

EXHIBIT NO. 1

11
10-16-04

~~15~~
~~9-28-04~~

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 23, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: AN ORDINANCE AUTHORIZING AND EMPOWERING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION BONDS TO FINANCE VARIOUS PUBLIC IMPROVEMENTS

ISSUE: Consideration of an ordinance to authorize the issuance of General Obligation Bonds to finance various City and School public improvements and the acquisition of open space.

RECOMMENDATION: That City Council pass on first reading and schedule for public hearing, second reading, and final passage on October 16, 2004, an ordinance (Attachment 1) authorizing and empowering the issuance, sale and delivery of bonds not to exceed \$54.8 million to finance various public improvements, including \$10.0 million for open space acquisition.

BACKGROUND: The proposed ordinance authorizes the issuance of up to \$54.8 million in General Obligation Bonds for the acquisitions of open space in the City and the FY 2005 capital projects. With the exception of the addition of \$10 million for open space, this issuance is in accordance with the recently approved Capital Improvement Program (Approved FY 2005 - FY 2010 CIP, pages 16 and 17). The proposed CIP funding and proposed bond issuance are consistent with the City's adopted debt related financial policies.

Passage of the proposed ordinance is sought to enable the City to undertake a bond sale later this year rather than in early 2005 as we had originally envisioned. The ordinance is being proposed now because interest rate market conditions are favorable at this time. Recent municipal bond issues for local governments with AAA/Aaa ratings have been below 4%. Most financial experts are predicting that interest rates will rise this winter. Staff, therefore, intend to issue the bonds in late November or early December. This is the earliest a sale of new bonds can occur due to the financial markets' requirement of a completed FY 2004 audit including independent auditors opinion letters.

The capital projects on which the bond proceeds will be expended are as follows:

MAJOR PROJECT CATEGORIES AND AMOUNTS COVERED BY THIS BOND AUTHORIZATION

<u>Schools:</u> This amount will be used for the construction of the new T. C. Williams High School; the remodeling, repair and expansion of existing school buildings and the acquisition of necessary equipment, as described in the capital budget under the title "Schools" (Approved CIP FY 2005 - FY 2010, pages 45 through 52).	\$23,425,000
<u>City Parks and Buildings:</u> The amount includes funding for City building projects, as described in the capital budget under the title "Recreation and Parks" and "Public Buildings" (Approved CIP FY 2005 - FY 2010, pages 73 through 120).	\$14,600,000
<u>Traffic Improvements:</u> The amount includes the funding of the City's portion of the Washington Metropolitan Area Transit Authority Capital Improvement Program and maintenance and upgrade of the City's traffic control facilities, as described in the capital budget under the title "Traffic Improvements and Rapid Transit" (Approved CIP FY 2005 - FY 2010, pages 127 through 138).	\$950,000
<u>Infrastructure:</u> This amount represents the funding for the construction, renovation and improvement of City streets, bridges and tunnels, storm and sanitary sewers and for the acquisition of the necessary equipment, as described in the capital budget under the title "Streets and Bridges" and "Sewers" (Approved CIP FY 2005 - FY 2010, pages 139 through 180).	\$5,850,000
<u>Open Space:</u> This amount represents funding for the acquisition and improvement of open space within the City (Approved CIP FY 2005-FY 2010, pgs. 85 and 86)	\$10,000,000
TOTAL	\$54,825,000

FISCAL IMPACT: The proposed ordinance provides authorization for an issuance of general obligation bonds not to exceed \$54.8 million. The fiscal impact on the City's debt service for a bond issuance of \$44.8 million is included in the FY 2005 Operating Budget approved by City Council on May 3, 2004. The FY 2005 Operating Budget includes \$1.0 million for debt service on the bonds to be authorized by the proposed ordinance.

Approximately \$0.2 million in additional interest costs will arise in FY 2004 to cover six months of interest on the \$10 million in costs in open space bonds. This \$0.2 million in costs will be financed with a small part of the proceeds of 1¢ of the City's real estate tax levy, which will be converted from a budgeted cash capital transfer to the debt service budget account.

In the event that \$10 million in open space bonds is not sufficient to cover open space acquisition needs over the next 12 months, then a number of financial options are open to the City, including: (1) over \$4 million in remaining FY 2004 and FY 2005 open space cash capital funds from the dedicated 1-cent; (2) an advance from a future FY 2006 bond sale could be authorized by Council; or (3) a reallocation of bond funds from another capital account where project implementation may be delayed.

With the Open Space Priority List Action Plan scheduled for public hearing on October 16, in the same meeting as the public hearing on this bond authorization ordinance, once Council has decided on the Open Space Priority List Action Plan it can then finalize the amount of open space bonds which may be increased or decreased from the first reading level of \$10 million.

ATTACHMENT: Ordinance Authorizing and Empowering the Issuance, Sale and Delivery of General Obligation Bonds

STAFF:

Mark Jinks, Assistant City Manager

D.A. Neckel, Director of Finance

Bruce Johnson, Director of Office of Budget and Management

1 Introduction and first reading: 9/28/04
2 Public hearing: 10/16/04
3 Second reading and enactment: 10/16/04
4
5

6 INFORMATION ON PROPOSED ORDINANCE
7

8 Title
9

10 AN ORDINANCE authorizing the issuance of general obligation capital improvement bonds for
11 various public improvements in the estimated maximum amount of \$54,825,000; and
12 providing for reimbursement to the City of Alexandria from bond proceeds.
13

14 Summary
15

16 The proposed ordinance authorizes the issuance of general obligation capital improvement
17 bonds for various public improvements in the estimated maximum amount of \$54,825,000,
18 including \$10,000,000 for open space acquisition.
19

20 Sponsor
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22

23 Staff
24

25 Mark Jinks, Assistant City Manager
26 Daniel A. Neckel, Director of Finance
27 Ignacio B. Pessoa, City Attorney
28

29 Authority
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31 § 7.01, Alexandria City Charter
32

33 Estimated Costs of Implementation
34

35 As stated in memorandum from the city manager.
36

37 Attachments in Addition to Proposed Ordinance and its Attachments (if any)
38

39 None
40
41

ORDINANCE NO. _____

AN ORDINANCE authorizing the issuance of general obligation capital improvement bonds for various public improvements in the estimated maximum amount of \$54,825,000; and providing for reimbursement to the City of Alexandria from bond proceeds.

WHEREAS, the City Council of the City of Alexandria, Virginia ("City") has determined that it is advisable to issue up to \$54,825,000 general obligation bonds of the City to finance the cost, in whole or in part, of various capital improvements as described below; now, therefore

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

1. **Authorization of Bonds and Use of Proceeds.** The City Council hereby determines that it is advisable to contract a debt and to issue and sell general obligation bonds in the aggregate maximum principal amount of \$54,825,000 (the "Bonds"). The issuance and sale of the Bonds are hereby authorized. The proceeds from the issuance and sale of the Bonds shall be used to pay all or a portion of the costs of the Projects as described below and the Director of Finance is authorized and directed to determine the portion of the cost of each Project to be financed with Bond proceeds.

<u>General Project Description</u>	<u>Estimated Maximum Cost</u>
<u>Schools</u>	
Construction, remodeling and repairing of school buildings and acquisition of necessary equipment (this project includes projects contained in the capital improvement program under "Schools").	\$23,425,000
<u>City Parks and Buildings</u>	
Construction, renovation and improvement of existing or new City buildings and park facilities and acquisition of necessary land and equipment (this project includes projects contained in the capital improvement program under "Recreation and Parks" and "Public Buildings").	\$14,600,000
<u>Traffic Improvements</u>	
Maintenance and upgrade of the City's traffic control facilities (this project includes projects contained in the capital improvement program under "Traffic Improvements and Rapid Transit").	\$950,000
<u>Infrastructure</u>	

1 Construction, renovation and improvement of \$5,850,000
2 City streets, bridges, storm and sanitary sewers
3 and acquisition of the necessary equipment
4 (this project includes projects contained in the
5 capital improvement program under "Streets
6 and Bridges" and "Sewers").
7

8 Open Space
9 Acquisition and improvement of land to be \$10,000,000
10 preserved for open space or other passive or
11 active recreational uses.
12

13 Total: \$54,825,000
14

15 **2. Pledge of Full Faith and Credit.** The full faith and credit of the City are hereby
16 irrevocably pledged for the payment of the principal of, premium, if any, and interest on the
17 Bonds as the same become due and payable. The City Council shall levy an annual ad valorem
18 tax upon all property in the City, subject to local taxation, sufficient to pay the principal of,
19 premium, if any, and interest on the Bonds as the same shall become due for payment unless
20 other funds are lawfully available and appropriated for the timely payment thereof.

21 **3. Details and Sale of Bonds.** The Bonds shall be issued upon the terms established
22 pursuant to this Ordinance and upon such other terms as may be determined in the manner set
23 forth in this Ordinance. The Bonds shall be issued in one or more series, in fully registered
24 form, shall be dated such date or dates as the City Manager and the Director of Finance, or either
25 of them, may approve, shall be in the denominations of \$5,000 each or whole multiples thereof
26 and shall be numbered from R-1 upwards consecutively. The Bonds shall mature on such dates
27 and in such amounts and shall be issued in such principal amount as the City Manager and the
28 Director of Finance, or either of them, may approve, provided that the final maturity of the
29 Bonds is not more than approximately 25 years from their date and the aggregate principal
30 amount of the Bonds is not more than the maximum amount set forth in paragraph 1 above. The
31 City Manager and the Director of Finance, or either of them, is authorized and directed to accept
32 the bid for the purchase of the Bonds which results in the lowest true interest cost to the City and
33 the Bonds shall bear interest, payable semi-annually, at such rate or rates and shall be sold to the
34 successful bidder at such price as may be set forth in the bid so accepted; provided that the true
35 interest cost of the Bonds shall not exceed 6.0% per annum. The City Manager and the Director
36 of Finance, or either of them, is authorized and directed to approve such optional redemption
37 provisions for the Bonds as such officer or officers determine to be in the best interest of the
38 City. The City Council may provide for additional or other terms of the Bonds by subsequent
39 resolution.

40 **4. Form of Bonds.** The Bonds shall be in substantially the form attached to this
41 Ordinance as Exhibit A, with such appropriate variations, omissions and insertions as are
42 permitted or required by this Ordinance. There may be endorsed on the Bonds such legend or
43 text as may be necessary or appropriate to conform to any applicable rules and regulations of any
44 governmental authority or any usage or requirement of law with respect thereto.

1 **5. Book-Entry-Only-Form.** The Bonds shall be issued in book-entry-only form. The
2 Bonds shall be issued in fully-registered form and registered in the name of Cede & Co., as
3 nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner
4 of the Bonds, and immobilized in the custody of DTC. One fully-registered Bond in typewritten
5 or printed form for the principal amount of each maturity of the Bonds shall be registered to
6 Cede & Co. Beneficial owners of the Bonds shall not receive physical delivery of the Bonds.
7 Principal, premium, if any, and interest payments on the Bonds shall be made to DTC or its
8 nominee as registered owner of the Bonds on the applicable payment date.

9 Transfer of ownership interest in the Bonds shall be made by DTC and its participants
10 (the "Participants"), acting as nominees of the beneficial owners of the Bonds in accordance with
11 rules specified by DTC and its Participants. The City shall notify DTC of any notice required to
12 be given pursuant to this Ordinance or the Bonds not less than fifteen (15) calendar days prior to
13 the date upon which such notice is required to be given. The City shall also comply with the
14 agreements set forth in the City's Letter of Representations to DTC.

15 Replacement Bonds (the "Replacement Bonds") shall be issued directly to beneficial
16 owners of the Bonds rather than to DTC or its nominee but only in the event that:

- 17 (i) DTC determines not to continue to act as securities depository for the Bonds; or
18 (ii) The City has advised DTC of its determination not to use DTC as a securities
19 depository; or
20 (iii) The City has determined that it is in the best interest of the beneficial owners of
21 the Bonds or the City not to continue the book-entry system of transfer.

22 Upon occurrence of the event described in (i) or (ii) above, the City shall attempt to
23 locate another qualified securities depository. If the City fails to locate another qualified
24 securities depository to replace DTC, the City Council shall execute and deliver Replacement
25 Bonds substantially in the form set forth in Exhibit A to the Ordinance to the Participants. In the
26 event the City Council, in its discretion, makes the determination noted in (iii) above and has
27 made provisions to notify the beneficial owners of the Bonds by mailing an appropriate notice to
28 DTC, the appropriate officers and agents of the City shall execute and deliver Replacement
29 Bonds substantially in the form set forth in Exhibit A to this Ordinance to any Participants
30 requesting such Replacement Bonds. Principal of and interest on the Replacement Bonds shall
31 be payable as provided in this Ordinance and in the Bonds and Replacement Bonds will be
32 transferable in accordance with the provisions of paragraphs 9 and 10 of this Ordinance and the
33 Bonds.

34 **6. Appointment of Bond Registrar and Paying Agent.** The City Manager and the
35 Director of Finance, or either of them, are authorized and directed to appoint a Bond Registrar
36 and Paying Agent for the Bonds and as long as the Bonds are in book-entry form, either of such
37 officers may serve as Paying Agent.

38 The City Manager and the Director of Finance, or either of them, may appoint a
39 subsequent registrar and/or one or more paying agents for the Bonds upon giving written notice

1 to the owners of the Bonds specifying the name and location of the principal office of any such
2 registrar or paying agent.

3 **7. Execution of Bonds.** The Mayor and the Clerk of the City are authorized and
4 directed to execute appropriate negotiable Bonds and to affix the seal of the City thereto and to
5 deliver the Bonds to the purchaser thereof upon payment of the purchase price. The manner of
6 execution and affixation of the seal may be by facsimile, provided, however, that if the
7 signatures of the Mayor and the Clerk are both by facsimile, the Bonds shall not be valid until
8 signed at the foot thereof by the manual signature of the Bond Registrar.

9 **8. CUSIP Numbers.** The Bonds shall have CUSIP identification numbers printed
10 thereon. No such number shall constitute a part of the contract evidenced by the Bond on which
11 it is imprinted and no liability shall attach to the City, or any of its officers or agents by reason of
12 such numbers or any use made of such numbers, including any use by the City and any officer or
13 agent of the City, by reason of any inaccuracy, error or omission with respect to such numbers.

14 **9. Registration, Transfer and Exchange.** Upon surrender for transfer or exchange of
15 any Bond at the principal office of the Bond Registrar, the City shall execute and deliver and the
16 Bond Registrar shall authenticate in the name of the transferee or transferees a new Bond or
17 Bonds of any authorized denomination in an aggregate principal amount equal to the Bond
18 surrendered and of the same form and maturity and bearing interest at the same rate as the Bond
19 surrendered, subject in each case to such reasonable regulations as the City and the Bond
20 Registrar may prescribe. All Bonds presented for transfer or exchange shall be accompanied by
21 a written instrument or instruments of transfer or authorization for exchange, in form and
22 substance reasonably satisfactory to the City and the Bond Registrar, duly executed by the
23 registered owner or by his or her duly authorized attorney-in-fact or legal representative. No
24 Bond may be registered to bearer.

25 New Bonds delivered upon any transfer or exchange shall be valid obligations of the
26 City, evidencing the same debt as the Bonds surrendered, shall be secured by this Ordinance and
27 entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

28 **10. Charges for Exchange or Transfer.** No charge shall be made for any exchange or
29 transfer of Bonds, but the City may require payment by the registered owner of any Bond of a
30 sum sufficient to cover any tax or other governmental charge which may be imposed with
31 respect to the transfer or exchange of such Bond.

32 **11. Typewritten or Printed Bonds.** The City may initially issue any or all of the Bonds
33 in typewritten or printed form, as determined by the Director of Finance and the City Manager,
34 or either of them. If any of the Bonds are to be issued in printed form, the City may initially
35 issue such Bonds in temporary, typewritten form and shall promptly prepare, execute and deliver
36 to the registered owners Bonds in printed form of the same maturity and interest rate and for the
37 same aggregate principal amount as the typewritten Bonds. Appropriate variations, omissions
38 and insertions may be made in the Bonds to facilitate printing. The Bonds will also be eligible
39 for deposit with The Depository Trust Company.

1 **12. Non-Arbitrage Certificate and Tax Covenants.** The City Manager and the
2 Director of Finance, or either of them, and such officers and agents of the City as either of them
3 may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax
4 Covenants setting forth the expected use and investment of the proceeds of the Bonds and
5 containing such covenants as may be necessary in order to comply with the provisions of the
6 Internal Revenue Code of 1986, as amended ("Code"), including the provisions of Section 148 of
7 the Code and applicable regulations relating to "arbitrage bonds." The City Council covenants
8 on behalf of the City that the proceeds from the issuance and sale of the Bonds will be invested
9 and expended as set forth in the City's Non-Arbitrage Certificate and Tax Covenants, to be
10 delivered simultaneously with the issuance and delivery of the Bonds and that the City shall
11 comply with the other covenants and representations contained therein.

12 **13. Disclosure Documents.** The City Manager and the Director of Finance, or either of
13 them, and such officers and agents of the City as either of them may designate are hereby
14 authorized and directed to prepare, execute, if required, and deliver an appropriate notice of sale,
15 preliminary official statement, official statement, continuing disclosure agreement or such other
16 offering or disclosure documents as may be necessary to expedite the sale of the Bonds. The
17 notice of sale, preliminary official statement, official statement, continuing disclosure agreement
18 or other documents shall be published in such publications and distributed in such manner,
19 including electronically, and at such times as the Director of Finance shall determine. The
20 Director of Finance is authorized and directed to deem the preliminary official statement "final"
21 for purposes of Securities and Exchange Commission Rule 15c2-12.

22 **14. Further Actions; Public Hearing.** The City Manager and the Director of Finance
23 and such officers and agents of the City as either of them may designate are authorized and
24 directed to take such further action as they deem necessary regarding the issuance and sale of the
25 Bonds and all actions taken by such officers and agents in connection with the issuance and sale
26 of the Bonds are ratified and confirmed.

27 The Clerk of the City is authorized and directed to advertise a public hearing to be held
28 by the City Council in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as
29 amended before the issuance of the Bonds.

30 **15. Reimbursement.** The City Council adopts this declaration of official intent under
31 Treasury Regulations Section 1.150-2. The City Council reasonably expects to reimburse
32 advances made or to be made by the City to pay the costs of the Projects from the proceeds of its
33 debt. The maximum amount of debt expected to be issued for the Projects is set forth in
34 paragraph 1 above. The City hereby authorizes the Director of Finance, on behalf of the City, to
35 specifically declare the City's official intent to reimburse portions of the cost of the Projects with
36 Bond proceeds.

37 **16. Effective Date; Applicable Law.** In accordance with Section 15.2-2601 of the Code
38 of Virginia of 1950, as amended, the City Council elects to issue the Bonds pursuant to the
39 provisions of the Public Finance Act of 1991. This Ordinance shall take effect at the time of its
40 enactment.

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- 3 Introduction: 9/28/04
- 4 First Reading: 9/28/04
- 5 Publication:
- 6 Public Hearing:
- 7 Second Reading:
- 8 Final Passage:

WILLIAM D. EUILLE
Mayor

1 Virginia of 1950, as amended and an ordinance adopted by the City Council on _____,
2 2004 (the "Ordinance").

3 Bonds maturing on or before _____, _____ are not subject to redemption before
4 maturity. Bonds at the time outstanding which are stated to mature on or after _____,
5 _____ may be redeemed before their maturities on or after _____, _____, at the option of the
6 City in whole or in part (in installments of \$5,000) at any time or from time to time during the
7 following redemption periods upon payment of the following redemption prices (expressed as a
8 percentage of the principal amount to be redeemed) together with the interest accrued thereon to
9 the date fixed for redemption:

10	<u>Redemption Period</u>	<u>Redemption Price</u>
11	(both dates inclusive)	
12	_____ through _____	_____%
13	_____ through _____	_____%
14	_____ and thereafter	_____%

15 If less than all of the Bonds are called for redemption, the maturities of the Bonds to be
16 redeemed shall be selected by the Director of Finance of the City in such officer's discretion. If
17 less than all of the Bonds of any maturity are called for redemption, the Bonds or portions
18 thereof to be redeemed within a maturity shall be selected by lot by the Bond Registrar, each
19 portion of \$5,000 principal amount being counted as one Bond for such purpose.

20 If any of the Bonds or portions thereof are called for redemption, the Bond Registrar
21 shall send notice of the call for redemption identifying the Bonds by serial or CUSIP numbers,
22 and in the case of partial redemption, identifying the principal amount to be redeemed, and
23 identifying the redemption date and price and the place where Bonds are to be surrendered for
24 payment, by first class mail not less than 30 nor more than 60 days before the redemption date to
25 the registered owner of each Bond to be redeemed at such owner's address as it appears on the
26 registration books maintained by the Bond Registrar, but failure to mail such notice shall not
27 affect the validity of the proceedings for redemption. Provided funds for their redemption are on
28 deposit at the place of payment on the redemption date, all Bonds or portions thereof so called
29 for redemption shall cease to bear interest on such date, shall no longer be secured by the
30 Ordinance and shall not be deemed to be outstanding. If a portion of this Bond shall be called
31 for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be
32 issued to the registered owner upon the surrender of this Bond.

33 The Bonds are issuable as fully registered bonds in denominations of \$5,000 and integral
34 multiples thereof. Any Bond may be exchanged for a like aggregate principal amount of Bonds
35 of the same maturity of other authorized denominations at the principal office of the Bond
36 Registrar.

37 This Bond may be transferred only by an assignment duly executed by the registered
38 owner hereof or such owner's attorney or legal representative in a form satisfactory to the Bond
39 Registrar. Such transfer shall be made in the registration books kept by the Bond Registrar upon
40 presentation and surrender hereof and the City shall execute, and the Bond Registrar shall

1 authenticate and deliver in exchange, a new Bond or Bonds having an equal aggregate principal
2 amount, in authorized denominations, of the same form and maturity, bearing interest at the
3 same rate, and registered in names as requested by the then registered owner hereof or such
4 owner's attorney or legal representative. Any such exchange shall be at the expense of the City,
5 except that the Bond Registrar may charge the person requesting such exchange the amount of
6 any tax or other governmental charge required to be paid with respect thereto.

7 The City may designate a successor Bond Registrar and/or Paying Agent, provided that
8 written notice specifying the name and location of the principal office of any such successor
9 shall be given to the registered owner of the Bonds. Upon registration of transfer of this Bond,
10 the Bond Registrar shall furnish written notice to the transferee of the name and location of the
11 principal office of the Bond Registrar and/or the Paying Agent.

12 The Bond Registrar shall treat the registered owner as the person exclusively entitled to
13 payment of principal and interest and the exercise of all other rights and powers of the owner,
14 except that interest payments shall be made to the person shown as the owner on the registration
15 books on the 15th day of the month preceding each interest payment date.

16 This Bond shall not be valid or obligatory for any purpose unless and until authenticated
17 at the foot hereof by the Bond Registrar.

18 It is hereby certified and recited that all acts, conditions and things required by the
19 Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed
20 precedent to the issuance of this Bond have happened, exist or been performed in due time, form
21 and manner as so required and that the indebtedness evidenced by this Bond is within every debt
22 and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

23

1 **CERTIFICATE OF AUTHENTICATION**

2 The undersigned Bond Registrar hereby certifies that this is one of a series of Bonds of
3 the City of Alexandria, Virginia described in the within-mentioned Ordinance.

4 Authentication Date: _____

5 By: _____
6 [Director of Finance]
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CERTIFICATION

I, Jackie M. Henderson, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of a portion of the Meeting Minutes of _____, 2004, showing the vote of the City Council, and a true copy of the ordinance which was finally passed upon its Second Reading and Final Passage by the Alexandria City Council at its Regular Meeting held on _____, 2004.

Dated this ____ day of _____, 2004

Jackie M. Henderson, City Clerk
City of Alexandria, Virginia

ORDINANCE NO. 4364

AN ORDINANCE authorizing the issuance of general obligation capital improvement bonds for various public improvements in the estimated maximum amount of \$54,825,000; and providing for reimbursement to the City of Alexandria from bond proceeds.

WHEREAS, the City Council of the City of Alexandria, Virginia ("City") has determined that it is advisable to issue up to \$54,825,000 general obligation bonds of the City to finance the cost, in whole or in part, of various capital improvements as described below; now, therefore

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

1. **Authorization of Bonds and Use of Proceeds.** The City Council hereby determines that it is advisable to contract a debt and to issue and sell general obligation bonds in the aggregate maximum principal amount of \$54,825,000 (the "Bonds"). The issuance and sale of the Bonds are hereby authorized. The proceeds from the issuance and sale of the Bonds shall be used to pay all or a portion of the costs of the Projects as described below and the Director of Finance is authorized and directed to determine the portion of the cost of each Project to be financed with Bond proceeds.

<u>General Project Description</u>	<u>Estimated Maximum Cost</u>
<u>Schools</u> Construction, remodeling and repairing of school buildings and acquisition of necessary equipment (this project includes projects contained in the capital improvement program under "Schools").	\$23,425,000
<u>City Parks and Buildings</u> Construction, renovation and improvement of existing or new City buildings and park facilities and acquisition of necessary land and equipment (this project includes projects contained in the capital improvement program under "Recreation and Parks" and "Public Buildings").	\$14,600,000
<u>Traffic Improvements</u> Maintenance and upgrade of the City's traffic control facilities (this project includes projects contained in the capital improvement program under "Traffic Improvements and Rapid Transit").	\$950,000

Infrastructure

Construction, renovation and improvement of City streets, bridges, storm and sanitary sewers and acquisition of the necessary equipment (this project includes projects contained in the capital improvement program under "Streets and Bridges" and "Sewers"). \$5,850,000

Open Space

Acquisition and improvement of land to be preserved for open space or other passive or active recreational uses. \$10,000,000

Total: \$54,825,000

2. **Pledge of Full Faith and Credit.** The full faith and credit of the City are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable. The City Council shall levy an annual ad valorem tax upon all property in the City, subject to local taxation, sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due for payment unless other funds are lawfully available and appropriated for the timely payment thereof.

3. **Details and Sale of Bonds.** The Bonds shall be issued upon the terms established pursuant to this Ordinance and upon such other terms as may be determined in the manner set forth in this Ordinance. The Bonds shall be issued in one or more series, in fully registered form, shall be dated such date or dates as the City Manager and the Director of Finance, or either of them, may approve, shall be in the denominations of \$5,000 each or whole multiples thereof and shall be numbered from R-1 upwards consecutively. The Bonds shall mature on such dates and in such amounts and shall be issued in such principal amount as the City Manager and the Director of Finance, or either of them, may approve, provided that the final maturity of the Bonds is not more than approximately 25 years from their date and the aggregate principal amount of the Bonds is not more than the maximum amount set forth in paragraph 1 above. The City Manager and the Director of Finance, or either of them, is authorized and directed to accept the bid for the purchase of the Bonds which results in the lowest true interest cost to the City and the Bonds shall bear interest, payable semi-annually, at such rate or rates and shall be sold to the successful bidder at such price as may be set forth in the bid so accepted; provided that the true interest cost of the Bonds shall not exceed 6.0% per annum. The City Manager and the Director of Finance, or either of them, is authorized and directed to approve such optional redemption provisions for the Bonds as such officer or officers determine to be in the best interest of the City. The City Council may provide for additional or other terms of the Bonds by subsequent resolution.

4. **Form of Bonds.** The Bonds shall be in substantially the form attached to this Ordinance as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance. There may be endorsed on the Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

5. Book-Entry-Only-Form. The Bonds shall be issued in book-entry-only form. The Bonds shall be issued in fully-registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner of the Bonds, and immobilized in the custody of DTC. One fully-registered Bond in typewritten or printed form for the principal amount of each maturity of the Bonds shall be registered to Cede & Co. Beneficial owners of the Bonds shall not receive physical delivery of the Bonds. Principal, premium, if any, and interest payments on the Bonds shall be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

Transfer of ownership interest in the Bonds shall be made by DTC and its participants (the "Participants"), acting as nominees of the beneficial owners of the Bonds in accordance with rules specified by DTC and its Participants. The City shall notify DTC of any notice required to be given pursuant to this Ordinance or the Bonds not less than fifteen (15) calendar days prior to the date upon which such notice is required to be given. The City shall also comply with the agreements set forth in the City's Letter of Representations to DTC.

Replacement Bonds (the "Replacement Bonds") shall be issued directly to beneficial owners of the Bonds rather than to DTC or its nominee but only in the event that:

- (i) DTC determines not to continue to act as securities depository for the Bonds; or
- (ii) The City has advised DTC of its determination not to use DTC as a securities depository; or
- (iii) The City has determined that it is in the best interest of the beneficial owners of the Bonds or the City not to continue the book-entry system of transfer.

Upon occurrence of the event described in (i) or (ii) above, the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City Council shall execute and deliver Replacement Bonds substantially in the form set forth in Exhibit A to the Ordinance to the Participants. In the event the City Council, in its discretion, makes the determination noted in (iii) above and has made provisions to notify the beneficial owners of the Bonds by mailing an appropriate notice to DTC, the appropriate officers and agents of the City shall execute and deliver Replacement Bonds substantially in the form set forth in Exhibit A to this Ordinance to any Participants requesting such Replacement Bonds. Principal of and interest on the Replacement Bonds shall be payable as provided in this Ordinance and in the Bonds and Replacement Bonds will be transferable in accordance with the provisions of paragraphs 9 and 10 of this Ordinance and the Bonds.

6. Appointment of Bond Registrar and Paying Agent. The City Manager and the Director of Finance, or either of them, are authorized and directed to appoint a Bond Registrar and Paying Agent for the Bonds and as long as the Bonds are in book-entry form, either of such officers may serve as Paying Agent.

The City Manager and the Director of Finance, or either of them, may appoint a subsequent registrar and/or one or more paying agents for the Bonds upon giving written notice

to the owners of the Bonds specifying the name and location of the principal office of any such registrar or paying agent.

7. **Execution of Bonds.** The Mayor and the Clerk of the City are authorized and directed to execute appropriate negotiable Bonds and to affix the seal of the City thereto and to deliver the Bonds to the purchaser thereof upon payment of the purchase price. The manner of execution and affixation of the seal may be by facsimile, provided, however, that if the signatures of the Mayor and the Clerk are both by facsimile, the Bonds shall not be valid until signed at the foot thereof by the manual signature of the Bond Registrar.

8. **CUSIP Numbers.** The Bonds shall have CUSIP identification numbers printed thereon. No such number shall constitute a part of the contract evidenced by the Bond on which it is imprinted and no liability shall attach to the City, or any of its officers or agents by reason of such numbers or any use made of such numbers, including any use by the City and any officer or agent of the City, by reason of any inaccuracy, error or omission with respect to such numbers.

9. **Registration, Transfer and Exchange.** Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar, the City shall execute and deliver and the Bond Registrar shall authenticate in the name of the transferee or transferees a new Bond or Bonds of any authorized denomination in an aggregate principal amount equal to the Bond surrendered and of the same form and maturity and bearing interest at the same rate as the Bond surrendered, subject in each case to such reasonable regulations as the City and the Bond Registrar may prescribe. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the City and the Bond Registrar, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Bonds surrendered, shall be secured by this Ordinance and entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

10. **Charges for Exchange or Transfer.** No charge shall be made for any exchange or transfer of Bonds, but the City may require payment by the registered owner of any Bond of a sum sufficient to cover any tax or other governmental charge which may be imposed with respect to the transfer or exchange of such Bond.

11. **Typewritten or Printed Bonds.** The City may initially issue any or all of the Bonds in typewritten or printed form, as determined by the Director of Finance and the City Manager, or either of them. If any of the Bonds are to be issued in printed form, the City may initially issue such Bonds in temporary, typewritten form and shall promptly prepare, execute and deliver to the registered owners Bonds in printed form of the same maturity and interest rate and for the same aggregate principal amount as the typewritten Bonds. Appropriate variations, omissions and insertions may be made in the Bonds to facilitate printing. The Bonds will also be eligible for deposit with The Depository Trust Company.

12. Non-Arbitrage Certificate and Tax Covenants. The City Manager and the Director of Finance, or either of them, and such officers and agents of the City as either of them may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended ("Code"), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds." The City Council covenants on behalf of the City that the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in the City's Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bonds and that the City shall comply with the other covenants and representations contained therein.

13. Disclosure Documents. The City Manager and the Director of Finance, or either of them, and such officers and agents of the City as either of them may designate are hereby authorized and directed to prepare, execute, if required, and deliver an appropriate notice of sale, preliminary official statement, official statement, continuing disclosure agreement or such other offering or disclosure documents as may be necessary to expedite the sale of the Bonds. The notice of sale, preliminary official statement, official statement, continuing disclosure agreement or other documents shall be published in such publications and distributed in such manner, including electronically, and at such times as the Director of Finance shall determine. The Director of Finance is authorized and directed to deem the preliminary official statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12.

14. Further Actions; Public Hearing. The City Manager and the Director of Finance and such officers and agents of the City as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the issuance and sale of the Bonds and all actions taken by such officers and agents in connection with the issuance and sale of the Bonds are ratified and confirmed.

The Clerk of the City is authorized and directed to advertise a public hearing to be held by the City Council in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended before the issuance of the Bonds.

15. Reimbursement. The City Council adopts this declaration of official intent under Treasury Regulations Section 1.150-2. The City Council reasonably expects to reimburse advances made or to be made by the City to pay the costs of the Projects from the proceeds of its debt. The maximum amount of debt expected to be issued for the Projects is set forth in paragraph 1 above. The City hereby authorizes the Director of Finance, on behalf of the City, to specifically declare the City's official intent to reimburse portions of the cost of the Projects with Bond proceeds.

16. Effective Date; Applicable Law. In accordance with Section 15.2-2601 of the Code of Virginia of 1950, as amended, the City Council elects to issue the Bonds pursuant to the provisions of the Public Finance Act of 1991. This Ordinance shall take effect at the time of its enactment.

WILLIAM D. EUILLE
Mayor

Final Passage: October 16, 2004

1 Virginia of 1950, as amended and an ordinance adopted by the City Council on _____,
2 2004 (the "Ordinance").

3 Bonds maturing on or before _____, _____ are not subject to redemption before
4 maturity. Bonds at the time outstanding which are stated to mature on or after _____,
5 _____ may be redeemed before their maturities on or after _____, _____, at the option of the
6 City in whole or in part (in installments of \$5,000) at any time or from time to time during the
7 following redemption periods upon payment of the following redemption prices (expressed as a
8 percentage of the principal amount to be redeemed) together with the interest accrued thereon to
9 the date fixed for redemption:

10	Redemption Period	Redemption Price
11	<u>(both dates inclusive)</u>	<u>Redemption Price</u>
12	_____ , _____ through _____ , _____	_____ %
13	_____ , _____ through _____ , _____	_____ %
14	_____ , _____ and thereafter	_____ %

15 If less than all of the Bonds are called for redemption, the maturities of the Bonds to be
16 redeemed shall be selected by the Director of Finance of the City in such officer's discretion. If
17 less than all of the Bonds of any maturity are called for redemption, the Bonds or portions
18 thereof to be redeemed within a maturity shall be selected by lot by the Bond Registrar, each
19 portion of \$5,000 principal amount being counted as one Bond for such purpose.

20 If any of the Bonds or portions thereof are called for redemption, the Bond Registrar
21 shall send notice of the call for redemption identifying the Bonds by serial or CUSIP numbers,
22 and in the case of partial redemption, identifying the principal amount to be redeemed, and
23 identifying the redemption date and price and the place where Bonds are to be surrendered for
24 payment, by first class mail not less than 30 nor more than 60 days before the redemption date to
25 the registered owner of each Bond to be redeemed at such owner's address as it appears on the
26 registration books maintained by the Bond Registrar, but failure to mail such notice shall not
27 affect the validity of the proceedings for redemption. Provided funds for their redemption are on
28 deposit at the place of payment on the redemption date, all Bonds or portions thereof so called
29 for redemption shall cease to bear interest on such date, shall no longer be secured by the
30 Ordinance and shall not be deemed to be outstanding. If a portion of this Bond shall be called
31 for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be
32 issued to the registered owner upon the surrender of this Bond.

33 The Bonds are issuable as fully registered bonds in denominations of \$5,000 and integral
34 multiples thereof. Any Bond may be exchanged for a like aggregate principal amount of Bonds
35 of the same maturity of other authorized denominations at the principal office of the Bond
36 Registrar.

37 This Bond may be transferred only by an assignment duly executed by the registered
38 owner hereof or such owner's attorney or legal representative in a form satisfactory to the Bond
39 Registrar. Such transfer shall be made in the registration books kept by the Bond Registrar upon
40 presentation and surrender hereof and the City shall execute, and the Bond Registrar shall

1 authenticate and deliver in exchange, a new Bond or Bonds having an equal aggregate principal
2 amount, in authorized denominations, of the same form and maturity, bearing interest at the
3 same rate, and registered in names as requested by the then registered owner hereof or such
4 owner's attorney or legal representative. Any such exchange shall be at the expense of the City,
5 except that the Bond Registrar may charge the person requesting such exchange the amount of
6 any tax or other governmental charge required to be paid with respect thereto.

7 The City may designate a successor Bond Registrar and/or Paying Agent, provided that
8 written notice specifying the name and location of the principal office of any such successor
9 shall be given to the registered owner of the Bonds. Upon registration of transfer of this Bond,
10 the Bond Registrar shall furnish written notice to the transferee of the name and location of the
11 principal office of the Bond Registrar and/or the Paying Agent.

12 The Bond Registrar shall treat the registered owner as the person exclusively entitled to
13 payment of principal and interest and the exercise of all other rights and powers of the owner,
14 except that interest payments shall be made to the person shown as the owner on the registration
15 books on the 15th day of the month preceding each interest payment date.

16 This Bond shall not be valid or obligatory for any purpose unless and until authenticated
17 at the foot hereof by the Bond Registrar.

18 It is hereby certified and recited that all acts, conditions and things required by the
19 Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed
20 precedent to the issuance of this Bond have happened, exist or been performed in due time, form
21 and manner as so required and that the indebtedness evidenced by this Bond is within every debt
22 and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

23

1 **ASSIGNMENT**

2 FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

3 _____
4 _____
5 _____
6 _____

7 (PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF
8 ASSIGNEE)

9 PLEASE INSERT SOCIAL SECURITY OR OTHER
10 IDENTIFYING NUMBER OF ASSIGNEE: _____

11 the within Bond and does hereby irrevocably constitute and appoint

12 _____, attorney, to transfer said Bond on
13 the books kept for registration of said Bond, with full power of substitution in the premises.

14 Dated _____

15
16 Signature Guaranteed:

17 _____
18 (NOTICE: Signature(s) must be
19 guaranteed.)
20
21
22

Registered Owner

(NOTICE: The signature above
must correspond with the name
of the Registered Owner as it
appears on the books kept for
registration of this Bond
in every particular, without
alteration or change.)

1
2
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CERTIFICATE OF AUTHENTICATION

The undersigned Bond Registrar hereby certifies that this is one of a series of Bonds of the City of Alexandria, Virginia described in the within-mentioned Ordinance.

Authentication Date: _____

By: _____
[Director of Finance]

CERTIFICATION

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I, Jackie M. Henderson, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of a portion of the Meeting Minutes of _____, 2004, showing the vote of the City Council, and a true copy of the ordinance which was finally passed upon its Second Reading and Final Passage by the Alexandria City Council at its Regular Meeting held on _____, 2004.

Dated this ____ day of _____, 2004

Jackie M. Henderson, City Clerk
City of Alexandria, Virginia