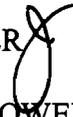


City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 18, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: ORDINANCE AUTHORIZING AND EMPOWERING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION BONDS TO FINANCE VARIOUS CAPITAL PROJECTS

ISSUE: Bond financing of capital projects of the City, Schools and the Washington Metropolitan Area Transit Authority

RECOMMENDATION: That City Council:

- (1) Hold the public hearing;
- (2) Approve the ordinance (Attachment 1) on second reading and final passage authorizing and empowering the issuance, sale, and delivery of up to \$106.7 million in general obligation bonds to finance various capital projects; and
- (3) Authorize the City Manager to notify the Washington Metropolitan Area Transit Authority (WMATA) of the City's intent to "opt-out" of WMATA's upcoming \$468 million bond financing. Due to advertising requirements, the ordinance could not be heard at the March 14 public hearing meeting.

BACKGROUND: A key element of the City's capital improvement program is the financing of a major portion of the City's capital improvement program through the issuance of tax exempt general obligation bonds which bear the full faith and credit pledge of the City. The proposed ordinance authorizes the issuance of up to \$106.7 million in general obligation bonds including \$93.9 million for City and School purposes, as well as up to \$12.8 million to finance a portion of the City's prior Metro Matters capital project obligations to the Washington Metropolitan Area Transit Authority (WMATA). This issuance for City and School purposes would include: \$38.4 million of bond authorization planned as part of the FY 2009 element of the Council approved FY 2009 to FY 2014 Capital Improvement Program (CIP), as well as bond authorization contemplated in the FY 2010 to FY 2015 proposed CIP needed to finance the proposed new Police Headquarters facility construction contract. Other costs related to the Police Headquarters

facility project, but not a part of the construction contract, will be financed in the future by other means such as future bond issuances, equipment lease purchase financing and/or cash capital.

It is planned that only \$28.5 million of this Police Headquarters \$55.5 million amount would be issued in FY 2009, with the \$27.0 million construction contract balance likely to be issued in late FY 2010. This request for a higher bond authorization for the new Police Headquarters than is planned to be issued in the next few months is necessary to comply with the City Charter provision 5.15 related to the execution of construction contracts which are contemplated to be bond financed.

It is expected that these bonds will be rated Aaa by Moody's Investors Service and AAA by Standard and Poor's.

In order to be able to execute a construction contract for the Police Headquarters facility before the end of March, and in order to meet the State Code advertising requirements for a local government bond authorization, a first reading on March 10 was held with the second reading, public hearing, second reading and final passage scheduled for March 24.

The total requested bond authorization of \$106.7 million (which is \$11.6 million less than originally proposed due to a major decrease in the WMATA capital amount from the original \$24.4 million), with \$79.7 million planned to be issued in 2009 and \$27.0 million planned to be issued along with other City bonds in 2010, is summarized in the following chart:

	<u>(\$ in millions)</u>		
	Proposed Bond Issuance	Bond Authorization Only	Total
City and Schools	\$38.4	NA	\$ 38.4
Police HQ	28.5	\$27.0	55.5
Metro Matters	12.8	-0-	12.8
Total	\$79.7	\$27.0	\$106.7
			} \$93.9

The allocation of the proposed bond proceeds is consistent with the approved projects in the approved FY 2009 to FY 2015 CIP, as well as the Police Headquarters project in the FY 2010 to FY 2016 CIP. The bonds are proposed to be allocated in the following manner:

<u>General Project Description</u>	<u>Estimated Maximum Cost</u>
<u>Schools</u>	\$10,000,000
Construction, remodeling and repairing of school buildings and acquisition of necessary equipment (includes projects contained in the capital improvement program under "Schools").	

City Parks and Buildings 69,000,000

Construction, renovation and improvement of existing and new City buildings and park facilities and acquisition of necessary land and equipment (includes projects contained in the capital improvement program under “Recreation and Parks” and “Public Buildings”).

Transportation and Metro Improvements 22,800,000

Maintenance and upgrade of the City’s transportation systems (includes projects contained in the capital improvement program under “Public Transportation and Traffic Control,” and payment of the City’s share of certain Washington Metropolitan Area Transit Authority (i.e. “METRO”) capital improvements).

Information Technology 2,000,000

Maintenance and upgrade of the City’s information technology infrastructure and hardware, networks, and software (includes projects contained in the capital improvement program under “Information Technology Plan”).

Infrastructure 2,000,000

Construction, renovation and improvement of City streets, bridges, storm and sanitary sewers and acquisition of necessary equipment (includes projects contained in the capital improvement program under “Community Development,” “Sewers,” and “Streets, Bridges, and Pedestrian Improvements”).

Affordable Housing 0¹

Acquisition, construction, remodeling and repairing of affordable housing and acquisition of necessary land and equipment.

Total: \$106,700,000

WMATA’s Metro Matters Program: In FY 2004, the City, along with the other Virginia local governments, the District of Columbia and the State of Maryland, signed a \$3 billion six-year capital improvement program agreement titled “Metro Matters.” This agreement covered the

¹ While no Affordable Housing bond issuance is planned at this time, listing this category as a permitted use establishes flexibility if the need for affordable housing bonds (funded from the proposed dedicated 0.7¢ of real estate taxes) arises.

six-year period from FY 2005 to FY 2010 and also had a longer term debt service element planned to finance about \$488 million of the capital projects which were planned to be undertaken in the FY 2005 to FY 2010 time period, but financed beyond that timeframe. WMATA issued short-term commercial paper to finance a large portion of these projects totaling \$422 million, and is now planning (Attachment II) to repay that short-term commercial paper borrowing with the issuance in June of up to \$468 million serial bonds which would be repaid over a 25-year period. The \$468 million includes \$46 million for a debt service reserve and related issuance costs. This is \$82 million less than WMATA's earlier projections of a \$550 million bond issuance.

At the City's initiative, during the Metro Matters agreement negotiations in 2004, the final Metro Matters agreement included a provision that when WMATA issued the planned Metro Matters long-term debt, participating governments could individually decide to "opt out" of that debt issuance and to pay WMATA its local share of that WMATA planned issuance. This provision in the agreement recognized that the many of the WMATA member jurisdictions had credit ratings much higher than WMATA and could therefore issue tax exempt bonds at lower interest costs. Any jurisdiction that chose to opt out would then have its debt service obligation to WMATA for this Metro Matters bond issuance eliminated over the next 25 years.

The City's share of the planned \$468 million WMATA borrowing would be \$18.7 million in principal and up to \$20.0 million in future interest costs. However, Northern Virginia jurisdictions will receive credit in the Metro Matters calculations for \$38.8 million in Metrorail car financing that the Commonwealth of Virginia is authorized to provide to WMATA (Attachment III). As a result, the City's opt-out obligation will drop from \$18.7 million by \$5.9 million to \$12.8 million. The Northern Virginia Transportation Commission (NVTC) staff negotiated this with WMATA staff.

When taking the NVTC rail car credit which drops the City's opt out obligation by \$5.9 million from \$18.7 million to \$12.8 million. This, combined with a City debt issuance, reduces the City required debt service payment to WMATA from \$1.5 million per year to a City debt service payment of \$0.8 million annually. Thus, the savings to the City would be approximately \$0.7 million annually or \$17.5 million over a 25-year period (Attachment IV).

Also, the \$0.7 million annual savings will begin to accrue to the City in FY 2010, and while the City's debt service will increase by \$0.8 million, the budgeted WMATA capital obligation in the City's CIP can be reduced by \$1.5 million which produces a net annual budget gain to the City of \$0.7 million for FY 2010 and beyond. This reduction in the City's WMATA capital obligation will be factored into the City's April FY 2010 revenue and expenditure re-estimates.

The issuance of debt directly by the City instead of by WMATA will add slightly to the City's overall debt ratios, but the amount added will not adversely impact the City's bond ratings nor adversely impact the City's overall position of maintaining low to moderate debt burdens. Some recognition of this use of the opt-out provision could be incorporated into the next revision of the debt policy guidelines, so that this additional debt does not result in other capital projects not able to be financed in the future.

At this time at least three other jurisdictions (Fairfax County, Arlington County, and the State of Maryland) may decide to use the opt-out provision. It is expected that sometime during the next six months, a new six year FY 2011 to FY 2016 Metro Matters II agreement will be proposed and negotiated.

Police Headquarters Financing: The proposed bond authorization includes sufficient multi-year authorization so the City can execute a \$55.5 million Guaranteed Maximum Price (GMP) with Whiting-Turner to construct the new Police headquarters (see the March 10, 2009, docket item #15 for details). Section 5.15 of the City Charter requires that before any construction contract is signed that the authorizing bond ordinance needs to have been approved. Funding elements of the \$55.5 million include \$28.5 million in bonds proposed to be issued in late FY 2009, and \$27.0 million proposed to be issued late in FY 2010 or early FY 2011. The FY 2010 and FY 2011 elements of the proposed FY 2010 to FY 2015 CIP contemplate this bond funding. In addition, the debt service budgeted in the FY 2010 General Fund proposed operating budget incorporates the planned issuance of this \$28.5 million in late FY 2009. This \$28.5 million will approximate the estimated Police Headquarters construction payments cash flow for about the next twelve months.

Proposed Structure of the Bonds: As is the City's practice, the contemplated \$79.7 million bond issue for FY 2009 (\$66.9 million for City and School projects and \$12.8 million for Metro) will be issued as full faith and credit general obligation bonds. They will be serial bonds with an aggressive repayment schedule of planned annual fixed repayment amounts over the life of the bonds, include a 10-year call provision, and they will be competitively bid on the Internet. It is expected that the bonds will be rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. One feature that will be different with this issuance is that while the City and School projects portion of the bonds will be repaid over 20 years, the Metro Matters financing will likely be amortized over 25 years to match the WMATA planned amortization and opt-out credit schedule. Now that the amount of the WMATA related debt issuance has been reduced from the original \$24.4 million to \$12.8 million, the amortization period may be shortened from 25 years to 20 years if market conditions warrant such a shortening. The City's independent financial adviser Davenport, LLC is assisting the City with this bond sale.

While the American Recovery and Reinvestment Act (ARRA) of 2009 recently enacted into law contained new municipal bond provisions, at this time it appears that these new municipal bond provisions are not likely to be applicable to this proposed City bond sale. For example, one provision entitled "Build America Bonds" allows localities to issue taxable bonds and then receive a direct 35% interest tax credit payment from the federal government. The City's financial adviser looked at this taxable bond option and has concluded that the TIC spread and resulting net interest costs between an AAA tax-exempt bond issuance and an AAA taxable bond issuance is greater than the 35% credit that the federal government would provide. Therefore, the federal Build America Bonds program is not contemplated to be utilized for this proposed City bond sale. However, the proposed bond ordinance (Attachment I) does not preclude the issuance of such bonds if market conditions change and the spread between taxable and tax exempt AAA bonds narrows.

The ARRA also expanded Qualified Zone Academy Bonds, and created a new Qualified School Construction Bond category. As the details of these, and other new bond issuance options become clear, the City can adjust the proposed bond sale accordingly if it appears that one of these alternative bond financing mechanisms would be more cost effective than a plain vanilla City AAA/Aaa rated tax-exempt general obligation bond offering.

The bonds will be issued as tax exempt fixed-rate bonds. Given the current market demand for pure AAA/Aaa rate municipal bonds, and given favorable market conditions, the City should see the True Interest Cost (TIC) for the City and School bonds in the 3.6% to 3.8% TIC range. This compares to a 3.99% TIC for the July 2008 City bond issue, and is lower than the running five year average for AAA tax exempt bond sales. Given the credit concerns in the market place, the collapse of major bond insurers, and corporate bond rating declines (only six corporations remain rated AAA by Standards & Poors), demand for high quality AAA/Aaa tax exempt bonds like the City's is very positive.

The Metro Matters portion of the City's bond issuance, which would also be rated AAA/Aaa, because of its longer 25-year life and higher interest rates on the long end of the yield curve will likely have a TIC in the 4.1% to 4.3% range. This compares to WMATA's A rated bond projected cost of borrowing of 5.0% to 5.5%.

FISCAL IMPACT: The fiscal impact of the \$66.9 million bond issuance for City and School purposes will be \$2.7 million in estimated interest payments in FY 2010 (Attachment V), as well as a planned \$0.8 million principal repayment. Principal repayments will increase to \$1.8 million in FY 2011, to \$2.8 million in FY 2012 and then leveling off to \$3.6 million from FY 2013 to FY 2029. The bond issuance for the Metro Matters purposes will likely have a level debt service structure to match WMATA's debt service schedule and therefore have a declining principle structure over the maximum 25-year life of the bonds.

The fiscal impact of the proposed Metro Matters bond issuance by the City will be to reduce previously projected annual debt service payments by some \$0.7 million annually for 25 years for a total savings of \$17.5 million. For FY 2010, it will reduce the CIP budget for the City's Metro capital payment by some \$1.5 million, but increase the City's General Fund debt service by \$0.8 million. The net effect of this \$0.7 million annual savings that starts in FY 2010 will be reflected in the April revenue and expenditure re-estimates.

ATTACHMENTS:

- Attachment I. Ordinance Authorizing and Empowering the Issuance, Sale and Delivery of General Obligation Bonds
- Attachment II. WMATA Notice of Intent to Issue Long Term Bonds
- Attachment III. NVTC Rail Car Credit Opt-Out Calculations
- Attachment IV. Debt service savings comparison of WMATA debt service with City debt service
- Attachment V. Debt service schedule for proposed City and School project bond issuance

STAFF:

Mark Jinks, Deputy City Manager

Bruce Johnson, Chief Financial Officer

Laura Triggs, Director of Finance

Michael Stewart, Budget Analyst, Office of Management and Budget

1	Introduction and first reading:	03/10/09
2	Public hearing:	03/24/09
3	Second reading and enactment:	03/24/09

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE OF THE CITY OF ALEXANDRIA, VIRGINIA
AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION CAPITAL
IMPROVEMENT BONDS IN THE ESTIMATED MAXIMUM AMOUNT OF
\$106,700,000; AND PROVIDING FOR REIMBURSEMENT TO THE
CITY OF ALEXANDRIA FROM BOND PROCEEDS

Summary

The proposed ordinance authorizes the issuance of general obligation capital
improvement bonds for various public improvements in the estimated maximum amount
of \$106,700,000.

Sponsor

Staff

Mark Jinks, Deputy City Manager
Bruce Johnson, Chief Financial Officer
Laura Triggs, Director of Finance
Christopher P. Spera, Acting City Attorney

Authority

§7.01, Alexandria City Charter

Estimated Costs of Implementation

None

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

None

At a regular meeting of the City Council of the City of Alexandria, Virginia, held on the [10th] day of March, 2009, the following City Council members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the attached Ordinance was approved upon first reading by a majority of the members of the City Council by a roll call vote, the votes being recorded as follows:

MEMBER

VOTE

At a regular meeting of the City Council of the City of Alexandria, Virginia, held on the [24th] day of March, 2009, the following City Council members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the attached Ordinance was enacted upon second reading following a public hearing held in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, by a majority of the members of the City Council by a roll call vote, the votes being recorded as follows:

MEMBER

VOTE

**AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF ALEXANDRIA, VIRGINIA
AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION CAPITAL
IMPROVEMENT BONDS IN THE ESTIMATED MAXIMUM AMOUNT OF
\$106,700,000; 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 \$106,700,000 general obligation bonds of the City to finance the cost, in whole or in part, of various capital improvements as described below (the "Projects").

THE CITY COUNCIL OF THE CITY 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 \$106,700,000 (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 (includes projects contained in the capital improvement program under "Schools").	\$10,000,000
<u>City Parks and Buildings</u> Construction, renovation and improvement of existing and new City buildings and park facilities and acquisition of necessary land and equipment (includes projects contained in the capital improvement program under "Recreation and Parks" and "Public Buildings").	\$69,900,000
<u>Transportation and Metro Improvements</u> Maintenance and upgrade of the City's transportation systems (includes projects contained in the capital improvement program under "Public Transportation and Traffic Control," and payment of the City's share of certain Washington Metropolitan Area Transit Authority (i.e. "METRO") capital improvements).	\$22,800,000

<u>Information Technology</u> Maintenance and upgrade of the City’s information technology infrastructure and hardware, networks, and software (includes projects contained in the capital improvement program under “Information Technology Plan”).	\$2,000,000
<u>Infrastructure</u> Construction, renovation and improvement of City streets, bridges, storm and sanitary sewers and acquisition of necessary equipment (includes projects contained in the capital improvement program under “Community Development,” “Sewers,” and “Streets, Bridges and Pedestrian Improvements”).	\$2,000,000
<u>Total:</u>	\$106,700,000

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 taxable or tax-exempt 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 any Bond is not more than approximately 25 years from its date and the aggregate principal amount of the Bonds is not more than \$106,700,000. The City Manager and the Director of Finance, or either of them, is authorized and directed, at his or her option, to accept a bid or bids 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 or bidders at such price as may be set forth in the bid or bids so accepted, or, if he or she deems it to be in the City’s financial interest, to forego such competitive bidding and negotiate the sale of the Bonds to one or more initial purchasers; provided that the true interest cost of the Bonds shall not exceed 6.5% 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”) may 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. **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.

12. Revocation of Authorization for Previously Authorized Taxable Bonds. On October 15, 2005, the City Council adopted Ordinance No. 4423 (the "Prior Ordinance") authorizing the City to issue certain amounts of taxable and non-taxable bonds. All authorization under the Prior Ordinance for the issuance by the City of taxable bonds is hereby revoked and rescinded to the extent such bonds have not been issued as of the date of this Ordinance.

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. 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.

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, City of Alexandria, Virginia

Final Passage: March [24], 2009

Virginia of 1950, as amended and an ordinance adopted by the City Council on _____, 2009 (the "Ordinance").

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

<u>Redemption Period</u> (both dates inclusive)	<u>Redemption Price</u>
_____, _____ through _____, _____	_____%
_____, _____ through _____, _____	_____%
_____, _____ and thereafter	_____%

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the City Council of the City of Alexandria, Virginia, has caused this Bond to be signed by the facsimile signature of its Mayor, a facsimile of its seal to be affixed and attested by the facsimile signature of its Clerk and this Bond to be dated _____, _____.

CITY OF ALEXANDRIA, VIRGINIA

By _____
Mayor, City of Alexandria, Virginia

[SEAL]

ATTEST:

Clerk, City Council,
City of Alexandria, Virginia

ASSIGNMENT

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

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

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

the within Bond and does hereby irrevocably constitute and appoint

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

Dated _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed.)

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.)

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

I, Jacqueline M. Henderson, CMC, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of a portion of the Meeting Minutes of March [24], 2009, 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 March [24], 2009.

Dated this ____ day of _____, 2009

Jacqueline M. Henderson, CMC, City Clerk
City of Alexandria, Virginia

March 9, 2009

CITY MANAGER'S OFFICE
ALEXANDRIA, VA

2009 MAR 10 P 12:18



James K. Hartmann
City Manager
City of Alexandria
301 King Street
Alexandria, VA 22314

Re: Notice of Intent to Issue Long Term Bonds

Dear Mr. Hartmann:

This letter is to give you notice of the Washington Metropolitan Area Transit Authority's intent to issue long term bonds as required under section 5(c)(2) of the Metro Matters Funding Agreement. We anticipate issuing \$468,000,000 in bonds with an expected average interest rate of 5.50% on or about June 9, 2009. The bonds will be 25 year bonds. Your share of the debt service for this bond issue is expected to be \$1,547,559 per year as further described in "Schedule A". Each jurisdiction's share of the debt service for the Authority's existing bonds as well as for this bond issue is further described in "Schedule B"

Please let WMATA know within 45 days of the date of this letter if your jurisdiction wishes to pre-fund your share or a portion of your share of the bond issue. Your jurisdiction's share of the proposed bond issue is \$18,718,455 as further described in "Schedule C". If your jurisdiction elects to pre-fund, the cash proceeds must be received by the Authority on or before the date that the bond issue closes. If we do not receive a request to pre-fund within the 45-day time period, we will proceed with the contemplated bond issue and begin billing your jurisdiction for the debt service.

The Metro Matters program contained an assumption that the federal government would provide \$260 million in new discretionary funds which included the purchase of new rail cars. In actuality, the federal funding was only \$104 million, leaving a \$156 million deficit. The Metro Matters agreement specifically called for a debt issuance to fund any shortfall in the Metro Matters program. The local shares allocable to this deficit in the discretionary funds are shown in "Schedule D". At the discretion of each jurisdiction, the funding of this share of the deficit may be an option to pre-fund a portion of a jurisdiction's share specified in Schedule C.

Should you have any questions, please contact the Authority's Treasurer, Raj Srinath, on 202-962-1020.

Sincerely,

Carol Kissal
Chief Financial Officer

Cc: Mark B. Jinks, Deputy City Manager

24

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
70, 71, 80, X2

Schedule A		
Metro Matters Bond - "Opt In"		
Principal ⁽¹⁾	\$468,000,000	
Interest	5.50%	annual rate
Term	25	years
Debt Service	\$34,889,097	

JURISDICTIONAL ALLOCATION OF ANNUAL DEBT SERVICE EXPENSE ⁽²⁾

DISTRICT OF COLUMBIA	\$12,781,458	36.63%
MONTGOMERY COUNTY	\$5,936,260	17.01%
PRINCE GEORGE'S COUNTY	\$6,586,303	18.88%
MARYLAND SUBTOTAL	<u>\$12,522,563</u>	35.89%
ALEXANDRIA	\$1,547,559	4.44%
ARLINGTON	\$3,025,057	8.67%
CITY OF FAIRFAX	\$66,832	0.19%
FAIRFAX COUNTY	\$4,847,655	13.89%
FALLS CHURCH	\$97,974	0.28%
VIRGINIA SUBTOTAL	<u>\$9,585,077</u>	27.47%
TOTAL ANNUAL DEBT SERVICE	<u><u>\$34,889,097</u></u>	100.00%

(1) Total projected Bond issuance amount of \$468 million includes \$422 million needed for capital expenditures plus a not-to-exceed amount of \$46 million for the costs of issuance, insurance and any required debt service reserve fund.

(2) Jurisdictional allocation is the same percentage distribution used to calculate the local contributions to the Metro Matters Funding Agreement

25

Schedule B

Proposed New Financing			
Principal *	\$ 468,000,000		
Interest	5.5%	Annual Rate	
Term	25	Years	
Debt Service	\$34,889,097		
(Debt Service Payments begin in FY 10)			

**Jurisdictional Allocation of
Proposed and
Existing Debt Service**

	Existing FY 2009			FY 2010					FY 2011		
	1993 Bonds	2003 Bonds	Total	1993 Bonds	2003 Bonds	Sub-Total	Proposed 2009 Bonds	Total	2003 Bonds	Proposed 2009 Bonds	Total
District of Columbia	4,465,903	5,865,397	10,331,300	4,444,662	5,886,638	10,331,300	12,781,458	23,112,758	10,328,652	12,781,458	23,110,110
Maryland											
Montgomery County	2,104,070	2,763,430	4,867,500	2,094,063	2,773,437	4,867,500	5,936,260	10,803,760	4,866,253	5,936,260	10,802,513
Prince George's County	2,106,404	2,766,496	4,872,900	2,096,386	2,776,514	4,872,900	6,586,303	11,459,203	4,871,651	6,586,303	11,457,954
Maryland Subtotal	4,210,475	5,529,925	9,740,400	4,190,449	5,549,951	9,740,400	12,522,563	22,262,963	9,737,904	12,522,563	22,260,467
Virginia											
Alexandria	613,044	805,156	1,418,200	610,128	808,072	1,418,200	1,547,559	2,965,759	1,417,837	1,547,559	2,965,396
Arlington	1,184,504	1,555,696	2,740,200	1,178,870	1,561,330	2,740,200	3,025,057	5,765,257	2,739,498	3,025,057	5,764,555
City of Fairfax	20,187	26,513	46,700	20,091	26,609	46,700	66,832	113,532	46,688	66,832	113,520
Fairfax County	1,369,818	1,799,082	3,168,900	1,363,303	1,805,597	3,168,900	4,847,655	8,016,555	3,168,088	4,847,655	8,015,743
Falls Church	16,642	21,858	38,500	16,563	21,937	38,500	97,974	136,474	38,490	97,974	136,464
Virginia Subtotal	3,204,195	4,208,305	7,412,500	3,188,955	4,223,545	7,412,500	9,585,077	16,997,577	7,410,600	9,585,077	16,995,677
Total Annual Debt Service	11,880,573	15,603,627	27,484,200	11,824,066	15,660,134	27,484,200	34,889,097	62,373,298	27,477,156	34,889,097	62,366,254

26

	FY 2012			FY 2013			FY 2014			FY 2015		
	2003 Bonds	Proposed 2009 Bonds	Total	2003 Bonds	Proposed 2009 Bonds	Total	2003 Bonds	Proposed 2009 Bonds	Total	2003 Bonds	Proposed 2009 Bonds	Total
District of Columbia	10,328,462	12,781,458	23,109,920	6,088,784	12,781,458	18,870,242	4,426,500	12,781,458	17,207,958	-	12,781,458	12,781,458
Maryland												
Montgomery County	4,866,163	5,936,260	10,802,423	2,868,676	5,936,260	8,804,936	2,085,506	5,936,260	8,021,766	-	5,936,260	5,936,260
Prince George's County	4,871,561	6,586,303	11,457,864	2,871,859	6,586,303	9,458,162	2,087,820	6,586,303	8,674,123	-	6,586,303	6,586,303
Maryland Subtotal	9,737,724	12,522,563	22,260,287	5,740,535	12,522,563	18,263,098	4,173,326	12,522,563	16,695,889	-	12,522,563	12,522,563
Virginia												
Alexandria	1,417,810	1,547,559	2,965,369	835,821	1,547,559	2,383,380	607,635	1,547,559	2,155,194	-	1,547,559	1,547,559
Arlington	2,739,447	3,025,057	5,764,504	1,614,946	3,025,057	4,640,003	1,174,053	3,025,057	4,199,110	-	3,025,057	3,025,057
City of Fairfax	46,687	66,832	113,519	27,523	66,832	94,355	20,009	66,832	86,841	-	66,832	66,832
Fairfax County	3,168,029	4,847,655	8,015,684	1,867,601	4,847,655	6,715,256	1,357,732	4,847,655	6,205,387	-	4,847,655	4,847,655
Falls Church	38,489	97,974	136,463	22,690	97,974	120,664	16,496	97,974	114,470	-	97,974	97,974
Virginia Subtotal	7,410,464	9,585,077	16,995,541	4,368,580	9,585,077	13,953,657	3,175,925	9,585,077	12,761,002	-	9,585,077	9,585,077
Total Annual Debt Service	27,476,650	34,889,097	62,365,748	16,197,900	34,889,097	51,086,998	11,775,750	34,889,097	46,664,848	-	34,889,097	34,889,098

* Total projected Bond issuance amount of \$468 million includes \$422 million needed for capital expenditures plus a not-to-exceed amount of \$46 million for the costs of issuance, insurance and any required debt service reserve fund.

Schedule C		
Metro Matters Bond - "Opt Out"		
Principal ⁽¹⁾	\$422,000,000	
Interest	n/a	annual rate
Term	n/a	years
Debt Service	n/a	

JURISDICTIONAL ALLOCATION OF BOND PRINCIPAL ⁽²⁾:

DISTRICT OF COLUMBIA	\$154,597,730	36.63%
MONTGOMERY COUNTY	\$71,801,847	17.01%
PRINCE GEORGE'S COUNTY	\$79,664,423	18.88%
MARYLAND SUBTOTAL	<u>\$151,466,271</u>	35.89%
ALEXANDRIA	\$18,718,455	4.44%
ARLINGTON	\$36,589,478	8.67%
CITY OF FAIRFAX	\$808,367	0.19%
FAIRFAX COUNTY	\$58,634,664	13.89%
FALLS CHURCH	\$1,185,036	0.28%
VIRGINIA SUBTOTAL	<u>\$115,936,000</u>	27.47%
TOTAL ANNUAL DEBT SERVICE	<u><u>\$422,000,000</u></u>	100.00%

(1) Represents only \$422 million needed for capital expenditures, does not include \$46 million of costs of issuance and debt service reserve fund.

(2) Jurisdictional allocation is the same percentage distribution used to calculate the local contributions to the Metro Matters Funding Agreement.

27

Schedule D

SEC.3 (b) (2) Metro Matters Financial Plan - Federal Funding Assumption

Federal Funding Assumption	260,000,000
Actual Federal Funding	104,000,000
Federal Funding Shortfall	156,000,000

Jurisdictional Allocation

District of Columbia	57,140,000
Montgomery County	26,580,000
Prince Georges County	29,390,000
Maryland	<u>55,970,000</u>
City of Alexandria	6,910,000
Arlington County	13,560,000
City of Fairfax	300,000
Fairfax County	21,680,000
Falls Church	440,000
Virginia	<u>42,890,000</u>
Total Local	156,000,000

**NVTC
ALLOCATION OF \$40M ROLLING STOCK FUNDS**

Notes:

- MAC agreed to allocate the \$40M and \$20M funding using 60% SAM and 40% WMATA formula.
- The actual allocation will be based on the SAM formula in effect when the funds are received / required.
- WMATA formula percentages received directly from WMATA.

	NVTC		WMATA		Funding Allocation		Funding Presently Available
	NVTC FY09	60% Allocation	Metro Matters	40% Allocation	%	\$	
	Final SAM	Factor	Allocation	Factor			
Alexandria	14.822%	8.893%	16.128%	6.451%	15.345%	6.138	5.949
Arlington	24.962%	14.977%	31.607%	12.643%	27.620%	11.048	10.708
City of Fairfax	1.813%	1.088%	0.703%	0.281%	1.369%	0.548	0.531
Fairfax County	57.438%	34.463%	50.539%	20.216%	54.679%	21.871	21.199
Falls Church	0.965%	0.579%	1.022%	0.409%	0.988%	0.395	0.383
	100.000%	60.000%	100.000%	40.000%	100.000%	40.000	38.770

	Federal Shortfall "Opt Out"	Allocated Funding	Opt Out Amount to Use All Funding Current Available	Excess Funding	Excess Opt Out
Alexandria	6.910	5.949	5.949	-	0.961
Arlington	13.560	10.708	10.708	-	2.852
City of Fairfax	0.300	0.531	0.300	0.231	-
Fairfax County	21.680	21.199	21.199	-	0.481
Falls Church	0.440	0.383	0.383	-	0.057
Exchange Required			0.231	(0.231)	(0.231)
	42.890	38.770	38.770	-	4.120

* Cannot be greater than the jurisdiction's share of the "opt out". To utilize all funds presently available, the City of Fairfax should exchange their excess funds with the other jurisdictions for an equal amount of Trust Fund state aid.

Metro Refinancing Annual Debt Service Comparison
City of Alexandria vs. WMATA
Option 2: \$12.8 Million Obligation

Fiscal Year	WMATA Debt Service	City Debt Service	Difference
2010	\$1,547,559	\$847,227	(\$700,332)
2011	1,547,559	846,206	(701,353)
2012	1,547,559	846,756	(700,803)
2013	1,547,559	847,006	(700,553)
2014	1,547,559	843,606	(703,953)
2015	1,547,559	844,806	(702,753)
2016	1,547,559	845,406	(702,153)
2017	1,547,559	846,656	(700,903)
2018	1,547,559	844,806	(702,753)
2019	1,547,559	847,656	(699,903)
2020	1,547,559	845,856	(701,703)
2021	1,547,559	844,106	(703,453)
2022	1,547,559	846,356	(701,203)
2023	1,547,559	847,356	(700,203)
2024	1,547,559	847,106	(700,453)
2025	1,547,559	845,606	(701,953)
2026	1,547,559	843,406	(704,153)
2027	1,547,559	844,688	(702,872)
2028	1,547,559	844,188	(703,372)
2029	1,547,559	846,844	(700,715)
2030	1,547,559	848,188	(699,372)
2031	1,547,559	848,219	(699,340)
2032	1,547,559	846,938	(700,622)
2033	1,547,559	844,344	(703,215)
2034	1,547,559	845,438	(702,122)
Total	\$38,688,975	\$21,148,771	(\$17,540,204)

PRELIMINARY BOND DEBT SERVICE

City of Alexandria 2009 Financing
Series 2009A GO Tax-Exempt Bonds

Period			
Ending	Principal	Interest	Debt Service
6/30/2010	800,000	2,694,180	3,494,180
6/30/2011	1,800,000	2,783,319	4,583,319
6/30/2012	2,800,000	2,729,319	5,529,319
6/30/2013	3,620,000	2,645,319	6,265,319
6/30/2014	3,620,000	2,500,519	6,120,519
6/30/2015	3,620,000	2,355,719	5,975,719
6/30/2016	3,620,000	2,210,919	5,830,919
6/30/2017	3,620,000	2,029,919	5,649,919
6/30/2018	3,620,000	1,921,319	5,541,319
6/30/2019	3,620,000	1,812,719	5,432,719
6/30/2020	3,620,000	1,667,919	5,287,919
6/30/2021	3,620,000	1,486,919	5,106,919
6/30/2022	3,615,000	1,305,919	4,920,919
6/30/2023	3,615,000	1,125,169	4,740,169
6/30/2024	3,615,000	944,419	4,559,419
6/30/2025	3,615,000	763,669	4,378,669
6/30/2026	3,615,000	619,069	4,234,069
6/30/2027	3,615,000	469,950	4,084,950
6/30/2028	3,615,000	316,313	3,931,313
6/30/2029	3,615,000	158,156	3,773,156
Totals	66,900,000	32,540,749	99,440,749

ORDINANCE NO. 4584

AN ORDINANCE authorizing the issuance and sale of general obligation bonds to finance the construction of various public improvements in the estimated maximum amount of \$106,700,000, 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 \$106,700,000 general obligation bonds of the City to finance the cost, in whole or in part, of various capital improvements as described below (the "Projects").

THE CITY COUNCIL OF THE CITY 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 \$106,700,000 (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 (includes projects contained in the capital improvement program under “Schools”).	\$10,000,000
<u>City Parks and Buildings</u> Construction, renovation and improvement of existing and new City buildings and park facilities and acquisition of necessary land and equipment (includes projects contained in the capital improvement program under “Recreation and Parks” and “Public Buildings”).	\$69,000,000
<u>Transportation and Metro Improvements</u> Maintenance and upgrade of the City’s transportation systems (includes projects contained in the capital improvement program under “Public Transportation and Traffic Control,” and payment of the City’s share of certain Washington Metropolitan Area Transit Authority (i.e. “METRO”) capital improvements).	\$23,700,000

Information Technology \$2,000,000
Maintenance and upgrade of the City’s information technology infrastructure and hardware, networks, and software (includes projects contained in the capital improvement program under “Information Technology Plan”).

Infrastructure \$2,000,000
Construction, renovation and improvement of City streets, bridges, storm and sanitary sewers and acquisition of necessary equipment (includes projects contained in the capital improvement program under “Community Development,” “Sewers,” and “Streets, Bridges and Pedestrian Improvements”).

Total: \$106,700,000

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 taxable or tax-exempt 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 any Bond is not more than approximately 25 years from its date and the aggregate principal amount of the Bonds is not more than \$106,700,000. The City Manager and the Director of Finance, or either of them, is authorized and directed, at his or her option, to accept a bid or bids 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 or bidders at such price as may be set forth in the bid or bids so accepted, or, if he or she deems it to be in the City’s financial interest, to forego such competitive bidding and negotiate the sale of the Bonds to one or more initial purchasers; provided that the true interest cost of the Bonds shall not exceed 6.5% 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”) may 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. **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.

12. Revocation of Authorization for Previously Authorized Taxable Bonds. On October 15, 2005, the City Council adopted Ordinance No. 4423 (the "Prior Ordinance") authorizing the City to issue certain amounts of taxable and non-taxable bonds. All authorization under the Prior Ordinance for the issuance by the City of taxable bonds is hereby revoked and rescinded to the extent such bonds have not been issued as of the date of this Ordinance.

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. 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.

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: March 24, 2009

Virginia of 1950, as amended and an ordinance adopted by the City Council on _____, 2009 (the "Ordinance").

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

<u>Redemption Period</u> (both dates inclusive)	<u>Redemption Price</u>
_____, _____ through _____, _____	_____%
_____, _____ through _____, _____	_____%
_____, _____ and thereafter	_____%

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the City Council of the City of Alexandria, Virginia, has caused this Bond to be signed by the facsimile signature of its Mayor, a facsimile of its seal to be affixed and attested by the facsimile signature of its Clerk and this Bond to be dated _____, _____.

CITY OF ALEXANDRIA, VIRGINIA

By _____
Mayor, City of Alexandria, Virginia

[SEAL]

ATTEST:

Clerk, City Council,
City of Alexandria, Virginia

ASSIGNMENT

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

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

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

the within Bond and does hereby irrevocably constitute and appoint

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

Dated _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed.)

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.)

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

I, Jacqueline M. Henderson, CMC, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of a portion of the Meeting Minutes of March [24], 2009, 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 March [24], 2009.

Dated this ____ day of _____, 2009

Jacqueline M. Henderson, CMC, City Clerk
City of Alexandria, Virginia