



Executive Committee Meeting
Hotel Roanoke & Conference Center, Pocahontas Ballroom
110 Shenandoah Ave., NW, Roanoke
August 16, 2014
1:00 p.m.

Action Agenda

- I. Call to Order
- II. Additions to Agenda
- III. Consideration of Minutes from August 16, 2014 [Tab 1]
- IV. Non-Partisan Redistricting Proposal [Tab 2]
- V. Approval of Financial Statement as of June 30, 2014 [Tab 3]
- VI. Future of Virginia's Municipalities Proposal [Tab 4]
- VII. Consider Defense Budget Resolution

Information/Discussion Agenda

- VIII. Executive Director's Report [Tab 5]
- IX. Staff Report on Interim Legislative Activities [Tab 6]
- X. Staff Report on Federal Issues [Tab 7]
- XI. Staff Report on Amicus Briefs [Tab 8]
- XII. Review 2014 Regional Suppers [Tab 9]
- XIII. Go Green Report [Tab 10]
- XIV. Staff Report on the Annual Conference [Tab 11]
- XV. Future Meetings (2015):
 - a. January 28 Richmond (starts with lunch)
 - b. May 14/15 Alexandria (dinner 14th, meeting 15th)
 - c. August 13/14 Charlottesville area (dinner 13th w/VMLIP, meeting 14th)
 - d. October 4 Richmond (with conference)
- XVI. Items Proposed for Discussion at Future Meetings
- XVII. Other Matters
- XVIII. Adjournment



Executive Committee Meeting
Col Alto Hampton Inn
401 E. Nelson Street, Lexington
August 16, 2014

In attendance: President David Helms, Vice President Ron Rordam, Immediate Past President Ed Daley, Robert Coiner, Mimi Elrod, Katie Sheldon Hammler, Mary Hynes, Ceasor Johnson, Edythe Kelleher, Anita Price, Faye Prichard, and Patricia Woodbury.

Staff: Kim Winn and Mark Flynn. ***Guests:*** Steve Craig, John McCarthy, and Peter Stephenson.

- I. **Call to Order.** President David Helms called the meeting to order at 9:05 a.m.
- II. **Annual Report by VML Insurance.** The report was presented by Steve Craig, Managing Director and John McCarthy, County Administrator, Rappahannock County (Incoming VMLIP President).

Action Agenda

- III. **Additions to Agenda.** Ron Rordam requested that a discussion of the VML officers' travel policy be added to the agenda.
- IV. **Consideration of Minutes from May 17, 2014 & May 29, 2014.** Price moved and Rordam seconded a motion to approve the minutes as presented. Motion was approved without objection.
- V. **Closed Session:** The body went into closed session to discuss the Executive Director's evaluation. Upon resumption of the open meeting, Daley moved and Johnson seconded a motion to increase the Executive Director's salary by 3%, retroactive to July 1, 2014. Motion was approved without objection. Coiner moved and Daley seconded a motion to provide a reimbursement not to exceed \$1,500 annually for the Director's spouse to attend the NLC state league directors' (and families) annual meeting. Motion was approved without objection.
- VI. **Consideration of Finance Forum Proposal.** After a general discussion regarding the annual Finance Forum, Coiner moved and Rordam seconded a motion to move the Forum to early January with the understanding that the Executive Committee would prefer a Wednesday. Motion was approved without objection. The Executive Committee also noted that they would like for staff to consider a call-in opportunity for this event and the inclusion of some "lobby-101" tips. There was also a motion made by Johnson and seconded by Rordam to have an Executive Committee meeting in December in the Charlottesville area. Motion was approved without objection. [Note: Because the date of VML Day at the Capitol was moved into January, the December Executive Committee meeting was cancelled].

Information/Discussion Agenda

- VII. **Executive Director's Report.** Winn reviewed the highlights of the Executive Director's report. There was a general discussion regarding the VML/VACo joint legislative day in Richmond. Daley moved and Prichard seconded a motion to change VML's legislative day to an afternoon session followed by a nice reception

and to invite VACo and the Virginia PDCs to join us. Motion was approved without objection. There was also a discussion of the importance of VML's relationship with VACo and it was suggested that the VML officers reach out for a joint meeting with the VACo officers.

- VIII. Staff Report on Interim Legislative Activities.** Flynn reviewed the legislative report and discussed the state budget shortfall. It was suggested that there be a discussion of the impact of Uber/Lyft at the Finance Forum and that perhaps VML should develop a set of principles to guide our position in this area. It was also suggested that we develop an approach where we ask what VML can do to support the State with regard to the budget challenges that are coming down the road.
- IX. Staff Report on Federal Issues.** Winn and Flynn discussed the federal issues report that was provided by staff.
- X. Staff Report on Amicus Briefs.** Flynn discussed a new amicus request regarding business license taxation. He also noted that the FOIA guide is ready to be mailed to members and will be available on the VML website as well. He also discussed the new conflicts reporting requirements.
- XI. Review 2014 Regional Suppers.** Winn reviewed the spring/summer regional suppers and discussed plans for similar fall events.
- XII. Go Green Report.** The Committee reviewed the staff report on the Go Green program. There was a discussion of establishing a new committee to review the program and make recommendations for the future.
- XIII. Staff Report on the Annual Conference.** Highlights of the upcoming VML Annual Conference were reviewed.
- XIV. Future Meetings.** The schedule for future meetings was reviewed.
- XV. Items Proposed for Discussion at Future Meetings.** There were none.
- XVI. Other Matters.** As requested, the Committee discussed the travel policy for VML officers. Rordam moved and Hynes seconded a motion to establish the policy as follows: VML will pay for the travel for the President and a guest to attend both national NLC conferences and both SMC meetings; VML will also pay for the travel of the President-Elect to attend both national NLC conferences and both SMC meetings. This proposal includes a budget amendment to increase the Executive Committee travel line item by \$10,000. Motion was approved without objection. The policy regarding payment of the Annual Conference registration fee by Executive Committee members was also discussed. Staff was asked to consider whether this would be possible for future conferences.
- XVII. Adjournment.** There being no other business to come before the body, the meeting was adjourned at 12:39.

Respectfully Submitted,

Kimberly A. Winn
Executive Director

Memorandum – Redistricting Reform

To: VML Executive Committee

From: Mark Flynn

Date: 29 September 2014

The VML legislative committee has asked the executive committee to have the League support efforts to reform redistricting in Virginia. The legislative committee considered the issue at its two summer meetings.

At the first meeting in June, the committee recognized that reforming the decennial redistricting process would be helpful to local governments, but was pessimistic about the chances of reform happening. The issue was forwarded to the general laws policy committee, which supported including it in the policy statement.

At the September legislative committee, Shannon Valentine, former House of Delegates member from Lynchburg and president of a statewide group promoting reform of redistricting and Greg Lucyk, an attorney who has worked extensively in redistricting matters spoke to the committee. The two are a part of [OneVirginia2021](#). They explained the issues and the group's plans for accomplishing redistricting reform at the legislative committee meeting.

The basic proposal is to replace the partisan redistricting process with a non-partisan process overseen by a redistricting commission. The procedure for selecting the commission is a key issue – if the political parties play too strong a role through the membership of the General Assembly, the non-partisan part risks being lost.

A main point of the group's effort is the timing of the fixes to redistricting. A fix will require an amendment of the Virginia constitution. The year to start that is 2017, so that an amendment would be in place for the 2021 redistricting. No legislation is expected in the 2015 session of the General Assembly. As a result, the legislative committee does not propose any provision on redistricting in the 2015 legislative program. However, the work to obtain changes in 2017-18 is ongoing, so if VML is to be involved, it should start soon.

Following the discussion, the legislative committee voted to support the efforts and forwarded the issue to the executive committee, recommending that VML support the efforts to reform redistricting. We hope to have at least one representative of OneVirginia2021 at the executive committee meeting to provide more detail and to explain the impetus for the group's efforts.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Consolidated Financial Statements

June 30, 2014 and 2013



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VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

OFFICERS

Honorable David Helms
President

Honorable William D. Euille
President Elect

Honorable Ron Rordam
Vice President

EXECUTIVE COMMITTEE

Honorable Robert K. Coiner

Mrs. Edythe F. Kelleher

Ms. Katie S. Hammler

Honorable Faye O. Prichard

Ms. Anita Price

Ms. Mary Hynes

Dr. Ceasor Johnson

Dr. Patricia Woodbury

Honorable Mimi Elrod

Dr. Ed C. Daley, DPA
Immediate Past President

STAFF

Ms. Kim Winn
Executive Director

Mr. Mark K. Flynn
General Counsel

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Executive Committee
Virginia Municipal League
Richmond, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Virginia Municipal League and affiliate (the "League"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the League's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the League's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Virginia Municipal League and affiliate as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2014 supplemental schedules detailed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 2014 information, except for that portion marked "budget", which is unaudited and upon which we express no opinion or any other form of assurance, has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



September 12, 2014
Glen Allen, Virginia

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Consolidated Statements of Financial Position
June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 27,297	\$ 238,042
Pooled investments	3,488,006	2,900,020
Investments (Note 3)	4,797,485	5,387,107
Accounts receivable	12,692	8,372
Receivable from affiliated organizations	10,396	42,738
Prepaid expenses	32,455	4,250
	<u>8,368,331</u>	<u>8,580,529</u>
Property and equipment:		
Land	144,800	144,800
Buildings and improvements	388,346	372,264
Furniture, equipment and automobile	301,749	365,094
	<u>834,895</u>	<u>882,158</u>
Less accumulated depreciation	<u>(573,297)</u>	<u>(694,857)</u>
	<u>261,598</u>	<u>187,301</u>
Total assets	<u>\$ 8,629,929</u>	<u>\$ 8,767,830</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 51,515	\$ 44,016
Dues and fees collected in advance	225,131	118,362
Accrued compensated leave	212,497	199,925
Liability under capital leases	9,186	18,215
Pooled investments held for affiliates	963,000	824,000
Deferred obligations to employees (Note 3)	4,797,485	5,387,107
	<u>6,258,814</u>	<u>6,591,625</u>
Total liabilities	<u>6,258,814</u>	<u>6,591,625</u>
Net assets, unrestricted	<u>2,371,115</u>	<u>2,176,205</u>
Total liabilities and net assets	<u>\$ 8,629,929</u>	<u>\$ 8,767,830</u>

See notes to consolidated financial statements.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Consolidated Statements of Activities Years Ended June 30, 2014 and 2013

	2014	2013
Revenue:		
Membership dues	\$ 1,132,016	\$ 1,158,266
Conference fees	160,496	178,625
Conference exhibits	46,975	48,125
Conference contributions	19,500	13,000
Regional meetings/workshops	9,760	29,801
Affiliated groups	50,836	47,789
Interest	2,372	2,923
Income from deferred compensation investments	722,417	492,867
Magazine	72,269	56,354
Publications	1,226	525
Insurance administration	786,416	616,645
Other administration fees	35,978	35,002
Gain on sale of property and equipment	12,618	-
Sponsorship	155,856	161,239
Miscellaneous	51,302	30,453
Total revenue	3,260,037	2,871,614
Expenses:		
Employment compensation and benefits	1,430,896	1,467,668
Deferred compensation	722,417	492,867
Annual conference	191,264	181,306
Regional meetings/workshops	26,579	29,346
Travel	38,505	42,981
Office supplies and postage	29,848	35,849
Office maintenance and equipment rentals	21,268	13,958
Office rent	2,818	10,386
Computer services	24,536	3,890
Dues and subscriptions	20,403	21,018
National League of Cities dues	22,048	24,223
Telephone	22,408	18,678
Insurance	19,785	14,763
Professional fees	53,417	49,578
Policy advocates	88,490	84,856
Magazine publishing (excluding salaries)	76,181	57,959
Executive committee	27,487	24,666
Depreciation	32,876	26,934
Subtotal, forward	\$ 2,851,226	\$ 2,600,926

See notes to consolidated financial statements.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Consolidated Statements of Activities, Continued
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Subtotal, forwarded	\$ 2,851,226	\$ 2,600,926
Retirement	140,752	145,208
Miscellaneous	31,233	23,176
Interest	2,061	3,242
Property taxes	6,975	6,913
Accumulated leave earned	<u>32,880</u>	<u>2,146</u>
Total expenses	<u>3,065,127</u>	<u>2,781,611</u>
Change in net assets	194,910	90,003
Net assets:		
Beginning of year	<u>2,176,205</u>	<u>2,086,202</u>
End of year	<u>\$ 2,371,115</u>	<u>\$ 2,176,205</u>

See notes to consolidated financial statements.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 194,910	\$ 90,003
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	32,876	26,934
Gain from sale of property and equipment	(12,618)	-
Changes in assets and liabilities:		
Accounts receivable	(4,320)	2,814
Receivable from affiliated organizations	32,342	(10,710)
Prepaid expenses	(28,205)	801
Accounts payable	7,499	(16,446)
Dues and fees collected in advance	106,769	(32,889)
Accrued compensated leave	12,572	16,223
Net cash provided by operating activities	341,825	76,730
Cash flows from investing activities		
Pooled investment activity, net	(448,986)	(300,562)
Purchase of property and equipment	(108,455)	(5,531)
Proceeds on sale of property and equipment	13,900	-
Net cash used in investing activities	(543,541)	(306,093)
Cash flows from financing activities		
Payments on liability under capital leases	(9,029)	(8,162)
Net cash used in financing activities	(9,029)	(8,162)
Net decrease in cash	(210,745)	(237,525)
Cash, beginning of year	238,042	475,567
Cash, end of year	\$ 27,297	\$ 238,042
Supplemental disclosures of cash flow information:		
Cash payments for interest	\$ 2,061	\$ 3,242
Schedule of noncash investing and financing activities:		
Change in investments and corresponding change in deferred obligations to employees	\$ 589,622	\$ (775,258)

See notes to consolidated financial statements.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Organization: Virginia Municipal League is an unincorporated association organized under the laws of the Commonwealth of Virginia for the purpose of promoting the interests of local governments in the Commonwealth of Virginia.

Principles of Consolidation: The consolidated financial statements include the accounts of Virginia Municipal League and its consolidated affiliate, VML Insurance Agency, collectively, the "League." There was limited activity within this affiliate during the years presented. See Note 2 regarding other affiliated organizations.

Basis of Accounting: The consolidated statements of financial position report accounts for total assets, liabilities, and net assets, and the consolidated statements of activities discloses any changes in net assets and changes in the classification of net assets, if applicable. The consolidated statements of financial position are required to show three classes of net assets (permanently restricted, temporarily restricted and unrestricted), if applicable. The League did not have any permanently or temporarily restricted net assets at June 30, 2014 and 2013.

Cash: For purposes of reporting cash flows, the League considers all highly liquid debt instruments purchased with a maturity of three months or less, which have not been designated as investments, to be cash equivalents. At times such accounts may be in excess of the FDIC insurance limit of \$250,000. At June 30, 2014 and 2013, \$14,813 and \$63,888, respectively, included in cash is restricted for flexible spending accounts and is not available for operations.

Membership Dues: Membership dues are recognized as revenue over the membership period. Any dues received in advance of the membership period are recorded as deferred revenue.

Insurance Administration: Administration fees received from the insurance affiliate is based on a percentage of the insurance affiliate's premium totals, and the fees are recognized over the respective premium period. Amounts reimbursed by the insurance affiliate are recognized as the expense is incurred.

Investments: The League invests in the Commonwealth of Virginia Local Government Investment Pool for itself and its affiliates (see Note 2). These investments are carried at the net asset value, on an amortized cost basis. Other investments held in connection with the League's deferred compensation agreements consist of mutual funds and investment contracts as described in Note 4.

The League invests in various investment securities, which are exposed to various risks, such as interest rate, credit, and overall volatility risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would affect the investment balances and the amount reported in the consolidated financial statements.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Property and Equipment: Property and equipment is stated at cost at the date of acquisition, less accumulated depreciation. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is recorded principally by straight-line method over the estimated lives of the assets, which range from 5 years for an automobile, 3 to 10 years for furniture and equipment, and 18 to 32 years for buildings and improvements.

Income Taxes: The Virginia Municipal League is exempt from income taxes under Internal Revenue Code Section 501(c)(4). VML Insurance Agency is a fully taxable entity.

Income Tax Uncertainties: The League follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the League's informational returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management has evaluated the League's tax positions and concluded that the League has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The League's informational returns for years since 2010 remains open for examination by tax authorities. The League is not currently under audit by any tax jurisdiction.

Compensated Leave: Employees can carry over up to 90 days of earned leave.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Event: Management has evaluated subsequent events through September 12, 2014, the date the consolidated financial statement was available to be issued, and has determined there are no subsequent events, to be reported in the accompanying consolidated financial statement.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

2. Affiliated Organizations and Transactions:

The accompanying consolidated financial statements represent the general operations of the League and do not include the operations and financial position of the following organizations affiliated through common management:

Virginia Building and Code Officials Association
Virginia Local Government Management Association
Municipal Electric Power Association of Virginia
Virginia Electric Purchasing Governmental Association
Southern Municipal Conference, Inc.

The League contracts with its insurance affiliate for human resources and accounting services up to a maximum of \$18,000 annually. The League has also entered into a Partnership Agreement for certain insurance related services, whereby the League will be paid a fee of 1.75% of annual premiums received by the insurance affiliate. Revenue recorded for these services was \$786,416 for 2014 and \$616,645 for 2013. The League collected revenue from affiliates for clerical duties of \$60,997 in 2014 and \$57,688 in 2013.

The League administers pooled investments in which affiliated organizations participate. Balance as of June 30 is as follows:

	<u>2014</u>	<u>2013</u>
Affiliated organizations	\$ 963,000	\$ 824,000
League	<u>2,525,006</u>	<u>2,076,020</u>
Total pooled investments	<u>\$ 3,488,006</u>	<u>\$ 2,900,020</u>

As part of its agreement with the insurance affiliates, the League and the affiliates agree to indemnify each other harmless from any and all loss, cost or expenses including reasonable attorney's fees, incurred by such other in the execution or the performance of the contracted obligation, of any criminal act or negligent act or omission of such indemnifying party or their officers, agents or employees.

Amounts receivable from affiliated organizations arising from these administrative services are \$10,396 at June 30, 2014 and \$42,738 at June 30, 2013.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

3. Investments and Deferred Obligation to Employees:

The League has deferred compensation agreements with certain employees adopted under Section 457 of the Internal Revenue Code, whereby participants elect to defer part of their compensation. These agreements are funded by purchase of investment contracts (mutual funds, guaranteed investment contracts, and cash equivalents) through the ICMA Retirement Corporation at no cost to the League. The total amount of deferred compensation, plus any earnings (less any losses), attributable to the annuity contracts is carried as a liability of the League, as the agreements call for full payment to the employees upon their termination or retirement.

A summary of these investments is as follows June 30:

	<u>2014</u>	<u>2013</u>
Invested cash	\$ 441	\$ 3,468
Investment contracts	975,448	1,835,097
Mutual funds	<u>3,821,596</u>	<u>3,548,542</u>
	<u>\$ 4,797,485</u>	<u>\$ 5,387,107</u>

4. Fair Value Measurements:

The League follows FASB guidance with respect to fair value measurements. This guidance provides a framework for measuring fair value under generally accepted accounting principles, for all financial assets and liabilities measured at fair value on a recurring basis.

The guidance establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the market in which the assets or liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the League has the ability to access.

Level 2 - Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

4. Fair Value Measurements, Continued:

Following is description of the valuation methodologies used for assets measured at fair value:

Pooled Investments: The Commonwealth of Virginia Local Government Investment Pool is valued at net asset value (“NAV”), which is calculated by adding the amortized cost value of all portfolio securities and other assets, deducting actual and accrued liabilities, and dividing by the number of units (shares) outstanding. As of June 30, 2014 and 2013, there are no unfunded commitments and can be redeemed immediately upon notice with no other redemption restrictions.

Mutual funds: Valued at the NAV of shares held by the League at year end.

Investment contracts: Valued at cost plus accrued interest, known as contract value. Contract value approximates fair value.

Assets and liabilities measured at fair value on a recurring basis at June 30, 2014 include the following:

	Fair Value Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Virginia Municipal League:				
Local government investment pool	\$ -	\$ 3,488,006	\$ -	\$ 3,488,006
Section 457 Plan:				
Mutual funds:				
U.S. stock funds	2,219,188	-	-	2,219,188
Balanced/asset allocation funds	987,533	-	-	987,533
Bond funds	292,461	-	-	292,461
International/global stock funds	322,414	-	-	322,414
Investment contracts	-	-	975,448	975,448
Total Section 457 Plan	<u>3,821,596</u>	<u>-</u>	<u>975,448</u>	<u>4,797,044</u>
Total assets	<u>\$ 3,821,596</u>	<u>\$ 3,488,006</u>	<u>\$ 975,448</u>	<u>\$ 8,285,050</u>
Liabilities:				
Deferred obligations to employees	<u>\$ 3,821,596</u>	<u>\$ -</u>	<u>\$ 975,448</u>	<u>\$ 4,797,044</u>

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

4. Fair Value Measurements, Continued:

Assets and liabilities measured at fair value on a recurring basis at June 30, 2013, include the following:

	Fair Value Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Virginia Municipal League:				
Local government investment pool	\$ -	\$ 2,900,020	\$ -	\$ 2,900,020
Section 457 Plan:				
Mutual funds:				
U.S. stock funds	1,932,216	-	-	1,932,216
Balanced/asset allocation funds	1,133,606	-	-	1,133,606
Bond funds	209,686	-	-	209,686
International/global stock funds	273,034	-	-	273,034
Investment contracts	-	-	1,835,097	1,835,097
Total Section 457 Plan	<u>3,548,542</u>	<u>-</u>	<u>1,835,097</u>	<u>5,383,639</u>
Total assets	<u>\$ 3,548,542</u>	<u>\$ 2,900,020</u>	<u>\$ 1,835,097</u>	<u>\$ 8,283,659</u>
Liabilities:				
Deferred obligations to employees	<u>\$ 3,548,542</u>	<u>\$ -</u>	<u>\$ 1,835,097</u>	<u>\$ 5,383,639</u>

Certain additional information about the nature and risk of the League's investment options are available upon request from management.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

4. Fair Value Measurements, Continued:

The table below sets forth a summary of changes in the fair value of the League's Level 3 assets and liabilities for the years ending June 30, 2014 and 2013:

Balance at June 30, 2012	\$ 1,511,201
Investment income	34,208
Purchases	304,460
Sales	<u>(14,772)</u>
Balance at June 30, 2013	1,835,097
Investment income	22,910
Purchases	57,062
Sales	<u>(939,621)</u>
Balance at June 30, 2014	<u>\$ 975,448</u>

The following table provides quantitative information about significant unobservable inputs used in valuing the Level 3 assets and liabilities:

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range Significant Input Values</u>
Investment contracts and related deferred obligations to employees (457 Plan)	\$ 975,448	Replacement Cost	Issuer Fee Quote	25 - 33 basis points

5. Capital Leases:

The League has capital leases for equipment with a cost basis of \$40,626 for 2014 and 2013. Accumulated depreciation was \$32,900 at June 30, 2014 and \$24,865 at June 30, 2013.

Future minimum lease payments, by year and in aggregate, under capital leases are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 9,910
Amount representing interest	<u>724</u>
Present value of net minimum lease payments	<u>\$ 9,186</u>

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

6. Defined Contribution Retirement Plan:

The League has a defined contribution retirement plan covering its employees, exclusive of its Executive Director through December 31, 2013. The League's contributions which are 12.5% of each covered employee's compensation, totaled \$140,752 in 2014 and \$145,208 in 2013.

7. Commitments:

The League has an operating lease for office space that expires December 31, 2015. The League shares the office space with other entities who contribute their pro-rata share of rent. Net rent expense was \$2,818 for 2014 and \$10,386 for 2013. Minimum future lease payments under the term of the lease are \$7,471 for 2015.

8. Guarantees:

FASB guidance requires the disclosures of certain guarantees and clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of certain types of guarantee obligations. See Note 2 regarding the indemnification of insurance affiliates.

As permitted or required under Virginia corporation law, the League has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the League's request in such capacities. The maximum liability under these obligations is unlimited; however, the League's insurance policies serve to limit its exposure. The League believes that the estimated fair value of these indemnification obligations is minimal.

SUPPLEMENTAL INFORMATION

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Comparison of Budgeted Revenue and Expenses to Actual
Year Ended June 30, 2014
With Comparative Actual Totals for 2013

	2014		Actual Over (Under) Budget	2013 Actual
	Budget (Unaudited)	Actual		
Revenue:				
Membership dues	\$ 1,136,000	\$ 1,132,016	\$ (3,984)	\$ 1,158,266
Conference fees, exhibits, contributions	245,000	226,971	(18,029)	239,750
Regional meetings/workshops	17,500	9,760	(7,740)	29,801
Affiliate groups	48,000	50,836	2,836	47,789
Interest	2,000	2,372	372	2,923
Income from deferred compensation investments	-	722,417	722,417	492,867
Magazine and publications	76,000	73,495	(2,505)	56,879
Insurance administration	610,000	786,416	176,416	616,645
Other administration fees	35,750	35,978	228	35,002
Gain on sale of property and equipment	-	12,618	12,618	-
Sponsorship	149,500	155,856	6,356	161,239
Miscellaneous	20,000	51,302	31,302	30,453
Total revenue	<u>2,339,750</u>	<u>3,260,037</u>	<u>920,287</u>	<u>2,871,614</u>
Expenses:				
Employee compensation and benefits	1,460,053	1,430,896	(29,157)	1,467,668
Deferred compensation	-	722,417	722,417	492,867
Annual conference	150,000	191,264	41,264	181,306
Regional meetings/workshops	40,000	26,579	(13,421)	29,346
Travel	50,000	38,505	(11,495)	42,981
Office supplies and postage	45,000	29,848	(15,152)	35,849
Office maintenance and equipment rentals	20,000	21,268	1,268	13,958
Office rent	3,500	2,818	(682)	10,386
Buildings and equipment repairs	3,000	-	(3,000)	-
Computer services	7,500	24,536	17,036	3,890
Subtotal, forward	<u>\$ 1,779,053</u>	<u>\$ 2,488,131</u>	<u>\$ 709,078</u>	<u>\$ 2,278,251</u>

See report of independent accountants.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Comparison of Budgeted Revenue and Expenses to Actual, Continued
 Year Ended June 30, 2014
 With Comparative Actual Totals for 2013

	2014		Actual Over (Under) Budget	2013 Actual
	Budget (Unaudited)	Actual		
Subtotal, forwarded	\$ 1,779,053	\$ 2,488,131	\$ 709,078	\$ 2,278,251
Dues and subscriptions	20,000	20,403	403	21,018
National League of Cities dues	22,000	22,048	48	24,223
Telephone	22,500	22,408	(92)	18,678
Insurance	18,000	19,785	1,785	14,763
Professional fees	45,000	53,417	8,417	49,578
Policy advocates	118,000	88,490	(29,510)	84,856
Magazine publishing (excluding salaries)	75,000	76,181	1,181	57,959
Executive committee	17,500	27,487	9,987	24,666
Depreciation	30,000	32,876	2,876	26,934
Retirement	146,966	140,752	(6,214)	145,208
Miscellaneous	20,000	31,233	11,233	23,176
Interest	-	2,061	2,061	3,242
Property tax	7,100	6,975	(125)	6,913
Accumulated leave earned	20,000	32,880	12,880	2,146
	2,341,119	3,065,127	724,008	2,781,611
Total expenses				
Change in net assets	\$ (1,369)	\$ 194,910	\$ 196,279	\$ 90,003

See report of independent accountants.

VIRGINIA MUNICIPAL LEAGUE AND AFFILIATE

Revenue and Publishing Expenses – *Virginia Town & City* Magazine Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue:		
Advertising	\$ 71,328	\$ 55,179
Subscriptions	640	672
Interest	301	503
	<u>\$ 72,269</u>	<u>\$ 56,354</u>
Publishing expenses (other than salaries):		
Printing	\$ 56,613	\$ 43,961
Mailing	4,264	3,522
Stationery and supplies	112	279
Postage	15,192	10,197
	<u>\$ 76,181</u>	<u>\$ 57,959</u>

The League estimates that three of its employees devote 33% to 50% of their paid time to the publication of the *Virginia Town & City* magazine during 2014 and 2013. Three other employees devoted less than 5% of their paid time to the publication of the *Virginia Town & City* magazine. Compensation cost associated with this time was approximately \$122,075 in 2014 and \$118,086 in 2013. The publishing expenses shown above do not include salaries or related benefits expenses.

See report of independent accountants.



OFFICERS

PRESIDENT

DAVID P. HELMS

MARION MAYOR

PRESIDENT-ELECT

WILLIAM D. EUILLE

ALEXANDRIA MAYOR

VICE PRESIDENT

RON RORDAM

BLACKSBURG MAYOR

IMMEDIATE PAST PRESIDENT

EDWIN C. DALEY

HOPEWELL

EXECUTIVE DIRECTOR

KIMBERLY A. WINN

MAGAZINE

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www.vml.org

To: VML Executive Committee
From: Kim Winn, Executive Director
Date: September 29, 2014
Re: Future of Virginia Municipalities Project

Attached you will find a proposal from the Southeastern Institute of Research (SIR) regarding a project to identify trends in municipal service delivery over the next 10 years (to 2025). Next year (2015) is the 100th anniversary of VML and I think that is the perfect time for us to look forward and engage in research and programming to help Virginia municipalities identify and prepare for trends in areas such as infrastructure, education, economic development, transportation, sustainability, and more.

Should we proceed with this proposal, SIR will produce a series of research papers in a variety of areas identifying future trends and service needs. VML will distribute this information and tailor our programming to fit within this framework. It would be my hope to have this project culminate with the 2015 annual conference where we will focus the conference programming on the results of this project.

This is a very exciting project that will put VML at the forefront in terms of providing relevant and timely services to our membership. The identification of future trends will not only provide critical information to Virginia municipalities, but it will help to shape the future of VML services as we seek to respond to the future trends that local governments will face in providing services to the citizens of the Commonwealth.

Budget Proposal: VML currently has approximately \$2.5 million in reserve/idle funds which is more than an adequate reserve. In order to proceed with this project, it is my recommendation that the VML Executive Committee amend the 2014 – 2015 Budget to reflect a revenue transfer from reserves in the amount of \$40,000 with a corresponding “Special Projects” line added to the expenses in the same amount.

Virginia Municipal League's 2015 Future of Virginia Municipalities Program

September 16, 2014

BOTTOM LINE UP FRONT:

This is a proposal for Virginia Municipal League (VML) to engage SIR Research and GenerationsMatter to create and develop a comprehensive, customized on-going program for VML on the “Future of Virginia Municipalities” for a fee of \$39,600. This program development work will take place over the coming months with the plan to introduce it at the 2015 annual VML statewide conference.

The doubling of senior population, growing diversity, rise of Millennials, decrease in automobile use and many other equally disruptive demographic and cultural shifts are recasting the future of America’s cities, towns and counties. In the future there will be two categories of municipalities - winners and losers. A few enlightened municipal leaders are now planning for these major shifts with forward-looking strategies. VML’s “Future of Virginia Municipalities” program will ensure that VML members and Virginia’s municipalities are among the group of winning cities, towns and counties of the future.

This trends-oriented strategic insights program will reinforce VML’s position to local government leaders as the most relevant, informative and valued strategic partner that helps them and ensures their Virginia cities, towns and counties will thrive in the years ahead. VML members will not only become well-versed in *what’s ahead*, but what action steps to take now to ensure their municipality leverages these trends rather than be marginalized by them.

APPROACH

1. Engage SIR Research and its partner company GenerationsMatter to leverage over ten years of work in marketing research on trends, consumers, communities and placemaking to develop a robust and multi-level educational program for VML to offer to cities, towns and counties in Virginia. (More information on SIR and GenerationsMatter can be found at the end of this document.)
2. Components of the program include insights for municipalities on:
 - a. A research-inspired perspective on generational dynamics, an innovative new perspective and community planning tool that helps leaders better identify and understand the major trends through the lens of the change agents – Boomers, Gen Xers, and Millennials.
 - b. A comprehensive understanding and appreciation for the 10 major demographic, cultural and societal trends that are reshaping cities, towns and counties – their residential and business composition, stakeholder needs and expectation, services provided, economic development model, etc.

- c. Specific action steps to take today to leverage each trend to the advantage of the locality.
3. The plan is to develop this new program over the coming months so it then launch it at the annual statewide conference in 2015, followed by regional events and meetings, on-going educational sessions, online webinars and individualized courses for local government leaders.

BENEFITS TO VML

This new program, unlike any other offered by state municipal leagues, will strengthen and reinforce VML’s position as the go-to thought-leader for local government officials. This in turn should:

- Build more brand equity, loyalty and value for VML
- Potentially attract more attendees to statewide and regional events to learn about this new program and gain new insights about the future
- Generate new revenue opportunities with new content modules, including meetings and online content
- Provide guidance on future legislative agendas by identifying new opportunities and/or barriers

BENEFITS TO VML MEMBERS

This “Future of Municipalities” program is designed to benefit individual leaders in local government, both civil servants and elected officials, by equipping them with the insights and knowledge needed to keep their cities, towns and counties vibrant and relevant in 2020 and beyond. Specific member benefits include:

- Become more familiar with major disruptive trends
- Validate current or proposed strategies
- Gain a deeper understanding of the current and future workforce issues
- Gain insights on how to prioritize targets and more effectively attract businesses
- Learn techniques for engaging citizens, community leaders and businesses to support longer-term government activities and priorities
- Gain knowledge and insights to help better inform and educate elected officials
- Formulate a roadmap on how to plan for 2020 and beyond

DELIVERABLES

SIR and GenerationsMatter will work under the direction of VML’s senior leadership to create an overall plan for the “Future of Municipalities” program. This plan will include the preparation of program content and component parts. The final content and components will be approved by VML.

For budgeting purposes, we envision preparing:

- Content for statewide conference, including keynote and breakout session speeches
- Content for online webinars in support of the program
- Articles about the “Future of Municipalities” to distribute electronically and via printed VML materials, in advance of the program launch and in support of it afterwards
- Research “Briefings” series across key topic areas
- Tool-kit(s) on how to operationalize the insights and recommendations
- Content and materials for a series of regional meetings
- Aggregating relevant and useful related resources for posting on VML website
- Providing access to *GenerationsMatter* online training courses (based on a per person fee discounted to VML members)

For clarification purposes, the work done for the 2015 Future of Virginia Municipalities will focus 100 percent on content creation and preparation, not material production. If VML decides to produce a finished piece (whitepaper printed as a brochure), that activity will be funded outside of this scope of work.

BUDGET RESOURCES

SIR and *GenerationsMatter*'s fee to develop and package the “Future of Municipalities” is \$39,600. This fee covers the complete development time. This fee is a “not-to-exceed” budget. No out-of-pocket expenses are included in this proposal.

If required or requested by VML, any out-of-pocket or production costs will be estimated and approved separately by VML. Again, the work is for program development, not production. Any travel costs will also be approved by VML and billed at cost separately.

Ownership of Materials:

VML and SIR/*GenerationsMatter* acknowledge that the program being prepared will rely heavily on SIR/*GenerationsMatter*'s proprietary research insights and widely recognized generational expertise. This body of knowledge has been accumulated over the past ten years and is the direct result of hundreds of thousands of dollars in primary research funded by SIR/*GenerationsMatter*.

SIR/*GenerationsMatter* now uses this growing knowledge base to earn income for itself through keynote speaking and consulting. This understood, VML and SIR/*GenerationsMatter*'s acknowledge that while VML will have a unique program for its members, SIR/*GenerationsMatter* will retain ownership of its proprietary insights and content that it uses in the “Future of Municipalities” program.

Payment Terms:

SIR / *GenerationsMatter* requires one-third payment upfront to engage us in this assignment. We will bill the remainder in two equal installments as follows:

- Due immediately: \$ 13,200

- Due upon acceptance of the plan 13,200
- Due upon delivery of bulk of materials 13,200
- TOTAL: \$ 39,600

VML APPROVAL

Please email a signed copy of this estimate to matt@generationsmatter.com or fax a signed copy to 804-342-1790. Thank you.

Approved

Date



To: VML Executive Committee
From: Kim Winn, Executive Director
Date: September 29, 2014
Re: ED Report

The following is an update of activities based on the Strategic Goals established by the Executive Committee.

Building Relationships

Relationships are the critical foundation upon which successful organizations must be built. VML is committed to forming and maintaining relationships in order to provide excellent service to the membership and to promote the principles of good government.

- VML will develop and maintain strong working relationships with members of the General Assembly, the State Administration, and the Federal Delegation.
- VML will facilitate networking among the membership and between VML and local government officials.
- VML will build and maintain partnerships with peer associations, the business community, and other groups with mutual interests.
- The VML Executive Committee will promote and implement principles of ethical and effective leadership throughout the organization.

Relationships Generally. Since we last met, I have continued to reach out to colleagues and local officials. In early September, I enjoyed a great day in and around Leesburg. Not only did I learn a great deal about this very progressive community, but I was also excited to learn about local civics education projects. There are numerous opportunities for partnerships here.

I have also attended the SMC Conference in Oklahoma City, the ICMA Conference in Charlotte, NC, and the Local Government Attorneys Association conference here in Richmond.

As recommended at the previous Executive Committee meeting, we have scheduled a meeting between the officers of VML and the officers of VACo for October 29th.

Regional Suppers. The fall regional suppers are scheduled and set to focus on the upcoming legislative session. We have invited all members of the General Assembly to participate in these sessions. See tab 9 for the schedule.

New Conference/Marketing Coordinator. Anita Yearwood joined the staff in early September in this position. I am very excited about the possibilities for enhanced programming and marketing efforts with Anita on board. In addition, I was able to get Anita assigned as staff for the NLC Congress of Cities conference in Austin. This should be a terrific experience for her.

Upcoming in this Area: I will be attending the National League of Cities conference in Austin. We have arranged for a reception for all of those from Virginia that will be attending.

Communications

Timely and substantive communication is critical to the overall mission of VML. As such we are committed to establishing both print and electronic communications to achieve the research, training, and advocacy goals of the organization.

- VML will develop a comprehensive communications strategy in order to tell the local government story and to establish VML as the primary information hub for local government officials.
- VML will explore and maximize ways to use communications in order to promote the legislative agenda of the organization.
- VML will develop a comprehensive marketing strategy in order to build stronger relationships with the business community and to provide appropriate avenues for businesses to offer their services to the VML membership.
- VML will work to educate and assist the membership in learning to tell their story in a manner that effectively demonstrates the community building accomplished by local governments.

Website. The new website has provided a number of new opportunities and we are now providing online registration for all VML events.

Virginia Town & City. Planning is underway for 2015 and for coordinating content with VML programming.

Upcoming in this Area. The new conference/marketing coordinator is working with communications staff to develop a marketing strategy that will be part of the comprehensive communications strategy. It is our intent to have that ready to go for the start of the new year. We are also set to begin development and training on our new database of public officials.

Engagement

Developing and maintaining an engaged membership is vital to both the short and long term success of VML. We will actively seek ways to engage our membership and to support citizen engagement in our local governments.

- VML will evaluate new ways to demonstrate the value of membership in VML along with the value of being an active participant in the association and our conferences.
- VML will work to identify ways to improve citizen engagement, including ways to enhance the civics knowledge of Virginia's students.
- VML will identify and implement programs to encourage the membership to play a more active role in advocacy at both the state and federal level.

Regional Suppers. We are set for fall regional suppers that will be focused on the upcoming legislative session. All municipal officials and members of the General Assembly have been invited. See tab 9 for the schedule.

If I Were Mayor. The If I Were Mayor Essay contest is off and running. We have had positive feedback from a number of mayors who are excited about participating and reaching out to 7th grade students. It is our intention to hand out the awards at VML Day at the Capitol.

Membership. As of today's date, there are only four communities that have not renewed their dues for the year. We will make direct contact with those in the next couple of weeks.

VML Day at the Capitol. We have set the date and we are going to aggressively market our new event. See attached flyer.

Upcoming in this Area: We have scheduled the popular Finance Forum for Wednesday, January 7th. We are gearing up for the 2015 Legislative Session.

Finance

In order to evaluate existing programs and plan for the future of the organization, VML must maintain a strong financial position. VML is committed to maintaining and modernizing accurate and appropriate financial systems.

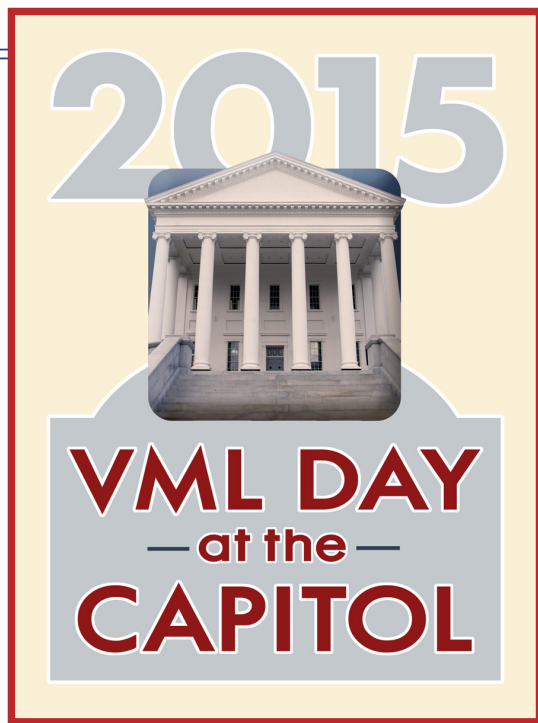
- VML will evaluate existing programs, seek efficiencies, and make recommendations for staffing changes in order to accomplish the strategic goals of the organization.
- VML will seek strategic partnerships, where possible, in order to enhance our ability to provide top quality programming and services for the membership.

- VML will enhance financial reporting and modernize financial systems where appropriate.

Staffing. VML is fully staffed at 14 persons. With the addition of the new conference/marketing coordinator, we have been transitioning some of the responsibilities from other staff members to the new person.

Audit. I am happy to report that we received a clean audit with no management letter. In working with the auditors when they were on-site, they expressed support for the new processes that we have put in place with regard to accounting and financial management.

Upcoming in this Area: In the near future, our focus in this area will be on developing a database of potential partners, particularly those in the business community.



New!

Revamped event to feature quality reception, briefings

VML's 2015 special legislative event will provide an outstanding new opportunity for local government officials to interact with members of the General Assembly.

Location: Library of Virginia, 800 East Broad Street, Richmond, VA 23219

Schedule: 3 - 5:30 p.m. Keynote address and briefings by VML legislative staff

5:30 - 7 p.m. Reception

Wednesday, Jan. 28, 2015

Exclusive VML event. This outstanding new event replaces what most recently was called “Local Government Day at the General Assembly.” It will be held exclusively for VML members.

Quality reception. One of the primary goals of this new format is to host a quality reception that will facilitate members of the General Assembly meeting with local elected officials. All legislators from both chambers will be invited by VML to attend the reception, which will be held in the foyer of the Library of Virginia adjacent Capitol Square. A follow-up invitation by local officials will help to ensure good attendance by legislators.

Make appointments with state legislators. By conducting the staff briefing on important legislation at 3:00 p.m., local officials will have time to meet with their delegates and senators earlier in the day. (Briefing materials on specific issues will be distributed the week prior to the event). Also, for those attendees who spend the night in Richmond, you may choose to make appointments for the following morning as well.

Registration. An online registration form will be posted on the VML website soon. In the meantime, please save this date on your calendar. The cost will be \$50. Cancellations must be made in writing by Jan. 20, 2015.

Hotel reservations. A bloc of rooms will be set aside at the Hilton Garden Inn Richmond Downtown, at 505 E. Broad St., Richmond, VA 23229. Telephone: (804) 344-4300. More information on reserving a room at a special rate will be forthcoming.



Legislative report

To: VML Executive Committee

From: Mark Flynn

Date: 29 September 2014

The legislative committee has selected the issues that should be our focus in the 2015 session of the General Assembly. Not surprisingly, they are mostly financial in nature.

Below is the program the legislative committee is expected to present to the membership for the 2015 legislative program. The legislative committee meets at 3PM on the 5th, so some final changes are possible.

Finance Issues

State and Local Government Fiscal Relationship

First day introduction of bills with local fiscal impact

599 funding

Internet-based businesses and services – tax fairness with bricks and mortar businesses

Fines and costs collection by treasurers – Treasurers should be entitled to charge a fee, equal to those charged by private collection agencies and lawyers.

Local fines and fees – the state should not grab a part of local fines and fees

Environmental Quality

Net metering – amendments to law to allow localities to combine their electric metering – their usage – to obtain lower electric bills.

Hydraulic fracturing – oppose fracking until such time that it can proven that it is safe.

Water Quality Funding

General Laws Issues

Cooperative Procurement – localities should be allowed to use cooperative procurement for construction services

Workers Compensation – The League supports VML Insurance Program’s proposal to limit medical billing for workers compensation cases by use of a fee schedule, similar to Medicaid.

Human Development and Education

Aid to the Commonwealth program – this onerous provision, requiring localities to pay money to the Commonwealth is being revived due to the new problems with the state’s budget.

Education funding

Low performing schools – oppose the state takeover of schools and support cooperatively working on solutions.

Transportation

Transportation funding

Transportation Network Companies – Uber, Lyft – support requiring local licensing of all providers, including taxi companies, and TNCs such as Uber and Lyft.

VML supports the continued option of the regulation of taxi companies at the local level.

VML supports state regulation of ride-sharing companies as needed to ensure proper safety, liability, cleanliness, insurance coverage, local revenue, consideration of ADA access, and equitable service in communities.

The legislative committee’s initial prioritization is set out below. The top 6 items received at least 8 votes each. Items 14 – 16 received no more than 2 votes each.

1. Education funding
2. State aid for local law enforcement
3. Transportation funding
4. Water quality funding
5. Internet-based businesses and services
6. State and local government fiscal relationship
7. Aid to Commonwealth program
8. Fines and costs collected by treasurers
9. Local fines and fees
10. Low performing schools
11. Workers compensation medical costs
12. First day introduction of bills with fiscal impact
13. Transportation Networking Companies (Uber, Lyft, Sidecar)
14. Net metering
15. Hydraulic fracturing
16. Cooperative procurement

September 24, 2014

To: VML Executive Committee

From: Janet Areson

Subject: Federal update

A three month federal funding reprieve. Before leaving town for election season, the House and Senate avoided a replay of last year's federal shutdown by approving a continuing resolution to keep the federal government funded and running until Dec. 17 (H.J. Res. 24 – continuing appropriations resolution). When Congress returns for a lame duck session after the elections, it will once again face approving funding measures as well as legislation to increase the federal deficit and national debt. What ever happened to an annual budget?

Municipal bonds and liquidity standards. Earlier this month the Federal Reserve, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation agreed to new liquidity standards for the banking system. A broad coalition representing municipal debt issuers and interests, including the National League of Cities, advocated for the inclusion of municipal securities as part of the High Quality Liquid Assets category because they are a strong and stable investment with deep funding markets.

Municipal securities did not make the cut for this category. The coalition partners now fear that this exclusion will make these securities less attractive to banks that underwrite them, which will lead to increased borrowing costs for local and state governments to finance infrastructure projects.

NLC and the coalition partners will continue to press regulators to revisit the rules and address the concerns of local and state governments.

House panel endorses public-private partnerships. A report recently issued by a panel of the House Transportation and Infrastructure Committee recommends the continuation of the Transportation Infrastructure Finance and Innovation Act's (TIFIA) low-cost loan program and encourages Congress to review the eligibility of private activity bonds for financing public buildings as well as all forms of transportation – surface, air, and water. The panel on Public-Private Partnerships (P3s) noted that P3s can deliver complex infrastructure projects more quickly than wholly public efforts, even though they are able to address only a small portion of U.S. transportation needs.

The panel also recommends raising the cap of \$15 billion of federal transportation private activity bonds that are not subject to state limits.

Congress is expected to develop a new (and overdue) federal transportation funding bill in 2015.

CHIP reauthorization. The Children's Health Insurance Program (CHIP), known in Virginia as FAMIS, is up for federal reauthorization in 2015. There is some concern among human services officials about the reauthorization of this wide-reaching and effective program because of comments and suggestions by some members of Congress that the new state insurance exchanges created through the Affordable Care Act (ACA) can take the place of CHIP in many cases. At this time, Virginia officials have told us that they think CHIP will be reauthorized for a shorter period of time (two years instead of four) while more examination of the impact/interaction of the ACA and CHIP is done.

Gov. Terry McAuliffe recently called for Virginia to once again make a push to get more children enrolled in FAMIS as part of his Healthy Virginia program.

Amicus report

To: VML Executive Committee

From: Mark Flynn, General Counsel

Re: Amicus report

Date: 29 September 2014

Nielsen Company v. Arlington County Board

VML joined VACo and the Local Government Attorneys Association in a brief in support of the Arlington County Board and the commissioner of revenue in a business license case over how to split revenues derived in other states from in-state revenues. For companies that pay the business license tax and which have business activity in other states, the revenues derived in other states are not taxable. Activity in-state is taxable for BPOL.

Dividing the revenues between those in Virginia and those without is a difficult accounting task. The state tax commissioner issued an opinion in the case that is inconsistent with the commissioner's prior opinions. The opinion was overly favourable to the taxpayer. The Arlington circuit court disagreed with the opinion and ruled in favour of the county and commissioner of revenue. The company has filed an appeal with the Virginia Supreme Court. The court has agreed to hear the case.

I expect the case to be heard in the winter by the court and a decision would be likely next spring.

This is a classic case for VML involvement. It has state-wide application to many VML members. It has huge financial consequences for VML's member localities. While the case is no slam-dunk, Arlington is more likely to succeed than to fail in the appeal.

VML and the other amicus parties avoid filing too many amicus briefs, in order to not dilute the significance of those we do file. However, this is a case of state-wide, significant impact that clearly warrants the League's participation.

Boren v. Northwestern Regional Jail Authority

The 4th Federal Circuit Court of Appeals has set oral argument in Boren for Monday 27 October. A decision will be issued within a few months of the argument.

The issue in this case involving treatment of an inmate at a regional jail is how sovereign immunity works in Virginia in jail and other local government entities. The case was decided by the federal district court, which found that the jail authority was not clothed with sovereign immunity.

The US District Court ruled that for sovereign immunity to apply to a Virginia governmental authority it must prove all six particular attributes in sovereign immunity law. Local governments have understood for some time that not all six elements must be proven in every case.

If the 4th Circuit agrees with the district court, many of the authorities, boards and commissions that local governments create could be at risk for liability for the governmental actions they take due to losing sovereign immunity. That loss of sovereign immunity would be extremely costly for VML's members.



Regional Suppers

Fall line up dates
and locations.

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VML WILL HOST SIX REGIONAL SUPPERS in October and November to provide local government officials with important information pertaining to the 2015 General Assembly session. Elected and appointed officials from member localities are encouraged to attend one of these informative get-togethers. Each meeting will include presentations by staff and other subject experts on issues likely to surface during the 2015 session. As always, VML staff will also want to hear about legislative issues affecting its members and how the league can better serve cities, towns and counties across the state.

All of the suppers will begin at 6 p.m. and cost \$35.

Date	Location
Wednesday, October 29	Town of Wytheville Wytheville Community Center 333 Community Blvd. Wytheville, VA 24382
Thursday, October 30	Town of Farmville Historic Farmville Train Station 510 West Third Street Farmville, VA 23901
Wednesday, November 5	City of Newport News Newport News Marriott at City Center 740 Town Center Drive Newport News, VA 23606
Thursday, November 6	City of Virginia Beach Virginia Beach Department of Economic Development 222 Central Park Avenue, #1000 Virginia Beach, VA 2346
Wednesday, November 12	City of Alexandria Columbia Firehouse 109 S St Asaph Street Alexandria, VA 22314
Thursday, November 13	City of Harrisonburg James Madison University East Campus Dining Hall – Montpelier Room 1681 Carrier Drive Harrisonburg, VA 22807



Memorandum

To: VML Executive Committee

From: Joe Lerch

Date: September 26, 2014

Re: Go Green Virginia initiative update

The 2014 Green Government Challenge is complete. Staff notes the following VML members to be recognized at the annual conference:

Platinum Level (score of 175 or greater)

City of Alexandria
Arlington County
City of Charlottesville
James City County
City of Newport News
City of Richmond
City of Roanoke
City of Virginia Beach

Gold (score of 150-174)

Albemarle County
Town of Blacksburg
City of Petersburg
York County

Silver (score of 125-149)

Town of Bluefield
City of Fairfax
Town of Purcellville
Town of Vienna

Green (score of 100-124)

Town of Ashland
Town of Herndon
City of Lynchburg

After presentation of the awards at the annual conference an announcement will be made that the Go Green Advisory Committee will be reconvening in the near future. The committee will explore how to expand the initiative to include federal and state partners in addressing sustainability and resiliency at the community level. Members will be encouraged to consider participating on the committee in the coming year and to look for information in the coming weeks from staff on how they can participate.

Copy: Kimberly A. Winn, Executive Director

TO: VML Executive Committee
FROM: Mary Jo Fields, Director of Research
SUBJ: VML Annual Conference
DATE: September 25, 2014

VML staff is certainly geared up for our 109th Annual Conference, to be held October 5-7 at The Hotel Roanoke & Conference Center. I would like to highlight some events that may be of special interest to you. The complete program is posted on VML's web site at this link:

https://www.vml.org/sites/default/files/14ConfProgramWeb_Roanoke_0.pdf

The lunch for the **Executive Committee** will be held Sunday from noon to 1 p.m. in the Appalachian Room in the upper level at The Hotel Roanoke & Conference Center. The board meeting will be from 1 to 3 p.m. in the Pocahontas Room, also in the Upper Level. A schematic of the hotel is enclosed.

The **opening reception** will be held from 4:30 to 6:30 p.m. in the Roanoke Ballroom, which is the location of the exhibit hall. Two complimentary drink tickets are included in the conference registration packets.

The **opening general session** will be on Monday, from 9 a.m. to noon in the Crystal Ballroom. The keynote speakers are Bill Howell, Speaker of the House of Delegates, and the two candidates for U.S. Senate, Ed Gillespie and Mark Warner. Governor Terry McAuliffe, who was invited to speak, replied that he would be out of the country on a trade mission.

VLGMA and **NBC-LEO** will have luncheons on Monday. In addition, lunch will be available in the exhibit hall. Please note that the exhibits close at 3 p.m. on Monday.

Two rounds of **workshops** will be held Monday afternoon. Further, two mobile workshops focused on redevelopment in Roanoke will take place.

Host City Night on Monday will begin with a reception at 6 p.m. in Center in the Square, followed by dinner at 7 p.m. in Market Square. Two complimentary drink tickets for the reception and two for the dinner are included in the registration packets. Dress will be casual.

The **Tuesday general session** will start at 9 a.m. in the Crystal Ballroom. The **Urban, City, and Town Sections** will hold their annual elections and workshops at 10:45 a.m.

VML Insurance Programs will host a group **luncheon** on Tuesday at 12 noon. In addition, the Women in Local Government will have a luncheon as well.

A FOIA workshop, a university-communities workshop, and the Local Government Roundtables will be held Tuesday afternoon.

The **Annual Business Meeting**, including the election of officers and the adoption of the 2015 VML Legislative Program, will take be held beginning at 3:10 p.m. in the Washington Lecture Hall, in the conference level of the hotel.

The **President's Reception** will be held from 5:30 - 6:15 p.m. in the Pocahontas Room.

The **Annual Banquet** will start at 6:15 p.m. in the Roanoke Ballroom.

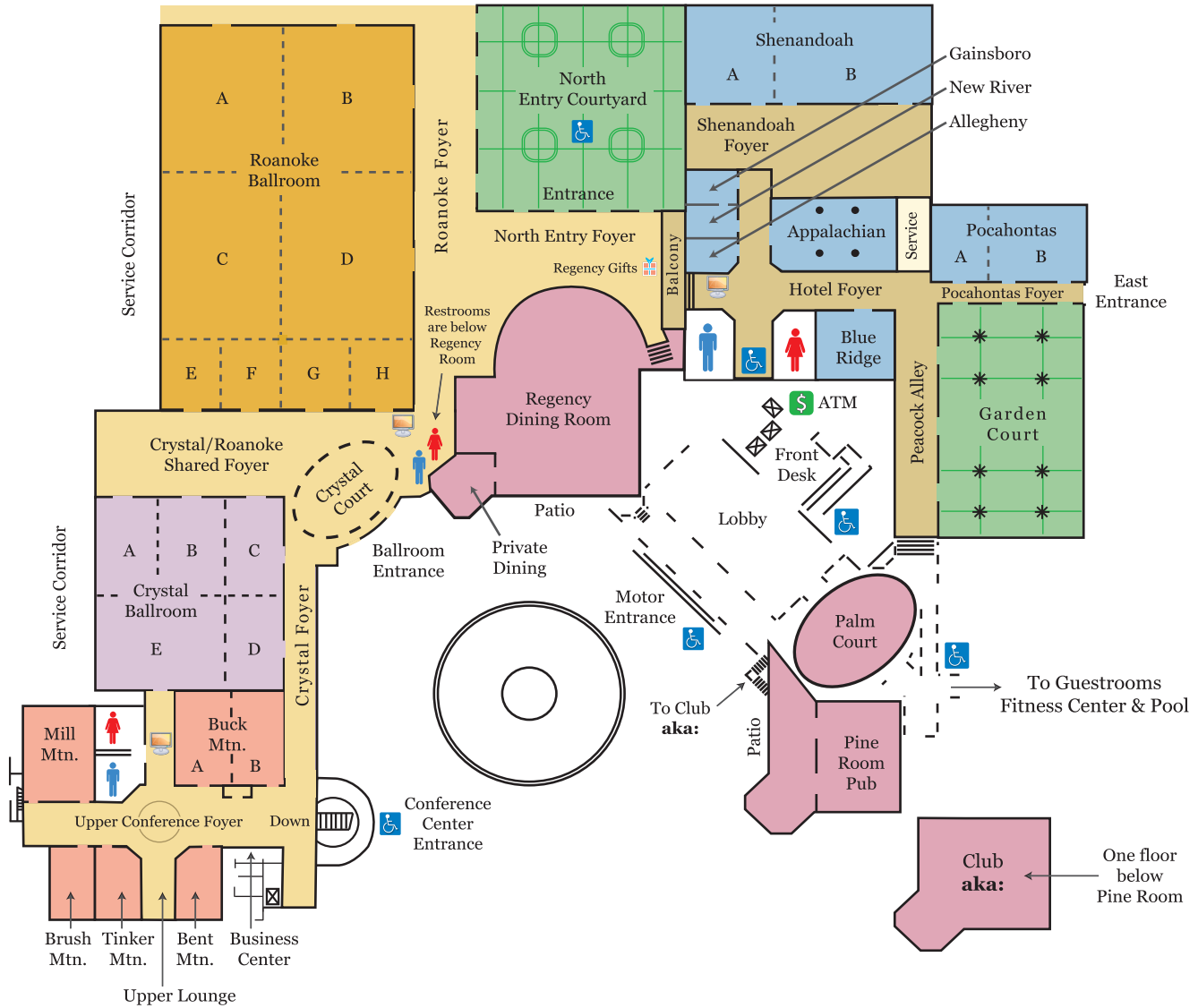


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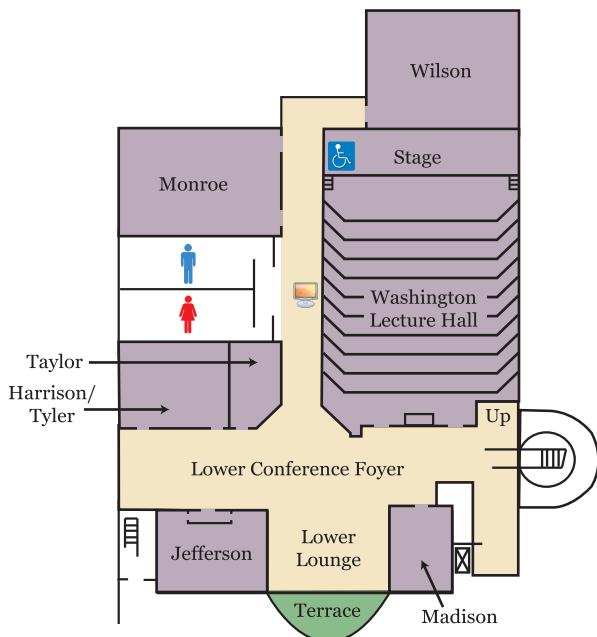
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	= Wheelchair accessible ramp or lift

Rooms	Dims	Sq. Ft.	Ceiling Height	Reception/ Theatre	Ergonomic Classroom	Ergonomic Hollow Sq	Rounds of 10 Banquet
Upper Level							
Shenandoah	90'X37'	3,330	11'	250	130	60	210
Shenandoah A	32'X37'	1,184	11'	70	40	30	60
Shenandoah B	58'X37'	2,146	11'	200	80	42	150
Shenandoah Foyer	varies	1,100	11'				
Appalachian	46'X29'	1,334	11'	70	35	25	60
Pocahontas	58'X28'	1,624	11'	150	56	42	80
Pocahontas A	21'X28'	588	11'	40	18	24	30
Pocahontas B	37'X28'	1,036	11'	80	28	30	60
Pocahontas Foyer	varies	5,360	varies				
Blue Ridge Boardroom	29'X22'	638	11'			12	
Gainsboro	19'X13'	247	10'			10	
New River	19'X13'	247	10'				
Allegheny	19'X13'	247	10'	15	6	12	20
Peacock Alley	96'X14'	1,344	11'				
Garden Courtyard	27'X110'	6,270	exterior	450	150	78	250
Ballroom Level							
Roanoke Ballroom	96'X150'	14,400	18'-20'	1350	550	125	1100
Roanoke Ballroom A	47'X57'	2,679	18'-20'	250	80	50	160
Roanoke Ballroom B	49'X57'	2,793	18'-20'	250	80	50	160
Roanoke Ballroom C	47'X64'	3,008	18'-20'	290	115	60	200
Roanoke Ballroom D	49'X64'	3,136	18'-20'	290	115	60	200
Roanoke Ballroom E	23'X29'	667	18'-20'	50	18	21	40
Roanoke Ballroom F	24'X29'	696	18'-20'	50	18	21	40
Roanoke Ballroom G	24'X29'	696	18'-20'	50	18	21	40
Roanoke Ballroom H	25'X29'	725	18'-20'	50	18	21	40
Roanoke Foyer	varies	7,220	varies				
North Entry Courtyard	67'X55'	3,685	exterior				
Crystal Ballroom	70'X74'	5,180	15'-16'	450	170	70	300
Crystal Ballroom A	23'X37'	851	15'-16'	60	20	24	40
Crystal Ballroom B	24'X37'	888	15'-16'	60	20	24	40
Crystal Ballroom C	23'X37'	851	15'-16'	60	20	24	40
Crystal Ballroom D	23'X37'	851	15'-16'	60	20	24	40
Crystal Ballroom E	47'X37'	1,739	15'-16'	150	50	36	120
Crystal/Roanoke Shared Foyer	varies	4,184	varies				
Mill Mountain	26'X35'	910	12'	70	33	24	50
Buck Mountain	41'X31'	1,271	12'	90	40	35	60
Buck Mountain A	23'X31'	713	12'	35	20	24	30
Buck Mountain B	18'X31'	558	12'	30	15	20	20
Brush Mountain	17'X28'	476	12'	38	9	12	20
Tinker Mountain	17'X28'	476	12'	38	9	12	20
Bent Mountain	17'X29'	493	12'	38	9	12	20
Upper Conference Foyer	varies	3,972	varies				
Conference Level							
Washington Lecture Hall	53'X60'	3,180	varies		170		
Lecture Hall Stage	53'X11'	583	12'				
Lower Conference Foyer	varies	3,725	varies				
Monroe	43'X30'	1,290	11'-6'	80	40	30	70
Wilson	41'X32'	1,312	11'-6'	80	40	35	70
Jefferson Boardroom	29'X20'	580	11'-6'			16	
Harrison/Tyler	13'X24'	312	10'	50	18	24	40
Taylor	16'X24'	384	10'	15	9	18	20
Madison	16'X24'	384	11'	32	9	12	20
Lower Lounge	33'X20'	660	11'-12'				
Terrace		1,000					
Total Meeting Space		63,000					