the Financial Advisor shall be conclusive evidence that it has been deemed final as of its date by the City Manager, except for the omission of such pricing and other information.

The City Manager shall make such compilations, omissions, insertions, and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement (the Official Statement). The City Manager shall arrange for the delivery to the successful bidder of a reasonable number of copies of the Official Statement, within seven (7) business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the successful bidder initially sells Bonds.

The City Manager is authorized, on behalf of the City, to deem the Official Statement to be final as of its date within the meaning of the Rule. The City Manager is authorized and directed to execute the Official Statement, which execution shall be conclusive evidence that the Official Statement has been deemed final.

Section 12. Continuing Disclosure. A substantially final form of the Continuing Disclosure Certificate to be given by the City (the Continuing Disclosure Certificate), evidencing conformity with certain provisions of the Rule, has been made available to the City Council prior to the adoption of this Resolution. The execution, delivery, use, and distribution of the Continuing Disclosure Certificate, in substantially the form made available to the City Council, are hereby authorized and approved.

The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a default under this Resolution or the Bonds; *provided*, that any Holder of the Bonds (as defined in the Continuing Disclosure Certificate, including owners of beneficial interests in the Bonds) may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section 12 and the Continuing Disclosure Certificate.

Section 13. Preparation and Delivery of Bonds. After the Bonds have been awarded, the Mayor or Vice Mayor and the Clerk or Deputy Clerk of the City are authorized and directed to take all proper steps to have the Bonds prepared, executed and authenticated in accordance with their terms and to deliver the Bonds to the successful bidder thereof upon payment for the Bonds.

Section 14. Arbitrage Covenants.

(a) **No Composite Issue.** The City represents that there have not been issued, and covenants that there will not be issued, any obligations that will be treated as part of the same issue of obligations as the Bonds within the meaning of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the Code).

(b) **No Arbitrage Bonds.** The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code, or otherwise cause interest on the Bonds to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of law which may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bonds, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from its legally available funds.

Section 15. Non-Arbitrage Certificate and Elections. Such officers of the City as may be requested are authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the proceeds of the Bonds in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and any elections such officers deem desirable regarding rebate of earnings to the United States, for purposes of complying with Section 148 of the Code. Such certificate and elections shall be in such form as may be requested by bond counsel for the City. The City shall comply with any covenants set forth in such certificate regarding the use and investment of the proceeds of the Bonds.

Section 16. SNAP Investment Authorization. The City Council hereby authorizes the City Treasurer and the City Finance Director to have the option to utilize the State Non Arbitrage Program of the Commonwealth of Virginia (SNAP) in connection with the investment of the proceeds of the Bonds. The proceeds may be invested pursuant to other investment agreements so long as the same are permissible for the investment of bond proceeds under Virginia law.

Section 17. Limitation on Private Use; No Federal Guaranty. The City covenants that it shall not permit the proceeds of the Bonds to be used in any manner that would result in (a) ten percent (10%) or more of such proceeds being used in a trade or business carried on by any person other than a state or local governmental unit, as provided in Section 141(b) of the Code, (b) five percent (5%) or more of such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) five percent (5%) or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a state or local governmental unit, as provided in Section 141(c) of the Code; *provided*, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

The City represents and agrees that the Bonds are not and will not be federally guaranteed, as such term is used in Section 149(b) of the Code. No portion of the payment of principal of or interest on the Bonds is or will be guaranteed, directly or indirectly, in whole or in part by the United States or an agency or instrumentality thereof.

Section 18. Discharge upon Payment of Bonds. The Bonds may be defeased, as permitted by the Act. Any defeasance of the Bonds, as permitted by the Act, shall not release the City or the Registrar from its obligations hereunder to register and transfer Bonds or release the Registrar from its obligations to pay the principal of and interest on the Bonds as contemplated herein until the date all of the Bonds are paid. In addition, such defeasance shall not terminate the obligations of the City under Sections 14 and 17 until the date all of the Bonds are paid.

Section 19. Other Actions. All other actions of the Council members, officers, staff, and agents of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds are approved and confirmed. The Mayor, Vice Mayor, City Manager and other officers and staff of the City, any of whom may act, are each authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds.

Section 20. Limitation of Liability of Officials of the City. No covenant, condition, agreement or obligation contained herein shall be deemed to be a covenant, condition, agreement or obligation of a Council member, officer, employee or agent of the City in his or her individual capacity, and no officer of the City executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No Council member, officer, employee, or agent of the City shall incur any personal liability with respect to any other action taken by him or her pursuant to this Resolution, provided he or she acts in good faith.

Section 21. Contract with Bondholders. The provisions of this Resolution shall constitute a contract between the City and the Bondholders for so long as any of the Bonds are outstanding. Notwithstanding the foregoing, this Resolution may be amended by the City in any manner that does not, in the opinion of the City and the Registrar, materially adversely affect the Bondholders or the Registrar.

Section 22. Repeal of Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith are repealed.

Section 23. Effective Date. This Resolution shall take effect immediately upon its adoption. The Clerk and any Deputy Clerk of the City are hereby authorized and directed to see to the immediate filing of a certified copy of this Resolution with the Circuit Court of the County of Rockingham, Virginia.

EXHIBIT A

REGISTERED

No. R-_____

REGISTERED

\$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF HARRISONBURG

General Obligation [] Bond, Series 2002[]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
_____ %	July 15, ____	June 1, 2002	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Harrisonburg, Virginia (the City), for value received, promises to pay, upon surrender hereof, to the Registered Owner stated above, or registered assigns or legal representative, the Principal Amount stated above on the Maturity Date stated above, subject to prior redemption as hereinafter provided, and to pay interest hereon at the Interest Rate per year stated above from the Dated Date stated above on January 15, 2003, and semiannually thereafter on each July 15 and January 15. Principal, premium, if any, and interest are payable in lawful money of the United States of America through _____, _____, Virginia, as registrar and paying agent (the Registrar).

Interest shall be payable by check or draft mailed to the Registered Owner, determined as of the close of business on the first day of the month during which the interest payment date occurs, at its address as it appears on the registration books kept for that purpose at the designated corporate trust office of the Registrar. Principal shall be payable upon presentation and surrender of this bond to the Registrar. If this bond is held by or for The Depository Trust Company or other entity acting as a securities depository (the Securities Depository), all payments of principal, redemption premium, if any, and interest shall be paid by wire transfer pursuant to the most recent wire instructions received by the Registrar from such Securities Depository and all redemptions or prepayments of principal may be made without presentation of this bond to the Registrar if such Securities Depository makes a notation on the schedule attached hereto.

This bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless this bond is (a) authenticated before January 15, 2003, in which case it shall bear interest from the Dated Date stated above or (b) authenticated upon an interest payment date or after the record date with respect thereto, in which case it shall bear interest from such interest payment date; *provided*, that if at the time of authentication of this bond interest is in default, this bond shall bear interest from the date to which interest has been paid. Interest shall be calculated on the basis of a 360-day year with twelve 30-day months.

In case the date of maturity or redemption of the principal of this bond or an interest payment date shall be a date on which banking institutions are authorized or obligated by law to close at the place where the designated corporate trust office of the Registrar is located, then payment of principal and interest need not be made on such date, but may be made on the next succeeding date which is not such a date at the place where the designated corporate trust office of the Registrar is located, and if made on such next succeeding date no additional interest shall accrue for the period after such date of maturity or redemption or interest payment date.

This bond is one of an issue of \$ _____ General Obligation _____ Bonds, Series 2002[] (the Bonds), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption, and maturity, and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, as amended. The Bonds were authorized by resolutions adopted by the City Council of the City (the City Council) on March 26, 2002 and April 23, 2002 (the Resolutions).

[Bonds maturing on or before July 15, ____, are not subject to optional redemption prior to maturity. Bonds maturing on or after July 15, ____, are subject to redemption prior to maturity at the option of the City on or after July 15, ____, in whole or in part (in integral multiples of \$5,000) at any time upon payment of the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed (Both Dates Inclusive)</u>	<u>Redemption Price</u>
July 15, ____ through July 14, ____	____ %
July 15, ____ through July 14, ____	____
July 15, ____ and thereafter	____]

[The Bonds maturing on July 15, 20__ are subject to mandatory sinking fund redemption by the City, upon payment of a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, on July 15 in the years and amounts set forth below:

Year

Amount

-- final maturity

The Resolution provides for a credit against the mandatory sinking fund redemption of such Bonds in the amount of Bonds of the same maturity that have been previously redeemed or purchased and canceled or surrendered for cancellation and have not been applied previously as such a credit.]

If less than all of the Bonds are called for optional redemption, the maturities of the Bonds to be redeemed shall be selected by the City Manager of the City in such manner as he may determine to be in the best interest of the City. If less than all the Bonds of a particular maturity are called for redemption, the Bonds to be redeemed shall be selected by the Securities Depository pursuant to its rules and procedures or, if the book entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and (b) in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. The City shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile transmission, registered or certified mail, or overnight express delivery, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to the Securities Depository or its nominee as the Registered Owner of the Bonds or, if the book-entry system is discontinued, by registered or certified mail to the Registered Owners of the Bonds to be redeemed.

The full faith and credit of the City are irrevocably pledged for the payment of principal of, premium, if any, and interest on this bond.

All acts, conditions, and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist, or be performed precedent to and in the issuance of this bond have happened, exist, and have been performed, and the issue of Bonds of which this bond is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the City Council of the City of Harrisonburg, Virginia, has caused this bond to be issued in the name of the City of Harrisonburg, Virginia, to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by the signature of its Clerk or Deputy Clerk and this bond to be dated June 1, 2002.

(SEAL)

ATTEST:

**Clerk,
City of Harrisonburg, Virginia**

**Mayor,
City of Harrisonburg, Virginia**

AUTHENTICATION DATE: _____

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Resolution.

_____, as Registrar

By _____

Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sell(s), assign(s), and transfer(s) unto

(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER

IDENTIFYING NUMBER OF TRANSFEREE:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing _____
_____ Attorney, to transfer said
bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed

(Signature of Registered Owner)

by an institution which is a participant in the

NOTICE: The signature above must

Securities Transfer Agent s Medallion

correspond with the name of the Program

(STAMP) or

Registered Owner as it appears on the

Similar program.

this bond in every particular,

MINUTES - REGULAR MEETING OF CITY COUNCIL - APRIL 23, 2002

Without alternation or enlargement or any

Change whatsoever.

**[FORM FOR ACKNOWLEDGMENT OF PREPAYMENTS OR REDEMPTIONS --
MAY BE USED BY ANY SECURITIES DEPOSITORY]**

CERTIFICATE OF PREPAYMENTS OR REDEMPTIONS

The Principal Amount of this bond shall be reduced by an amount equal to the aggregate of prepayments or redemptions noted hereunder. All prepayments or redemptions shall be certified hereunder by an authorized representative of the Securities Depository which is the nominal owner of this bond, and such certification shall constitute a cancellation of the Principal Amount due on this bond in the aggregate of the amounts certified below.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MINUTES - REGULAR MEETING OF CITY COUNCIL - APRIL 23, 2002

CERTIFICATE OF THE CLERK OF THE

CITY OF HARRISONBURG, VIRGINIA

The undersigned Clerk of the City of Harrisonburg, Virginia, certifies that:

1. A regular meeting of the City Council of the City of Harrisonburg, Virginia, was held on April 23, 2002, at the time and place established by the City Council for such meetings, at which the following members were present and absent:

	PRESENT	ABSENT:
Carolyn W. Frank	Present	
Dorn W. Peterson	Present	
Joseph G. Fitzgerald	Present	
Hugh J. Lantz	Present	
Larry M. Rogers	Present	

2. A resolution entitled **Resolution Authorizing the Issuance and Sale of Up to \$45,000,000 General Obligation Bonds, Series 2002, of the City of Harrisonburg, Virginia, and Providing for the Form, Details and Payment Thereof** was adopted by a majority of all members of the City Council present by a roll call vote, the ayes and nays being recorded in the minutes of the meeting as shown below:

<u>MEMBER</u>	<u>VOTE</u>
Carolyn W. Frank	Aye
Dorn W. Peterson	Aye
Joseph G. Fitzgerald	Aye
Hugh J. Lantz	Aye
Larry M. Rogers	Aye

3. Attached hereto is a true and correct copy of the foregoing resolution as adopted on April 23, 2002. This resolution has not been repealed, revoked, rescinded or amended and is in full

force and effect on the date hereof.

WITNESS my signature and the seal of the City Council of the City of Harrisonburg, Virginia, this 23rd day of April, 2002.

Clerk,

City of Harrisonburg, Virginia

Vice-Mayor Peterson questioned some of the language in the resolution. Mr. Johnson explained and reviewed the language and noted the appropriate changes in the resolution. Vice-Mayor Peterson offered a motion that the Council resolve to adopt the resolution. The recorded roll call vote was taken as follows:

Vote: Yes - Council Member Rogers

Vice-Mayor Peterson

Council Member Fitzgerald

Council Member Lantz

Mayor Frank

Absent None

Assistant City Manager Hodgen presented a request for a supplemental appropriation to purchase land. He said that these funds will be used to purchase additional land for the driving range and land located next to David Walsh's house. He also reviewed the donations that have been raised through private contributions. Council Member Fitzgerald offered a motion that the Council resolve that this supplemental appropriation be approved for a first reading, and that:

\$287,621.63 chge. to: 1000-31010 Amount from fund balance

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\$105,000.00 approp. to: 1000-430221-48182 Purchase of land (David Walsh property)

182,621.63 approp. to: 1000-990111-49285 Transfer to Golf Course Capital Projects

Fund

\$1,149.76 chge. to: 1326-31010 Amount from fund balance (prior yr invest earnings)

6,068.35 chge. to: 1326-31513 Investments earnings

15,000.00 chge. to: 1326-31818 Donations for First Tee

182,621.63 chge. to: 1326-34210 Transfer from General Fund

\$204,839.74 approp. to: 1326-910771-48182 Driving range

The recorded roll call vote was taken as follows:

Vote: Yes - Council Member Rogers

Vice-Mayor Peterson

Council Member Fitzgerald

Council Member Lantz

Mayor Frank

Absent None

Bucky Berry, a resident of 877 North Main Street, said that he was proud the Council was getting along and making decisions together tonight.

Council Member Rogers offered a motion that the Council resolve to appoint Mike Collins, to the Environmental Quality Committee, Lester Seal, to the Finance Committee, Roger Baker and Tom Miller, to

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the General Laws Committee, Kurt Hodgen, to the Human Development & Education Committee, and Reggie Smith, to the Transportation Committee on the Virginia Municipal League policy committees. The motion to resolve was approved with a unanimous vote of Council.

Council Member Lantz offered a motion that the Council resolve that David Wiens, 1520 College Avenue, should be recommended to the Circuit Court for a first term on the Board of Zoning Appeals as Planning Commission representative to expire on March 20, 2007. The motion to resolve was approved with a unanimous vote of Council.

At 10:31 p.m., there being no further business and on motion adopted the meeting was adjourned.

CITY CLERK

MAYOR