

City of Alexandria, Virginia

12-14-04

MEMORANDUM

DATE: DECEMBER 7, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA FOR THE NATIONAL SOCIETY OF BLACK ENGINEERS

ISSUE: Resolution authorizing the issuance of bonds by the Industrial Development Authority of the City of Alexandria (AIDA) in an amount up to \$4,000,000 to assist The National Society of Black Engineers (NSBE) in financing and refinancing the cost of acquiring NSBE's national headquarters building, the cost of funding a debt service reserve fund and the costs of the issuance of the bonds

RECOMMENDATION: That City Council adopt the attached resolution (Attachment 1) as recommended by the AIDA at its meeting on November 30, 2004.

DISCUSSION: On November 30, 2004, the AIDA adopted a Resolution (Attachment 2) authorizing the issuance of up to \$4,000,000 in AIDA bonds to assist NSBE in financing or refinancing the following:

- The cost of acquiring NSBE's national headquarters building at 205 Daingerfield Road;
- The cost of funding a debt service reserve fund, working capital and capitalized interest; and
- The costs associated with the issuance of the bonds.

NSBE is a national student and professional based organization dedicated to the realization of a better tomorrow through the development of intensive programs for increasing participation of black and other ethnic minorities in the field of engineering and engineering technologies. The national headquarters of NSBE is currently located at 1454 Duke Street. This building will be leased once NSBE moves to the new headquarters. NSBE purchased the building at 205 Daingerfield Road on September 13, 2004. The purchase was financed with a mortgage from Bank of America, N. A. The proposed AIDA bonds will refinance the original mortgage and provide additional working capital. The Fiscal Impact Statement provided by NSBE indicates that NSBE will be paying an estimated \$34,500 in real estate taxes per year on the new facility.

FISCAL IMPACT: The AIDA was established to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate or remain in Virginia. The AIDA has the authority to issue tax exempt Industrial Revenue Bonds for certain non-profit organizations, small manufacturers, government entities and certain solid waste disposal projects. Unfortunately, as a result of the historically low interest rates available in the marketplace, in recent years AIDA has not seen much interest in tax exempt financing. 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 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 NSBE. The AIDA will receive a fee of \$22,500 to issue the bonds.

ATTACHMENTS:

Attachment 1. Proposed Council Resolution

Attachment 2. AIDA Certificate evidencing the conduct of the public hearing and action taken by
AIDA

Attachment 3. Fiscal Impact Statement

STAFF:

Mark Jinks, Assistant City Manager for Fiscal & Financial Affairs

D. A. Neckel, Director of Finance

Paula Riley, Executive Director, AEDP

RESOLUTION NO.

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

WHEREAS, the Industrial Development Authority of the City of Alexandria ("Authority") has considered the application of the National Society of Black Engineers ("NSBE"), 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 ("Code"), requesting the issuance of the Authority's revenue bonds in an amount not to exceed \$4,000,000 ("Bonds") to assist NSBE in financing or refinancing (i) the costs of acquiring NSBE's national headquarters building located at 205 Daingerfield Road in Alexandria, Virginia (the "Facility"); (ii) the costs of funding a debt service reserve fund, working capital, capitalized interest; and (iii) the costs associated with the foregoing, including credit enhancement fees, other eligible expenditures, and the costs of issuance in connection with the Bonds (collectively, the "Project");

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 ("City"); the Facility is 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 City.

**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 NSBE, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended ("Virginia Code"), to permit the Authority to assist in the financing and refinancing of the Project.
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 Facility or NSBE, and, as

Attachment 1

required by Section 15.2 - 4909 of the Virginia Code, the Bonds shall provide that neither the City 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 therefore, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including the City and the Authority, shall be pledged thereto.

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

Adopted: _____, 2004.

WILLIAM D. EUILLE

MAYOR

ATTEST:

Jackie M. Henderson, City Clerk

CERTIFICATE

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

1. A meeting of the Authority was duly called and held on November 30, 2004, at 5 o'clock p.m. at the Authority's offices located 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 the National Society of Black Engineers 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 ("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 ("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 30th day of November, 2004.



Secretary, Industrial Development Authority of the
City of Alexandria

[SEAL]

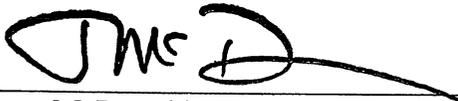
Exhibits:

- A - Copy of Certified Notice
- B - Summary of Statements
- C - Inducement Resolution

Journal

PROOF OF PUBLICATION

I, James McDonald, Publisher of the Northern Virginia Journal, 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 11/16/04, certify that the notice of REVENUE BOND FINANCING for MCGUIRE WOODS, LLP attached hereto has been published on 11/16/2004, 11/23/2004.



James McDonald

Sworn to and subscribed before me this 23rd day of November, 2004.



My Commission expires

My Commission Expires September 30, 2007

Ad number: 11509132
 End date: 11/23/2004
 11/16/2004, 11/23/2004
 MCGUIRE WOODS, LLP
 CYNTHIA L. HENDREN

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, will hold a public hearing on the plan of financing application of the National Society of Black Engineers (the "Borrower"), a 501(c)(3) organization, whose address is 1454 Duke Street, Alexandria, Virginia, 22314. The Borrower has requested the Authority to issue up to \$4,000,000 of its revenue bonds to assist the Borrower in financing and refinancing (i) the costs of acquiring the Borrower's approximately 18,470 gross square foot national headquarters building located at 205 Daingerfield Road in Alexandria, Virginia; (ii) the costs of funding a debt service reserve fund, working capital, capitalized interest, and (iii) other costs associated with the foregoing, including credit enhancement fees, other eligible expenditures, and the costs of issuance of the revenue bonds.

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, including the City of Alexandria, Virginia, will be pledged to the payment of such bonds. The bonds will be limited obligations of the Authority payable solely from the funds pledged therefore.

The public hearing, which may be continued or adjourned, will be held at 5:00 o'clock p.m. on November 30, 2004, 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.

Industrial Development Authority
 of the City of Alexandria

November 16 & 23, 2004

NVA11509132hc.

EXHIBIT B TO CERTIFICATE

Summary of Statements

Representatives of the National Society of Black Engineers appeared before the Authority to explain the proposed plan of financing. No one appeared in opposition to the proposed bond issue.

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Alexandria ("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 November 30, 2004, 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 30th day of November, 2004.


Secretary of the Industrial
Development Authority of the City
of Alexandria

[SEAL]

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF ALEXANDRIA
AUTHORIZING THE ISSUANCE OF UP TO \$4,000,000
OF ITS REVENUE BONDS FOR THE PURPOSE OF
FINANCING AND REFINANCING CERTAIN COSTS RELATED
TO A FACILITY LOCATED IN ALEXANDRIA, VIRGINIA**

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 ("Act"), to issue its revenue bonds for the purpose of financing and refinancing facilities for use by an organization (other than an organization organized and operated exclusively for religious purposes) which is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and which is exempt from Federal income taxation pursuant to Section 501(a) of the Code;

WHEREAS, the Authority has received a request from the National Society of Black Engineers (the "Borrower"), requesting that the Authority issue its revenue bonds to assist the Borrower in financing and refinancing (i) the costs of acquiring the Borrower's national headquarters building located at 205 Daingerfield Road in Alexandria, Virginia (the "Facility"); (ii) the costs of funding a debt service reserve fund, working capital, capitalized interest; and (iii) other costs associated with the foregoing, including credit enhancement fees, other eligible expenditures, and the costs of issuance of the revenue bonds (collectively, the "Project");

WHEREAS, such assistance will benefit the inhabitants of the City of Alexandria, Virginia and the Commonwealth of Virginia;

WHEREAS, preliminary plans for the financing and refinancing of the Project 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; and

WHEREAS, the Borrower has represented that the estimated cost of the financing and refinancing of the Project and all expenses of issue will require an issue of revenue bonds in the aggregate principal amount not to exceed \$4,000,000.

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 financing and refinancing the Project 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, Virginia and their citizens.

2. To induce the Borrower to maintain the location of the Facility in the Commonwealth of Virginia, and particularly in the City of Alexandria, Virginia, the Authority

hereby agrees to assist the Borrower in financing and refinancing the Project by undertaking the issuance of its revenue bonds in an amount not to exceed \$4,000,000 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. The bonds will be limited obligations of the Authority payable solely from the funds pledged therefor, 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, including the City of Alexandria, Virginia, will be pledged to the payment of such bonds.

3. It having been represented to the Authority that it is necessary to proceed immediately with the financing and refinancing of the Project, the Authority agrees that the Borrower may proceed with plans for the refinancing of the Project, and take such other steps as it may deem appropriate in connection therewith, provided, however, that nothing in this resolution shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project. The Authority agrees that the Borrower may be reimbursed from the proceeds of the bonds for all expenditures and costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act and applicable federal laws.

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

5. All costs and expenses in connection with the financing and refinancing of the Project, including the Authority's administrative fee and the fees 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 expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefore.

6. In adopting this resolution the Authority intends to take "official action" toward the issuance of the bonds and to evidence its "official intent" to reimburse from the proceeds of the bonds any expenditures paid by the Borrower to finance and/or refinance the Project before the issuance of the bonds, all within the meaning of regulations issued by the Internal Revenue Service pursuant to Sections 103 and 141 through 150 and related sections of the Code.

7. The Authority recommends that the City Council of the City of Alexandria, Virginia (the "Council"), approve the issuance of the bonds within sixty days of the date of the adoption of this Resolution, the Authority hereby directs the Secretary of the Authority to submit to the Council this Resolution, the Borrower's fiscal impact statement, and a summary of the public hearing held by the Authority prior to the adoption of this Resolution.

8. All of the acts of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the bonds and the undertaking of the financing and refinancing of the Project are hereby ratified, approved and confirmed.

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

ADOPTED: November 30, 2004

FISCAL IMPACT STATEMENT
FOR PROPOSED INDUSTRIAL REVENUE BOND FINANCING

Date: November 30, 2004

To the City Council of the City of Alexandria, Virginia

Name of Applicant: Facility: National Society of Black Engineers

- | | |
|--|-------------|
| 1. Maximum amount of financing sought | \$4,000,000 |
| 2. Estimated taxable value of the facility's real property to be constructed in the municipality | \$3,568,700 |
| 3. Estimated real property tax per year using present tax rates | \$35,508.57 |
| 4. Estimated personal property tax per year using present tax rates | \$7,800 |
| 5. Estimated merchants' capital tax per year using present tax rates | \$0 |
| 6. (a) Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality | \$30,000 |
| (b) Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality | \$532,893 |
| (c) Estimated dollar value per year of services that will be purchased from Virginia companies within the locality | \$50,000 |
| (d) Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality | \$1,466,098 |
| 7. Estimated number of regular employees on year round basis | 25 |
| 8. Average annual salary per employee | \$53,000 |


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.

RESOLUTION NO. 2129

WHEREAS, the Industrial Development Authority of the City of Alexandria ("Authority") has considered the application of the National Society of Black Engineers ("NSBE"), 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 ("Code"), requesting the issuance of the Authority's revenue bonds in an amount not to exceed \$4,000,000 ("Bonds") to assist NSBE in financing or refinancing (i) the costs of acquiring NSBE's national headquarters building located at 205 Daingerfield Road in Alexandria, Virginia (the "Facility"); (ii) the costs of funding a debt service reserve fund, working capital, capitalized interest; and (iii) the costs associated with the foregoing, including credit enhancement fees, other eligible expenditures, and the costs of issuance in connection with the Bonds (collectively, the "Project");

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 ("City"); the Facility is 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 City.

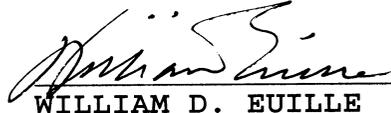
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ALEXANDRIA, VIRGINIA:

1. The Council approves the issuance of the Bonds by the Authority for the benefit of NSBE, as required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended ("Virginia Code"), to permit the Authority to assist in the financing and refinancing of the Project.

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 Facility or NSBE, and, as required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that neither the City 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 therefore, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including the City and the Authority, shall be pledged thereto.

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

ADOPTED: December 14, 2004



WILLIAM D. EULLE

MAYOR

ATTEST:



Jacqueline M. Henderson, CMC City Clerk