

*City of Alexandria, Virginia* 26  
6-12-01

## MEMORANDUM

DATE: JUNE 1, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER 

SUBJECT: RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA FOR VIRGINIA TECH FOUNDATION, INC., PROJECTS IN ALEXANDRIA

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**ISSUE:** Consideration of a resolution authorizing the issuance of bonds by the Industrial Development Authority of Montgomery County, Virginia (Montgomery Authority) in an amount up to \$7,500,000 to assist the Virginia Tech Foundation, Inc. (Foundation) in financing their projects in the City of Alexandria.

**RECOMMENDATION:** That City Council adopt the attached resolution (Attachment 1) as recommended by the Alexandria Industrial Development Authority (AIDA) at its meeting on May 8, 2001. Since two of the facilities to be tax-exempt financed through the Montgomery Authority are in Alexandria, federal tax law requires City Council consideration of an authorizing resolution.

**DISCUSSION:** On May 8, 2001, after a public hearing, the AIDA adopted a Resolution (Attachment 2) authorizing the issuance of up to \$7,500,000 in revenue bonds by the Montgomery Authority to assist the Foundation in (i) refinancing the cost of acquisition, construction and renovation of the Foundation's building located at 1001 Prince Street, Alexandria, Virginia 22314 (known as the Prince Street School), consisting of a three story building which is leased by the Foundation to Virginia Polytechnic Institute and State University (University), and is used by the University's College of Architecture and Urban Studies and known as the Washington-Alexandria Architecture Center; and (ii) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acre, a three story office building (currently occupied by the National Mental Health Association and soon to be under contract to the Foundation) and a garage and parking deck, to be leased by the Foundation to the University and used as additional space for the University's College of Architecture and Urban Studies Washington-Alexandria Architecture Center.

The proceeds of the bonds may also be used to finance certain costs of the issuance of the bonds. The bonds will be issued by the Montgomery Authority together with other planned bonds to finance or refinance facilities for the Foundation in Blacksburg and in Roanoke, Virginia. Since two of the facilities to be tax-exempt financed through the Montgomery Authority are in

Alexandria, federal tax law requires City Council consideration of an authorizing resolution. In the event the Foundation does not purchase the 1021 Prince Street building, then bonds for that purpose would not be issued.

The Foundation has not yet formally applied for the required special use permits for Virginia Tech's proposed use of the National Mental Health Association property. However, City staff have discussed the proposed use and have been supportive of the expansion of the Virginia Tech Alexandria program subject to receipt and review of acceptable special use permit applications. Nothing in the City Council's passing of the proposed resolution implies a City position on any special use permit questions that may arise when the Foundation does submit their applications. The proposed financing resolution deals solely with the financing of the projects, and does not prejudge any future City special use permit decisions. Inclusion of the potential purchase of 1021 Prince Street as part of an overall financing package will allow the Foundation to execute a more efficient financing.

The mission of the Foundation, which is a non-profit, tax-exempt entity described in Section 501(c)(3) of the Internal Revenue code, is to support the University. The Washington - Alexandria Architecture Center (Center) has been functioning as the urban extension of the University's College of Architecture and Urban Studies in the Washington Metropolitan Area since 1980. Since 1985, the Center has served to house a Consortium of architectural schools engaging the following universities: Oxford Brookes University, Oxford, United Kingdom; Bauhaus-University of Weimar, Weimar, Germany; Tallinn Art University, Tallinn, Estonia; Yokohama National University, Yokohama, Japan; California Polytechnic State University, San Luis Obispo, California; Florida A&M University, Tallahassee, Florida; Miami University, Oxford, Ohio; Texas A&M University, College Station, Texas. Located in Alexandria since 1980, the Center seeks to explore and expand design processes related to the urban environment using "the City as Classroom." It is able to utilize the resources of the national and international design/development/planning community in the Metropolitan area.

The Center enrolls students in their fourth, fifth, and graduate years of collegiate study offering both Masters and Ph.D. degrees. All participating schools share the goal of providing an academic environment that utilizes the metropolitan area as an educational laboratory in which to pursue studies of architecture, landscape architecture, urban design and planning. Each school provides 5-15 students and one faculty member for an academic year. The many architectural firms in the area provide opportunities for experience to students of the Center, and class schedules are arranged to facilitate up to 20 hours of professional work weekly.

The Center strives to extend its campus beyond the classroom through outreach, extension and community service projects undertaken by students under supervision of faculty. These activities are considered a part of the civic and social responsibility of the Center to the community and the University has stated it remains fully committed to continuing its collaboration with citizens and city officials of Alexandria. In Alexandria, the Center's most recent undertakings include: (a) Upper Potomac West area Mount Vernon Avenue and West Glebe Road "Safeway-Datatel" site in cooperation with City of Alexandria, Virginia, Department of Planning & Zoning, Potomac West Civic Association and the Del Ray Civic Association; (b) "Seeds of Hope" Community Garden, George Washington Middle School, in cooperation with Virginia Tech Agricultural Extension Office of Northern Virginia, and the City of Alexandria Public Schools (it

received a Grant Award from National Youth Gardening Association and was recognized as the First Millennium Garden in Virginia); (c) Mount Vernon Community School, in cooperation with Mount Vernon Community School Parent Teacher Association and George Washington University Landscape Design Program; (d) Virginia Tech Design Student Intern Program, since 1997 the Alexandria Center has provided 1-2 interns for the City Department of Planning & Zoning during the Fall and Spring academic semesters, interns are not paid and receive academic credit only for 8-10 hours of participation per week during the Spring 2001, two interns were responsible for reconnaissance of architectural and landscape architectural field data for the entire length of North and South Washington Street for use by the Department of Planning & Zoning and the Washington Street Task Force; (e) The John L. Ramsay House & Visitor Center, in cooperation with City Department of Planning & Zoning; (f) The Richmond Theatre in cooperation with City Department of Planning & Zoning; (g) Potomac Yards Redevelopment Master Plan, in cooperation with City Department of Planning & Zoning; and (h) Alexandria Waterfront Master Plan in cooperation with City Department of Planning & Zoning.

Internationally, the Center has a significant record of managing and administering high level, critical design competitions. A selected list of these projects includes: (a) Martin Luther King National Memorial Design Competition; (b) The Solar Decathlon; (c) Center For Innovative Technology; and (d) National Women In Military Service For America Memorial.

**FISCAL IMPACT:** The City of Alexandria and Montgomery County, Virginia are not obligated to repay the bonds or the interest on the bonds. The bonds do not contain any pledge of the City's faith and credit. The obligation rests solely with Virginia Tech Foundation, Inc. The AIDA will not receive a fee for the issuance of these bonds. Neither the Industrial Development Authority of Montgomery County, Virginia nor the Industrial Development Authority of Roanoke, Virginia will receive a fee. The AIDA decided to waive their right to a fee because the Center has contributed many student hours to projects that directly benefitted economic development in the City, the AEDP and the AIDA. These projects included the Potomac West-Mount Vernon Corridor Study. All fee earned by AIDA are used to support the activity of AEDP. As an instrumentality of a public institution in Virginia, the Foundation's existing real and personal property are tax exempt. If the 1021 Prince Street property is purchased by the Foundation and based on the proposed use, that property would become tax exempt. This would result in a reduction of about \$33,000 in annual real estate tax revenues to the City.

**STAFF:**

Mark Jinks, Assistant City Manager

Daniel A. Neckel, Director of Finance

Paula Riley, Director, Alexandria Economic Development Partnership

**ATTACHMENTS:**

1. Proposed Council Resolution
2. May 8, 2001 Resolution of the AIDA
3. Fiscal Impact Statement
4. Summary of Statements at Public Hearing
5. Affidavit of Publication with respect to the Public Hearing
6. IDA of Montgomery County, Virginia Inducement Resolution, and
7. Montgomery County, Virginia Board of Supervisors Resolution

**RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF ALEXANDRIA, VIRGINIA**

**WHEREAS**, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code"), provide that both the highest elected governmental unit of the locality having jurisdiction over the issuer of private activity bonds and the highest elected governmental unit of the locality having jurisdiction over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds after a public hearing, and the City Council of the City of Alexandria, Virginia (the "Council") constitutes the highest elected governmental unit of the City of Alexandria, Virginia (the "City");

**WHEREAS**, the City, by action of the Council, has created the Industrial Development Authority of the City of Alexandria, Virginia (the "Alexandria Authority") and Section 15.2-4905 of the Virginia Code provides that if a locality has created an industrial development authority, no industrial development authority created by a second locality may finance a facility located in the first locality unless the governing body of such first locality concurs with the inducement resolution adopted by the industrial development authority of the second locality;

**WHEREAS**, the Industrial Development Authority of Montgomery County, Virginia (the "Montgomery Authority") was requested by the Virginia Tech Foundation, Inc. (the "Foundation"), having its principal place of business at 312 Burruss Hall, Blacksburg, Virginia 24061, to issue its revenue bonds for the benefit of the Foundation (the "Bonds"), pursuant to the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Virginia Code;

**WHEREAS**, a portion of the proceeds of the Bonds will be used to assist the Foundation in: (i) refinancing the cost of acquisition, construction and renovation of the Applicant's building located at 1001 Prince Street, Alexandria, Virginia 22314 (known as the Prince Street School), consisting of a three story building containing approximately 14,250 square feet, which is leased to Virginia Polytechnic Institute and State University (the "University"), and since 1990 has been used by the University's College of Architecture and Urban Studies; and (ii) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acre, a three story office building (currently occupied by the National Mental Health Association) containing approximately 17,500 square feet and a garage containing approximately 8,750 square feet and parking deck, to be leased by the Applicant to the University and used as additional space for the University's College of Architecture and Urban Studies (the "Alexandria Projects"), and other proceeds will finance facilities in Roanoke and Blacksburg, Virginia;

**WHEREAS**, the Alexandria Authority, pursuant to a resolution adopted on May 8, 2001 (the "Alexandria Authority Resolution"), after a public hearing (the "Public Hearing"), has requested and recommended that the Council approve the issuance of the Bonds, subject to initial approval of their issuance after a public hearing by the Montgomery Authority

and by the Board of Supervisors of Montgomery County, Virginia, (the "Montgomery Board"), which is the highest elected governmental unit of Montgomery County, Virginia, on behalf of which the Montgomery Authority will issue the Bonds;

**WHEREAS**, the Montgomery Authority adopted an inducement resolution on May 15, 2001 (the "Montgomery Inducement Resolution"), agreeing to assist the Foundation in financing the Alexandria Projects through the issuance of the Bonds, and the Montgomery Board adopted a resolution approving issuance of the Bonds on May 29, 2001 (the "Montgomery Board Resolution"); and

**WHEREAS**, a copy of the Alexandria Authority Resolution, a summary statement of the Public Hearing, the Foundation's Fiscal Impact Statement with respect to the Alexandria Projects, the Montgomery Inducement Resolution and the Montgomery Board Resolution have been filed with the Council.

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

1. The Council concurs with the Montgomery Inducement Resolution and approves the issuance of Bonds by the Montgomery, in a principal amount not to exceed \$7,500,000 with respect to the Alexandria Projects for the benefit of the Foundation, as required by Section 147(f) of the Code and Sections 15.2-4905 and 15.2-4906 of the Virginia Code, to assist in the financing of the Alexandria Projects.
2. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the creditworthiness of the Alexandria Projects or the Foundation, and, as required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that neither Montgomery County nor the City shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including Montgomery County and the City, shall be pledged thereto. The purchaser of the Bonds must acknowledge that any purchase of Bonds will be made solely based on the representations of the Foundation and no representations of any kind as to the Alexandria Projects or the ability of the Foundation to repay the Bonds has been made by the Montgomery Authority, the Alexandria Authority, Montgomery County or the City.
3. Pursuant to the limitations contained in Temporary Income Tax Regulations Section 5f.103-2(f)(1), this resolution shall remain in effect for a period of one year from the date of its adoption.
4. This resolution shall take effect immediately upon its adoption.

Adopted: June \_\_, 2001.

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Clerk, City Council of  
the City of Alexandria, Virginia

[SEAL]

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**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE CITY OF ALEXANDRIA, VIRGINIA  
REGARDING BOND ISSUANCE FOR VIRGINIA TECH  
FOUNDATION, INC.**

**WHEREAS**, the Industrial Development Authority of Montgomery County, a political subdivision of the Commonwealth of Virginia (the "Montgomery Authority"), has received a request from the Virginia Tech Foundation, Inc. (the "Foundation"), a non-profit Virginia nonstock corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), having its principal place of business at 312 Burruss Hall, Blacksburg, Virginia 24061, for the Montgomery Authority to issue revenue bonds for the benefit of the Foundation pursuant to the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code of Virginia of 1950, as amended (the "Act");

**WHEREAS**, a portion of the proceeds of the bonds will be used to assist the Foundation in: (i) refinancing the cost of acquisition, construction and renovation of the Foundation's building located at 1001 Prince Street, Alexandria, Virginia 22314 (known as the Prince Street School), consisting of a three story building containing approximately 14,250 square feet, which is leased to Virginia Polytechnic Institute and State University (the "University"), and since 1990 has been used by the University's College of Architecture and Urban Studies; and (ii) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street, Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acre, a three story office building (currently occupied by the National Mental Health Association) containing approximately 17,500 square feet and a garage containing approximately 8,750 square feet and parking deck, which together provide 36 parking spaces, to be leased by the Foundation to the University and used as additional space for the University's College of Architecture and Urban Studies (collectively, the "Project") and (iii) certain costs of the issuance of the bonds related to the Project;

**WHEREAS**, Section 147(f) of the Code requires that both the governmental unit having jurisdiction over the area in which any facility financed with the proceeds of private activity bonds is located and the governmental unit on behalf of which such bonds are issued must approve the issuance of the bonds after a public hearing, and Section 15.2-4906 of the Act provides that such public hearing shall be conducted by an applicable industrial development authority;

**WHEREAS**, Section 15.2-4905 of the Act provides that if a locality has created an industrial development authority, no industrial development authority created by a second locality may finance a facility located in the first locality unless the governing body of such first locality concurs with the inducement resolution adopted by the industrial development authority created by the second locality and shows such concurrence in a duly adopted resolution;

**WHEREAS**, the Project is located in the City of Alexandria, Virginia (the "City"), and the City Council of the City (the "Alexandria City Council") constitutes the highest elected governmental unit of the City and the Alexandria City Council has created the Industrial Development Authority of the City of Alexandria, Virginia (the "Authority") pursuant to the Act;

**WHEREAS**, on the date hereof the Authority has held a public hearing on behalf of the City, in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Act, with respect to the issuance of bonds by the Montgomery Authority to finance the Project for the benefit of the Foundation; and

**WHEREAS**, the Foundation has described the Project and the plan of financing to the Authority, has represented that the estimated cost of the Project and other expenses payable from bond proceeds with respect to the Project will not exceed \$7,500,000, and has requested that the Authority recommend to the Alexandria City Council that it approve the issuance of revenue bonds to finance the Project in an amount not to exceed \$7,500,000 (the "Bonds"), as required by Section 147(f) of the Code and Section 15.2-4906 of the Act, and permit the Montgomery Authority to assist in financing the Project by issuing the Bonds, in accordance with Section 15.2-4905 of the Act;

**BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA, VIRGINIA:**

1. The Authority hereby recommends and requests that the City Council approve the issuance by the Montgomery Authority of the Bonds, which may be issued in one or more series together with additional revenue bonds to finance other facilities for the Foundation that are not located in the City. The Authority's recommendation is conditioned upon adoption of an inducement resolution with respect to the Bonds by the Montgomery Authority. Issuance of the Bonds is conditioned on approval of such issuance by the Board of Supervisors of Montgomery County, Virginia, which constitutes the highest elected governmental unit of Montgomery County, Virginia on behalf of which the Montgomery Authority will issue the Bonds.

2. All other acts of the Authority that are in conformity with the purposes and intent of this Resolution and the undertaking of the Project are hereby ratified, approved and confirmed.

3. The Foundation has agreed, by request and acceptance of this resolution, to pay the Authority's fees and any costs incurred by the Authority and the Alexandria City Council, including the fees and expenses of the Authority's counsel in connection with the issuance of the Bonds or the Project, or the concurrence and approval required by Sections 15.2-4905 of the Act and Section 147(f) of the Code as referenced above, regardless of whether the Bonds are issued.

4. The Foundation has agreed, by request and acceptance of this resolution, to indemnify and save harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project, the Foundation or the issuance of the Bonds therefor.

5. Nothing in this resolution, the Bonds, or the documents related thereto shall constitute a debt or a pledge of the faith and credit of the Authority or the City and the Authority shall not be obligated to make any payments under the Bonds or the documents related thereto. The purchaser of the Bonds must acknowledge that any purchase of Bonds will be made solely based on representations of the Foundation and no representations of any kind as to the Project or the ability of the Foundation to repay the Bonds has been made by the Authority.

6. The Authority directs the Secretary of the Authority to submit to the City Council this Resolution, the Foundation's Fiscal Impact Statement and a summary of the public hearing held by the Authority prior to adoption of this Resolution.

7. This Resolution shall take effect immediately upon its adoption.

ADOPTED: May 8, 2001

**CERTIFICATE**

I, the undersigned Secretary of the Industrial Development Authority of the City of Alexandria, Virginia, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the directors of the Industrial Development Authority of the City of Alexandria, Virginia present and voting at a meeting duly called and held May 8, 2001, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand and the seal of the Authority, this 27 day of May, 2001.

  
Secretary  
Industrial Development Authority of  
the City of Alexandria, Virginia

[SEAL]

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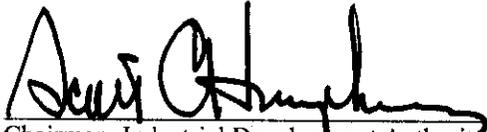
FISCAL IMPACT STATEMENT  
FOR PROPOSED INDUSTRIAL REVENUE BOND FINANCING

Date: May 8, 2001

To the City Council of the  
City of Alexandria, Virginia

Name of Applicant: Virginia Tech Foundation, Inc  
Facility: 1001 and 1021 Prince Street Properties

1.	Maximum amount of financing sought	\$7,500,000
2.	Estimated taxable value of the facility's real property to be constructed in the municipality	N/A
3.	Estimated real property tax per year using present tax rates	-0-
4.	Estimated personal property tax per year using present	-0-
5.	Estimated merchants' capital tax per year using present	-0-
6. (a)	Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality	\$105,000
(b)	Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality	\$52,000
(c)	Estimated dollar value per year of services that will be purchased from Virginia companies within the locality	\$315,000
(d)	Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality	\$158,000
7.	Estimated increase of regular employees on year round basis	8-10
8.	Estimated average annual salary per new employee	\$45,000
9.	Estimated number of new students due to property acquisition	100
10.	Estimated incremental increase in new student expenditures	\$600,000

  
Chairman, Industrial Development Authority  
of the City of Alexandria

If one or more of the above questions do not apply to the facility indicate by writing N/A (not applicable) on the appropriate line.

## SUMMARY OF PUBLIC HEARING

The Industrial Development Authority of City of Alexandria, Virginia (the "Authority") hereby provides the following information:

1. A meeting of the Authority was duly called and held on Tuesday, May 8, 2001 at 5:00 p.m. in Suite 204, 1055 North Fairfax Street, Alexandria, Virginia pursuant to proper notice given to each Director of the Authority prior to such meeting. The meeting was open to the public. The time of the meeting and place at which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.

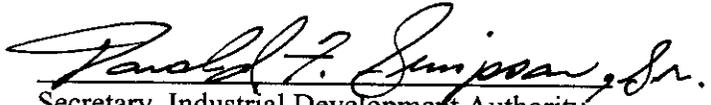
2. The presiding officer opened the public hearing on the application of the Virginia Tech Foundation, Inc. (the "Applicant"). A notice of the public hearing was published once a week for two successive weeks (on April 24, 2001 and May 1, 2001) in a newspaper having general circulation in the City of Alexandria, Virginia (the "City").

3. John J. Cusimano, Director of Investments and Debt Management for the Applicant, Joan Holt, Director of the Virginia Polytechnic Institute and State University (the "University") Washington-Alexandria Architecture Center, Ron M. Kagawa, Associate Professor at the University's Washington-Alexandria Architecture Center and Charles P. Shimer of Troutman Sanders Mays & Valentine LLP, bond counsel, appeared and discussed the proposed purposes of the bonds to be issued by the Industrial Development Authority of Montgomery County, Virginia for the benefit of the Applicant to assist in (i) refinancing the cost of acquisition, construction and renovation of the Applicant's building located at 1001 Prince Street, in the City (known as the Prince Street School) used by the University's Washington-Alexandria Architecture Center, and (ii) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in the City, consisting of a parcel of approximately .22 acre, a three story office building (currently occupied by the National Mental Health Association) and a garage and parking deck, to be leased by the Applicant to the University and used as additional space for the Washington-Alexandria Architecture Center. The presiding officer asked for comments from members of the general public. No members of the general public addressed the Authority.

4. Attached hereto as Exhibit A is a true, correct and complete copy of a resolution (the "Resolution") adopted by the Authority following the public hearing on May 8, 2001.

5. Attached hereto as Exhibit B is a copy of the Applicant's Fiscal Impact Statement.

May 17, 2001

  
Secretary, Industrial Development Authority  
of the City of Alexandria, Virginia

Exhibits: A - Authority Resolution  
B - Fiscal Impact Statement

Attachment 5



PROOF OF PUBLICATION

I, Ryan E. Phillips, Publisher of the FAIRFAX, ALEXANDRIA, ARLINGTON, a newspaper in the County/City of FAIRFAX, ALEXANDRIA, ARLIN published in the English language, and having a bona fide list of paid subscribers located in the aforementioned County/City, and entered as second class matter under the Postal Laws and Regulations of the United States of America for 52 successive weeks or more prior to the issue of 04/24/2001, certify that the notice of BOND FINANCING-INDUSTRIAL DEV. for MAYS & VALENTINE \* attached hereto has been published in said newspaper 2 times for 2 issues consecutive, commencing with the issue of 04/24/2001

*Ryan E Phillips*

RYAN E. PHILLIPS

Sworn to and subscribed before me this 1st day of May, 2001.

*[Signature]*

My commission expires FEB 29 2004

Ad number: 551040  
End date: 05/01/2001  
04/24/2001, 2x

CHARLES P. SHIMER

NOTICE OF PUBLIC HEARING ON PROPOSED BOND FINANCING

Notice is hereby given that the Industrial Development Authority of the City of Alexandria (the "Authority"), whose address is 1055 North Fairfax Street, Suite 204, Alexandria, Virginia 22314, will hold a public hearing, on behalf of the City of Alexandria, on the application and plan of financing of the Virginia Tech Foundation, Inc., a non-stock, nonprofit Virginia corporation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Applicant"), whose principal business address is 312 Burruss Hall, Virginia Tech, Blacksburg, Virginia 24061, for the Industrial Development Authority of Montgomery County, Virginia (the "Issuer") to issue revenue bonds (the "Bonds"), pursuant to the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code of Virginia of 1950, as amended (the "Act"), to assist the Applicant in: (i) refinancing the cost of acquisition, construction and renovation of the Applicant's building located at 1001 Prince Street, Alexandria Virginia 22314 (known as the Prince Street School), consisting of three story building containing approximately 14,250 square feet, which is leased to Virginia Polytechnic Institute and State University (the "University"), and since 1990 has been used by the University's College of Architecture and Urban Studies; and (ii) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acres, a three story office building (currently occupied by the National Mental Health Association) containing approximately 17,500 square feet and a garage containing approximately 8,750 square feet and parking deck, which together provide 36 parking spaces, to be leased by the Applicant to the University and used as additional space for the University College of Architecture and Urban Studies. Proceeds of the Bonds also may be used to finance certain costs of the issuance of the Bonds. The amount of Bonds with respect to the above-described facilities in Alexandria will not exceed \$7,500,000. Bonds with respect to such facilities may be issued by the Issuer together with additional revenue bonds financing or refinancing other facilities for the Applicant that are not located in the City of Alexandria, and thus are not a subject of this public hearing.

As required by the Act, the issuance of the Bonds as requested by the Applicant will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Alexandria, Virginia. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City of Alexandria, Virginia, shall be obligated to pay the Bonds, or the interest thereon, or other costs incidental thereto, except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the City of Alexandria, Virginia, will be pledged to the payment of principal of such Bonds or the interest thereon or other costs incidental thereto.

The public hearing, which may be continued or adjourned, will be held at 5:00 p.m. on Tuesday, May 8, 2001, before the Authority at the Conference Room in Suite 204 at 1055 North Fairfax Street, Alexandria, Virginia 22314. Any person interested in the issuance of the Bonds or in the above-described facilities may appear at the hearing and present his or her views or may send written comments before such hearing to the Authority, c/o the Secretary of the Authority, 1055 North Fairfax Street, Suite 204, Alexandria, Virginia 22314.

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA

April 24, 2001  
May 1, 2001

V551040

**RESOLUTION OF INDUCEMENT OF THE  
INDUSTRIAL DEVELOPMENT AUTHORITY OF  
MONTGOMERY COUNTY, VIRGINIA FOR THE  
VIRGINIA TECH FOUNDATION, INC.**

**WHEREAS**, the Virginia Tech Foundation, Inc. (the "Applicant"), a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), has described to the Industrial Development Authority of Montgomery County, Virginia (the "Authority") its plans to finance or refinance various facilities owned or to be owned by the Applicant of benefit to, and in connection with its support of, the Virginia Polytechnic Institute and State University and its program, located in Montgomery County, Virginia (the "County"), as well as in the Cities of Roanoke and Alexandria, Virginia;

**WHEREAS**, proceeds of the Bonds will be used, together with other funds of the Applicant, to pay related costs of issuance and costs of the following: (i) financing the cost of construction of: a 50,000 square foot Research Building XV to be located at 1880 Pratt Drive in Blacksburg, a 44,000 square foot Student Services building to be located west of Ambler-Johnson Hall on Washington Street in Blacksburg, a 16,000 square foot addition to the northeast side of the existing Southgate Center located off Southgate Drive adjacent to the University football stadium in Blacksburg, each to be owned by the Applicant and leased to Virginia Polytechnic Institute and State University (the "University"), and a 7,200 square foot storage space for vehicles and equipment necessary for Smart Road operation to be located at 3500 Transportation Plaza in Blacksburg and to be owned by the Applicant and leased to the University for use by the Virginia Tech Transportation Institute, and to the Virginia Department of Transportation; (ii) financing the cost of approximately 323 acres of land in Blacksburg located north of Merrimac Road, east of Stroubles Mill subdivision and southwest of property owned by the University that is adjacent to U.S. Route 460, to be used by the Applicant for future development in support of the University; (iii) financing a portion of the cost of acquisition of a two acre parcel of land and the cost of construction of a 11,000 square foot building at 121 Duke of Gloucester Street in Roanoke to be owned by the Applicant and used by its WVTF radio station; (iv) refinancing of: the Andrews Building located at 1700 Pratt Drive in Blacksburg, the Moss Building located at 1900 Kraft Drive in Blacksburg, and the Research Building II located at 1861 Pratt Drive in Blacksburg, each owned by the Applicant and leased to the University and private tenants for research purposes, and the Founders Building located at 1800 Kraft Drive in Blacksburg, owned by the Virginia Tech Corporate Research Center, Inc., a subsidiary of the Applicant; (v) refinancing the building located at 1001 Prince Street, Alexandria, Virginia 22314 (known as the Prince Street School), containing approximately 14,250 square feet, owned by the Applicant and leased to the University, and since 1990 has been used by the University's College of Architecture and Urban Studies; and (vi) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acre, a three story office building (currently occupied by the National Mental Health Association) containing approximately 17,500 square feet and a garage containing approximately 8,750 square feet and parking deck to be leased by the Applicant to the University and used as additional space for the University's College of Architecture and Urban Studies (collectively the "Projects");

**WHEREAS**, the Applicant has requested that the Authority agree to issue its revenue bonds (the "Bonds"), pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), in such amount as may be necessary to finance or refinance the cost of such Projects and related issuance costs;

**WHEREAS**, the Applicant's representatives, in an appearance before the Authority at a public hearing held on behalf of the County and the City of Roanoke on the date hereof in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Act and in certain information filed with the Authority, have described the portions of the Projects located in the County and the City of Roanoke and the benefits the Projects will bring to the University and to the citizen of the Commonwealth of Virginia; and

**WHEREAS**, the Industrial Development Authority of the City of Alexandria, Virginia on May 8, 2001, held a public hearing in accordance with Section 147(f) of the Code and Section 15.2-4906 of the Act on the portion of the Projects located in the City of Alexandria, and by resolution have requested the City Council of Alexandria, as governing body of a host jurisdiction in which certain of the Projects are located, to approve issuance of the portion of the Bonds that would finance such Alexandria facilities.

**NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA:**

**1. Furtherance of Act.** It is hereby found and determined that assisting the Applicant in financing the Projects will promote the economy of the County, the City of Roanoke, the City of Alexandria and the Commonwealth of Virginia, and will benefit the citizens of the County, the City of Roanoke, the City of Alexandria and the Commonwealth of Virginia, and promote their safety, health, welfare, convenience and prosperity in furtherance of purposes of the Act.

**2. Agreement to Issue Bonds.** To induce the Applicant to undertake the Projects, the Authority agrees to assist the Applicant in financing the Projects by undertaking the issuance of the Bonds therefor in an aggregate principal amount not to exceed \$40,000,000. The proceeds of the Bonds will be loaned to the Applicant pursuant to a loan agreement or loan agreements, the terms of which will obligate the Applicant to make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds and all other expenses in connection with the Projects. The Bonds may be issued in one or more series at one time or from time to time, upon terms to be mutually agreed upon between the Authority and the Applicant. The Bonds will be issued in form and pursuant to terms to be set by the Authority. The payment of the Bonds will be secured by an assignment, for the benefit of the holders of the Bonds, of substantially all of the Authority's rights to payments under the loan agreements and may be additionally secured by other collateral.

**3. Bond Counsel.** At the request of the Applicant, the Authority appoints Troutman Sanders Mays & Valentine LLP as bond counsel to supervise the proceedings and approve the issuance of the Bonds.

**4. Authorization to Proceed with Projects.** It having been represented to the Authority that the Applicant desires to proceed immediately with the Projects, the Authority agrees that the Applicant may proceed with plans for the Projects, enter into contracts for the acquisition, construction and equipping of the applicable portions of the Projects and take such other steps as it may deem appropriate in connection therewith; provided that nothing herein shall be deemed to authorize the Applicant to obligate the Authority, the County or the Cities of Roanoke or Alexandria without its consent to the payment of any moneys or the performance of any acts in connection with the Projects. The Authority agrees that the Applicant may be reimbursed from the proceeds of the Bonds for all costs so incurred by the Applicant, insofar as such costs are properly reimbursable under the Act and other applicable state and federal laws.

**5. Applicant Responsible for Costs.** All costs and expenses in connection with financing and refinancing the Projects, including the expenses of the Authority, will be paid from the proceeds of the Bonds or funds provided by the Applicant. If for any reason the Bonds are not issued, it is understood that all such expenses will be paid by the Applicant and that the Authority will have no responsibility therefor and that the Applicant will indemnify and save harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Projects, the application submitted by the Applicant or the issuance of the Bonds.

**6. Request for Governing Bodies Approval.** The Authority recommends and requests that the Board of Supervisors of Montgomery County, Virginia (the "County Board"), as the governing body on behalf of which the Authority would issue the Bonds and the governing body of a host jurisdiction in which a portion of the Projects is located, approve the issuance of the Bonds in an aggregate amount not to exceed \$40,000,000, and that the City Councils of the Cities of Alexandria and Roanoke, Virginia, as the governing bodies of other host jurisdictions in which portions of the Projects are located, approve the issuance of such portion of the Bonds (up to \$7,500,000 of which will finance facilities in the City of Alexandria and up to \$2,700,000 of which would finance facilities in the City of Roanoke) as relates to the portion of the Projects located in their jurisdiction, within 60 days after the date of the adoption of this Resolution in accordance with the Act. The Authority directs the Secretary of the Authority to submit this Resolution to the County Board and the City Councils of the Cities of Roanoke and Alexandria this Resolution, and to submit to the County Board and the City Council of the City of Roanoke the Applicant's applicable Fiscal Impact Statement, and a summary of the public hearing held by the Authority prior to the adoption of this Resolution.

**7. Effective Date.** This Resolution shall take effect immediately upon its adoption. This Resolution shall cease to be valid one year after the County Board or the city council, as applicable, has approved the issuance of the bonds as referred to in Paragraph 6 above, unless at least a portion of the Bonds has been issued by that date.

ADOPTED: May 15, 2001

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**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
MONTGOMERY COUNTY, VIRGINIA WITH RESPECT TO  
ISSUANCE OF REVENUE BONDS BY THE INDUSTRIAL  
DEVELOPMENT AUTHORITY OF MONTGOMERY  
COUNTY, VIRGINIA**

**WHEREAS**, the Industrial Development Authority of the Virginia Tech Foundation, Inc. of Montgomery County, Virginia (the "Authority"), has considered the request of the Virginia Tech Foundation, Inc. the "Applicant"), a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") to issue the Authority's revenue bonds in a principal amount not to exceed \$40,000,000 (the "Bonds"),

**WHEREAS**, the proceeds of the Bonds will be used, together with other funds provided by or on behalf of the Applicant, to pay related costs of issuance and costs of the following: (i) financing the cost of construction of a 50,000 square foot Research Building XV to be located at 1880 Pratt Drive in Blacksburg, a 44,000 square foot Student Services building to be located west of Ambler-Johnson Hall on Washington Street in Blacksburg, a 16,000 square foot addition to the northeast side of the existing Southgate Center located off Southgate Drive adjacent to the football stadium in Blacksburg, each to be owned by the Applicant and leased to Virginia Polytechnic Institute and State University (the "University"), and a 7,200 square foot storage space for vehicles and equipment necessary for Smart Road operation to be located at 3500 Transportation Plaza in Blacksburg and to be owned by the Applicant and leased to the University for use by the Virginia Tech Transportation Institute, and to the Virginia Department of Transportation; (ii) financing the cost of approximately 323 acres of land in Blacksburg located north of Merrimac Road, east of Stroubles Mill subdivision and southwest of property owned by the University that is adjacent to U.S. Route 460, to be used by the Applicant for future development in support of the University; (iii) financing a portion of the cost of acquisition of a two acre parcel of land and the cost of construction of an 11,000 square foot building at 121 Duke of Gloucester Street in Roanoke to be owned by the Applicant and used by its WVTF radio station; (iv) refinancing of the Andrews Building located at 1700 Pratt Drive in Blacksburg, the Moss Building located at 1900 Kraft Drive in Blacksburg, and the Research Building II located at 1861 Pratt Drive in Blacksburg, each owned by the Applicant and leased to the University and private tenants for research purposes, and the Founders Building located at 1800 Kraft Drive in Blacksburg, owned by the Virginia Tech Corporate Research Center, Inc., a subsidiary of the Applicant; (v) refinancing the building located at 1001 Prince Street, Alexandria, Virginia 22314 (known as the Prince Street School), containing approximately 14,250 square feet, owned by the Applicant and leased to the University, for its College of Architecture and Urban Studies; and (vi) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acre, a three story office building containing approximately 17,500 square feet and a garage containing approximately 8,750 square feet and parking deck to be leased by the Applicant to the University and used as additional space for its College of Architecture and Urban Studies (collectively the "Projects");

**WHEREAS**, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code"), provide that the highest elected governmental unit of the locality having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with proceeds thereof is located must approve the issuance of such bonds;

**WHEREAS**, since the Authority issues bonds on behalf of the County, the Projects are located in the County and the Board of Supervisors of the County (the "Board") constitutes the highest elected governmental unit of the County, the Board is required to approve issuance of the Bonds; and

**WHEREAS**, following a public hearing, on May 15, 2001, the Authority adopted a resolution agreeing to issue the Bonds, subject to receipt of such Board approval which the Authority recommended and requested, and a copy of such resolution, a brief summary of the Authority's public hearing, and the Applicant's Fiscal Impact Statements have been filed with the Board.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MONTGOMERY COUNTY, VIRGINIA:**

1. The Board approves the issuance by the Authority of the Bonds, in one or more series, in the aggregate principal amount not to exceed \$40,000,000 for the benefit of the Applicant, as required by Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, to permit the Authority to assist the Applicant in the financing or refinancing the Projects.

2. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the creditworthiness of the Projects or the Applicant and, as required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that neither the County, the other host jurisdictions of the Cities of Alexandria and Roanoke, Virginia nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including the County, the Cities of Alexandria and Roanoke Virginia and the Authority, shall be pledged thereto.

3. This resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 2000**

**RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF ALEXANDRIA, VIRGINIA**

**WHEREAS**, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code"), provide that both the highest elected governmental unit of the locality having jurisdiction over the issuer of private activity bonds and the highest elected governmental unit of the locality having jurisdiction over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds after a public hearing, and the City Council of the City of Alexandria, Virginia (the "Council"), constitutes the highest elected governmental unit of the City of Alexandria, Virginia (the "City");

**WHEREAS**, the City, by action of the Council, has created the Industrial Development Authority of the City of Alexandria, Virginia (the "Alexandria Authority"), and Section 15.2-4905 of the Virginia Code provides that if a locality has created an industrial development authority, no industrial development authority created by a second locality may finance a facility located in the first locality unless the governing body of such first locality concurs with the inducement resolution adopted by the industrial development authority of the second locality;

**WHEREAS**, the Industrial Development Authority of Montgomery County, Virginia (the "Montgomery Authority"), was requested by the Virginia Tech Foundation, Inc. (the "Foundation"), having its principal place of business at 312 Burruss Hall, Blacksburg, Virginia 24061, to issue its revenue bonds for the benefit of the Foundation (the "Bonds"), pursuant to the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Virginia Code;

**WHEREAS**, a portion of the proceeds of the Bonds will be used to assist the Foundation in: (i) refinancing the cost of acquisition, construction and renovation of the Applicant's building located at 1001 Prince Street, Alexandria, Virginia 22314 (known as the Prince Street School), consisting of a three-story building containing approximately 14,250 square feet, which is leased to Virginia Polytechnic Institute and State University (the "University"), and since 1990 has been used by the University's College of Architecture and Urban Studies; and (ii) financing the acquisition and renovation of property adjacent to the Prince Street School located at 1021 Prince Street in Alexandria, Virginia 22314, consisting of a parcel of approximately .22 acre, a three-story office building (currently occupied by the National Mental Health Association) containing approximately 17,500 square feet and a garage containing approximately 8,750 square feet and parking deck, to be leased by the Applicant to the University and used as additional space for the University's College of Architecture and Urban Studies (the "Alexandria Projects"), and other proceeds will finance facilities in Roanoke and Blacksburg, Virginia;

**WHEREAS**, the Alexandria Authority, pursuant to a resolution adopted on May 8, 2001 (the "Alexandria Authority Resolution"), after a public hearing (the "Public Hearing"), has requested and recommended that the Council approve the issuance of the Bonds, subject to initial approval of their issuance after a public hearing by the Montgomery Authority and by the Board of Supervisors of Montgomery County, Virginia (the "Montgomery Board"), which is the highest elected governmental unit of Montgomery County, Virginia, on behalf of which the Montgomery Authority will issue the Bonds;

**WHEREAS**, the Montgomery Authority adopted an inducement resolution on May 15, 2001 (the "Montgomery Inducement Resolution"), agreeing to assist the Foundation in financing the Alexandria Projects through the issuance of the Bonds, and the Montgomery Board adopted a resolution approving issuance of the Bonds on May 29, 2001 (the "Montgomery Board Resolution"); and

**WHEREAS**, a copy of the Alexandria Authority Resolution, a summary statement of the Public Hearing, the Foundation's Fiscal Impact Statement with respect to the Alexandria Projects, the Montgomery Inducement Resolution and the Montgomery Board Resolution have been filed with the Council.

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

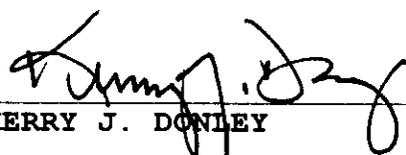
1. The Council concurs with the Montgomery Inducement Resolution and approves the issuance of Bonds by the Montgomery Authority, in a principal amount not to exceed \$7,500,000 with respect to the Alexandria Projects for the benefit of the Foundation, as required by Section 147(f) of the Code and Sections 15.2-4905 and 15.2-4906 of the Virginia Code, to assist in the financing of the Alexandria Projects.

2. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the creditworthiness of the Alexandria Projects or the Foundation, and, as required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that neither Montgomery County nor the City shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including Montgomery County and the City, shall be pledged thereto. The purchaser of the Bonds must acknowledge that any purchase of Bonds will be made solely based on the representations of the Foundation and no representations of any kind as to the Alexandria Projects or the ability of the Foundation to repay the Bonds has been made by the Montgomery Authority, the Alexandria Authority, Montgomery County or the City.

3. Pursuant to the limitations contained in Temporary Income Tax Regulations Section 5f.103-2(f)(1), this resolution shall remain in effect for a period of one year from the date of its adoption.

4. This resolution shall take effect immediately upon its adoption.

Adopted: June 12, 2001.

  
KERRY J. DONLEY MAYOR

ATTEST:

  
Beverly I. Jett, CMC City Clerk