

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 20, 2005
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA FOR THE INSTITUTE FOR DEFENSE ANALYSES

ISSUE: Resolution authorizing the issuance of bonds by the Industrial Development Authority of the City of Alexandria (AIDA) in an amount up to \$65,000,000 to assist the Institute of Defense Analyses (the "Institute") in refunding all or some of earlier bond issues and to fund reserves, bond insurance premiums, costs of issuance related to the prior bonds and working capital needs of the Institute.

RECOMMENDATION: That City Council adopt the attached Resolution (Attachment 1) as recommended by the AIDA at its meeting on June 28, 2005.

DISCUSSION: On June 14, 2005, the AIDA considered a Resolution (Attachment 2) authorizing the issuance of up to \$65,000,000 in AIDA bonds to assist the Institute for Defense Analyses to refinance some or all of the AIDA's Fixed Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000A and/or its Variable Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000B (together, the "Prior Bonds"), the proceeds of which Prior Bonds were used for the following:

1. To finance a portion of the cost of the acquisition, construction and equipping of a ten-story office building containing approximately 250,000 rentable square feet of office space and a parking garage to serve primarily as office and research space for the Institute at 4850 Mark Center Drive, in the City of Alexandria, Virginia, and
2. To fund reserves, bond insurance premiums and costs of issuance related to such Prior Bonds and working capital needs of the Institute.

The Institute is a non-profit corporation, described in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, that administers federally funded research and development centers to assist the United State Government in addressing important national security issues, particularly those requiring scientific and technical expertise. The Institute works only for the government. To avoid institutional pressures to support the military services, the Institute does not work

directly for the military departments. Recently the Institute has been assessing and reconstructing operations in Afghanistan, improving understanding of future terrorist threats and evaluating equipment, technologies and processes for dealing with chemical and biological attacks. The Institute is dedicated to the sole mission of providing high-quality analyses of important security issues. The Institute has approximately 675 employees in Alexandria with an average annual salary per employee of \$97,000.

FISCAL IMPACT: The AIDA has the authority under State law to issue tax-exempt Industrial Revenue Bonds for certain non-profit organizations such as the Institute for Defense Analyses. An administrative fee is charged to applicants for the bond financing. The fee is used to partially fund the operating costs of the Alexandria Economic Development Partnership (AEDP). The AIDA will receive a fee of \$75,000 to issue the bonds.

The City is 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 the Institute.

ATTACHMENTS:

Attachment 1. Proposed Council Resolution

Attachment 2. AIDA Certificate Evidencing the Conduct of the Public Hearing and Action
Taken by AIDA and Fiscal Impact Statement

STAFF:

Mark Jinks, Assistant City Manager for Fiscal and Financial Affairs

D. A. Neckel, Director of Finance

Paula Riley, Executive Director, AEDP

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

WHEREAS, the Industrial Development Authority of the City of Alexandria (the "Authority") has considered the application of the Institute for Defense Analyses (the "Borrower"), an organization which is not organized exclusively for religious purposes and is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), requesting the issuance of the Authority's revenue bonds in an amount not to exceed \$65,000,000 (the "Bonds") to assist the Borrower in refunding some or all of the Authority's Fixed Rate Bonds (Institute for Defense Analyses Project) Series 2000A and/or its Variable Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000B (together, the "Prior Bonds"), the proceeds of which Prior Bonds were used to (i) finance a portion of the costs of the acquisition, construction and equipping of a ten-story office building containing approximately 250,000 rentable square feet of office space and a parking garage to serve primarily as office and research space for the Borrower located at 4850 Mark Center Drive, in the City of Alexandria, Virginia and (ii) to fund reserves, bond insurance premiums, costs of issuance related to such Prior Bonds and working capital needs of the Borrower and has held a public hearing in connection therewith on June 14, 2005;

WHEREAS, Section 147(f) of the Code provides that the governmental unit having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds;

WHEREAS, the Authority issues its bonds on behalf of the City of Alexandria, Virginia (the "City"); the facilities of the Borrower described above are located in the City and the City Council of the City (the "Council") constitutes the highest elected governmental unit of the City;

WHEREAS, the Authority has recommended that the Council approve the issuance of the Bonds; and

WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to the terms to be agreed upon, a certificate of the public hearing and a Fiscal Impact Statement have been filed with the Council.

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

1. The Council approves the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code"), to permit the Authority to assist in the refunding of the Prior Bonds.
2. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Bonds or the

Borrower.

3. The issuance of revenue bonds as requested by the Borrower will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Alexandria, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such bonds.
4. This resolution shall take effect immediately upon its adoption.

Adopted June 28, 2005.

Mayor
City of Alexandria, Virginia

ATTEST:

City Clerk

At a regular meeting of the City Council of the City of Alexandria, Virginia (the "City Council"), held on the 28th day of June, 2005 the following members of the City Council were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the attached Resolution was adopted by a majority of the members of the City Council, the votes being recorded as follows:

<u>MEMBER</u>	<u>VOTE</u>
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CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Alexandria (the "Authority") certifies as follows:

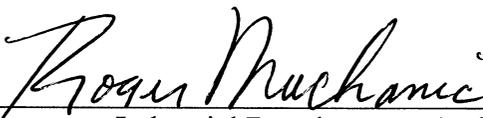
1. A meeting of the Authority was duly called and held on June 14, 2005 at 5:00 p.m. at the offices of The Alexandria Economic Development Partnership, Inc. at 1729 King Street, Suite 410, Alexandria, Virginia, pursuant to proper notice given to each Director of the Authority before such meeting. The meeting was open to the public. The time of the meeting and the place at which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.

2. The Chairman announced the commencement of a public hearing on the application of Institute for Defense Analyses and that a notice of the hearing was published once a week for two successive weeks in a newspaper having general circulation in the City of Alexandria, Virginia (the "Notice"), with the second publication appearing not less than seven days nor more than twenty-one days prior to the hearing date. A copy of the Notice has been filed with the minutes of the Authority and is attached as Exhibit A.

3. A summary of the statements made at the public hearing is attached as Exhibit B.

4. Attached as Exhibit C is a true, correct and complete copy of a resolution (the "Resolution") adopted at such meeting of the Authority by a majority of the Directors present at such meeting. The Resolution constitutes all formal action taken by the Authority at such meeting relating to matters referred to in the Resolution. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on this date.

WITNESS my hand and the seal of the Authority, this 14th day of June, 2005.


Secretary, Industrial Development Authority of the
City of Alexandria

[SEAL]

Exhibits:

A - Copy of Certified Notice

B - Summary of Statements

C - Resolution



The Examiner.

WASHINGTON

PROOF OF PUBLICATION

I, Herbert W. Moloney, Publisher of The Washington Examiner, (Virginia Edition) a newspaper in the area of Northern Virginia, published in the English language and having a bona fide list of paid subscribers located in the Northern Virginia area, and entered in a newspaper of record according to the Laws and Regulations of the United States of America for 52 successive weeks or more prior to the issue of 05/31/05, certify that the notice of REVENUE BOND FINANCING

for
MCGUIRE WOODS, LLP
attached hereto has been published on
05/31/2005, 06/07/2005.



Herbert W. Moloney

Sworn to and subscribed before me this
7th day of June, 2005.



My Commission expires

My Commission Expires September 30, 2007

Ad number: 17506322
End date: 06/07/2005
05/31/2005, 06/07/2005
MCGUIRE WOODS, LLP
LINDA S. HAYES

NOTICE OF PUBLIC HEARING ON PROPOSED REVENUE BOND FINANCING BY INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA

Notice is hereby given that the Industrial Development Authority of the City of Alexandria (the "Authority"), whose address is c/o The Alexandria Economic Development Partnership, Inc., 1729 King Street, Suite 410, Alexandria, Virginia 22314, will hold a public hearing on the application of Institute for Defense Analyses (the "Borrower"), a 501(c)(3) organization, whose primary purpose is to promote national security and the public interest, whose address is 4850 Mark Center Drive, Alexandria, Virginia 22311. The Borrower is requesting the Authority to issue up to \$65,000,000 of its revenue bonds to assist the Borrower in refunding some or all of the Authority's Fixed Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000A and/or its Variable Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000B (together, the "Prior Bonds"), the proceeds of which Prior Bonds were used to (i) finance a portion of the costs of the acquisition, construction and equipping of a ten-story office building containing approximately 250,000 rentable square feet of office space and a parking garage to serve primarily as office and research space for the Borrower located at 4850 Mark Center Drive, in the City of Alexandria, Virginia and (ii) to fund reserves, bond insurance premiums and costs of issuance related to the Prior Bonds and working capital needs of the Borrower.

The issuance of revenue bonds as requested by the Borrower will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Alexandria, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such bonds.

The public hearing, which may be continued or adjourned, will be held at 5:00 o'clock p.m. on June 14, 2005, before the Authority, at the offices of The Alexandria Economic Development Partnership, Inc., at 1729 King Street, Suite 410, Alexandria, Virginia. Any person interested in the issuance of the bonds or the location or nature of the proposed project may appear at the hearing and present his or her views.

May 31, June 7, 2005

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EXHIBIT B TO CERTIFICATE

Summary of Statements

Representatives of Institute for Defense Analyses appeared before the Authority to explain the proposed refunding bond issue. No one appeared in opposition to the proposed refunding bond issue.

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Alexandria (the "Authority") certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and held on June 14, 2005, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended but is in full force and effect on this date.

WITNESS the following signature and seal of the Authority, this 14th day of June, 2005.


Secretary of the Industrial
Development Authority of the City
of Alexandria

[SEAL]

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**FISCAL IMPACT STATEMENT
FOR PROPOSED INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING**

Date: June 14, 2005

To the City Council of the City of Alexandria, Virginia

Applicant: Institute for Defense Analyses
Facility: 4850 Mark Center Drive, Alexandria, Virginia 22311

- | | | |
|----|---|---------------------|
| 1. | Maximum amount of financing sought. | \$ 65,000,000 |
| 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. | \$ 455,000 |
| 4. | Estimated personal property tax per year using present tax rates. | \$ 300,000 |
| 5. | Estimated merchants' capital tax per year using present tax rates. | \$ N/A |
| 6. | (a) Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality. | \$ 940,000* |
| | (b) Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality. | \$ 3,870,000* |
| | (c) Estimated dollar value per year of services that will be purchased from Virginia companies within the locality. | \$ 3,574,000* |
| | (d) Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality. | \$ 3,515,000* |
| 7. | Estimated number of regular employees on year round basis. | 675 (in Alexandria) |
| 8. | Average annual salary per employee. | \$ 97,000 |


Chairman, Industrial Development Authority

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* Purchases originating in the City of Alexandria.

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF ALEXANDRIA
AUTHORIZING THE ISSUANCE OF UP TO \$65,000,000 REVENUE BONDS FOR THE
BENEFIT OF INSTITUTE OF DEFENSE ANALYSES**

WHEREAS, the Industrial Development Authority of the City of Alexandria, a political subdivision of the Commonwealth of Virginia (the "Authority"), is empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to issue its revenue bonds for the purpose of inducing nonprofit enterprises to locate or remain in Virginia and to promote the commerce, safety, health, welfare, convenience or prosperity of citizens of Virginia;

WHEREAS, the Authority has received a request from Institute for Defense Analyses, an organization which is not organized exclusively for religious purposes and is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), requesting that the Authority issue its revenue bonds to assist the Borrower in refunding some or all of the Authority's Fixed Rate Bonds (Institute for Defense Analyses Project) Series 2000A and/or its Variable Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000B (together, the "Prior Bonds"), the proceeds of which Prior Bonds were used to (i) finance a portion of the costs of the acquisition, construction and equipping of a ten-story office building containing approximately 250,000 rentable square feet of office space and a parking garage to serve primarily as office and research space for the Borrower located at 4850 Mark Center Drive, in the City of Alexandria, Virginia and (ii) to fund reserves, bond insurance premiums and costs of issuance related to the Prior Bonds and working capital needs of the Borrower.

WHEREAS, such assistance will induce the Borrower to remain in Virginia and benefit the inhabitants of the City of Alexandria and the Commonwealth of Virginia, either through the increase of their commerce or through the promotion of their safety, health, welfare, convenience or prosperity;

WHEREAS, preliminary plans for refunding of the Prior Bonds have been described to the Authority and a public hearing has been held as required by Section 147(f) of the Code and Section 15.2-4906 of the Act;

WHEREAS, the Borrower has represented that the estimated cost of refunding the Prior Bonds and all expenses of issue will require an issue of revenue bonds in the aggregate principal amount not to exceed \$65,000,000; and

WHEREAS, the issuance of revenue bonds as requested by the Borrower will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Alexandria, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA:

1. It is hereby found and determined that assisting the Borrower in refunding the Prior Bonds will be in the public interest and will promote the commerce, safety, health, welfare, convenience or prosperity of the Commonwealth of Virginia, the City of Alexandria and their citizens.

2. To induce the Borrower to remain in the Commonwealth of Virginia, and particularly in the City of Alexandria, the Authority hereby agrees to assist the Borrower in refunding the Prior Bonds by undertaking the issuance of its revenue bonds in an amount not to exceed \$65,000,000 upon terms and conditions mutually agreeable to the Authority and the Borrower. The bonds will be issued pursuant to documents satisfactory to the Authority. The bonds may be issued in one or more series at one time or from time to time.

3. At the request of the Borrower, the Authority approves McGuireWoods LLP, McLean, Virginia, as Bond Counsel in connection with the issuance of the bonds.

4. All fees, costs and expenses in connection with the refunding of the Prior Bonds, including the Authority's administrative fees and the fees, costs and expenses of Bond Counsel and Authority Counsel, shall be paid by the Borrower or, to the extent permitted by applicable law, from the proceeds of the bonds. If for any reason such bonds are not issued, it is understood that all such costs and expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

5. The Authority recommends that the City Council of the City of Alexandria, Virginia approve the issuance of the bonds.

6. No bonds may be issued pursuant to this resolution until such time as the issuance of the bonds has been approved by the City Council of the City of Alexandria, Virginia.

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

ADOPTED: June 14, 2005

RESOLUTION NO. 2155

WHEREAS, the Industrial Development Authority of the City of Alexandria (the "Authority") has considered the application of the Institute for Defense Analyses (the "Borrower"), an organization which is not organized exclusively for religious purposes and is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), requesting the issuance of the Authority's revenue bonds in an amount not to exceed \$65,000,000 (the "Bonds") to assist the Borrower in refunding some or all of the Authority's Fixed Rate Bonds (Institute for Defense Analyses Project) Series 2000A and/or its Variable Rate Revenue Bonds (Institute for Defense Analyses Project) Series 2000B (together, the "Prior Bonds"), the proceeds of which Prior Bonds were used to (i) finance a portion of the costs of the acquisition, construction and equipping of a ten-story office building containing approximately 250,000 rentable square feet of office space and a parking garage to serve primarily as office and research space for the Borrower located at 4850 Mark Center Drive, in the City of Alexandria, Virginia and (ii) to fund reserves, bond insurance premiums, costs of issuance related to such Prior Bonds and working capital needs of the Borrower and has held a public hearing in connection therewith on June 14, 2005;

WHEREAS, Section 147(f) of the Code provides that the governmental unit having jurisdiction over the issuer of private activity bonds and over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds;

WHEREAS, the Authority issues its bonds on behalf of the City of Alexandria, Virginia (the "City"); the facilities of the Borrower described above are located in the City and the City Council of the City (the "Council") constitutes the highest elected governmental unit of the City;

WHEREAS, the Authority has recommended that the Council approve the issuance of the Bonds; and

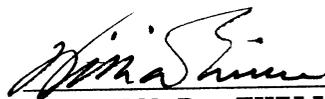
WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to the terms to be agreed upon, a certificate of the public hearing and a Fiscal Impact Statement have been filed with the Council.

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

1. The Council approves the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code"), to permit the Authority to assist in the refunding of the Prior Bonds.
2. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Bonds or the Borrower.
3. The issuance of revenue bonds as requested by the Borrower will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or the City of Alexandria, Virginia, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof will be pledged to the payment of such bonds.

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

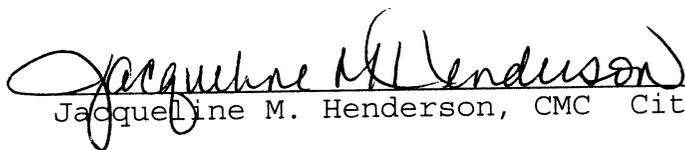
Adopted June 28, 2005.



WILLIAM D. EULLE

MAYOR

ATTEST:



Jacqueline M. Henderson, CMC City Clerk