


REVISED
MAY 12, 2010

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 27, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

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

ISSUE: Ordinance to authorize the issuance of General Obligation Bonds to finance various City and School capital projects.

RECOMMENDATION: That City Council pass on first reading on May 11, 2010, and schedule for public hearing, second reading, and final passage on **Tuesday, May 25, 2010**, an ordinance (Attachment 1) authorizing and empowering the issuance, sale and delivery of bonds up to \$72.3 million to finance various public improvements.

BACKGROUND: The proposed ordinance authorizes the issuance of up to \$72.3 million in General Obligation Bonds for FY 2010 and FY 2011 capital projects. This issuance for City capital projects would be consistent with the approved Capital Improvement Program (CIP) (Approved CIP FY 2010, page 5-3; Proposed CIP FY 2011, page 4-3). This is an estimate of the maximum authority that the City may need to borrow. The actual amount of bonds that the City issues would depend on the City's cash needs as well as interest rate conditions in the marketplace.

MAJOR PROJECT CATEGORIES AND AMOUNTS COVERED BY THIS BOND AUTHORIZATION

General Project Description	Estimated Maximum Cost
<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").	\$12,000,000
<u>City Parks and Buildings</u> Construction, renovation and improvement of existing and new City buildings (including the new Police headquarters) 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").	\$45,300,000
<u>Traffic Improvements</u> Maintenance and upgrade of the City's traffic control (includes projects contained in the capital improvement program under "Public Transportation and Traffic Control").	\$5,000,000
<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").	\$4,000,000
<u>Infrastructure</u> Construction, renovation and improvement of City streets, and bridges and acquisition of necessary equipment (includes projects contained in the capital improvement program under "Community Development," "Streets, Bridges and Pedestrian Improvements").	\$5,000,000
<u>Affordable Housing</u> Acquisition, construction, remodeling and repairing of affordable housing and acquisition of necessary land and equipment.	\$0 ¹
<u>Stormwater Projects</u> Construction, renovation and improvement of City storm sewers and acquisition of necessary equipment (includes projects contained in the capital improvement program under "Stormwater Utility").	\$1,000,000
<u>Sanitary Sewer</u> Construction, renovation and improvement of City sanitary sewers and acquisition of necessary equipment (includes	\$0 ²

¹ While no Affordable Housing bond issuance is planned at this time, listing this category as a permitted use established flexibility if the need for affordable housing arises.

projects contained in the capital improvement program under "Sanitary Sewer").	
Total	\$72,300,000

Police Headquarters Financing: The proposed bond authorization ("City Parks and Buildings") includes 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, the authorizing bond ordinance must have been approved. Funding elements of the contract include \$28.5 million in bonds issued in late FY 2009, and \$27.0 million in this issuance. The FY 2010 and FY 2011 elements of the FY 2010 to FY 2015 CIP and the Proposed FY 2011 to FY 2020 CIP contemplate this bond funding.

It should be noted that the authorizing ordinance allows the City Manager to reallocate the bond sale proceeds among the above categories. This allows flexibility in the event the planned timing of the use of these funds changes from the estimates assumed in the ordinance. Any such reallocations would be due to cash flow timing and would not impact capital project budgets as approved by City Council. In any case, capital projects that receive bond funding must be consistent with the Approved Capital Improvement Programs, as well as receive City Council capital allocations authorizations.

Proposed Structure of the Bonds: As is the City's practice, the contemplated \$72.3 million bond issue for FY 2010 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 20-year life of the bonds, include a 10-year call provision, and be competitively bid on the Internet. The City was the first local government in Virginia to sell bonds by taking bids on the Internet. It is expected that bonds will be rated Aaa by Moody's Investors Service and AAA by Standard & Poor's.

As with the City's FY 2009 bonds, the City plans to consider using the "Build America Bonds" provision that allows localities to issue taxable bonds and then receive a direct 35 percent interest tax credit payment from the federal government. In 2009, the City was the first governmental entity in Virginia to issue Build America Bonds, which were authorized by the federal government in 2009. This new federal program is now widely used by state and local governments across the United States. The program, which is scheduled to expire at the end of 2010, is being considered for reauthorization by Congress, albeit at a lower interest rate subsidy. The City would structure the bond sale so that bidders could bid the bonds as either traditional tax exempt bonds or as taxable Build America Bonds. The City would compare all bids and award the bonds to the bid that represents the lowest cost of borrowing to the City. In 2009, based on bids, the City issued most of its bonds as Build America Bonds and part as traditional tax exempt bonds.

The portion of the bonds not issued as "Build American Bonds" will be issued as tax-exempt, fixed-rate bonds. Given the current market demands for pure AAA/Aaa rate

² While no Sanitary Sewer bond issuance is planned at this time, listing this category as a permitted use established flexibility if the need for sanitary sewer borrowing arises.

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 percent to 3.5 percent TIC range. This compares to a 2.68 percent TIC for the July 2009 City bond issue, and is lower than the running five-year average for AAA tax-exempt bond sales.

FISCAL IMPACT: The fiscal impact of the maximum \$72.3 million bond issuance for City and School purposes would be \$1.2 million in estimated interest payments in FY 2011. Depending on actual interest rates and the amount of General Obligation Bonds issued, debt service amounts may be less.

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

STAFF:

Mark Jinks, Deputy City Manager
Laura B. Triggs, Director of Finance
Bruce Johnson, Chief Financial Office

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Introduction and first reading: 5/11/10
Public hearing: 5/25/10
Second reading and enactment: 5/25/10

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE authorizing the issuance of general obligation capital improvement bonds in the estimated maximum amount of \$72,300,000; and providing for reimbursement to the City of Alexandria from bond proceeds.

Summary

The proposed ordinance authorizes the issuance of up to \$72.3 million in General Obligation Bonds for capital projects.

Sponsor

Staff

Mark Jinks, Deputy City Manager
Laura B. Triggs, Director of Finance
Bruce Johnson, Chief Financial Office
Christina Zechman Brown, Assistant City Attorney

Authority

Alexandria City Charter, § 7.01

Estimated Costs of Implementation

None.

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

None.

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ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS IN THE ESTIMATED MAXIMUM AMOUNT OF \$72,300,000; 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 \$72,300,000 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 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 \$72,300,000 (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 and to reallocate Bond proceeds among the Projects if necessary or desirable.

<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").	\$12,000,000
<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").	\$45,300,000
<u>Traffic Improvements</u> Maintenance and upgrade of the City's traffic control (includes projects contained in the capital improvement program under "Public Transportation and Traffic Control").	\$5,000,000

1	<u>Information Technology</u>	\$5,000,000
2	Maintenance and upgrade of the City's information	
3	technology infrastructure and hardware, networks,	
4	and software (includes projects contained in the	
5	capital improvement program under "Information	
6	Technology Plan").	
7		
8	<u>Infrastructure</u>	\$5,000,000
9	Construction, renovation and improvement of	
10	City streets, and bridges and acquisition of necessary	
11	equipment (includes projects contained in the capital	
12	improvement program under "Community Development,"	
13	and "Streets, Bridges and Pedestrian Improvements").	
14		
15	<u>Affordable Housing</u>	\$0
16	Acquisition, construction, remodeling and	
17	repairing of affordable housing and acquisition	
18	of necessary land and equipment.	
19		
20	<u>Sanitary Sewer</u>	\$0
21	Construction, renovation and improvement	
22	of City sanitary sewers and acquisition of necessary	
23	equipment (includes projects contained in the capital	
24	improvement program under "Sanitary Sewer").	
25		
26	<u>Total:</u>	\$72,300,000

27

28 **2. Pledge of Full Faith and Credit.** The full faith and credit of the City are hereby

29 irrevocably pledged for the payment of the principal of, premium, if any, and interest on the

30 Bonds as the same become due and payable. The City Council shall levy an annual ad valorem

31 tax upon all property in the City, subject to local taxation, sufficient to pay the principal of,

32 premium, if any, and interest on the Bonds as the same shall become due for payment unless

33 other funds are lawfully available and appropriated for the timely payment thereof.

34

35 **3. Details and Sale of Bonds.** The Bonds shall be issued upon the terms established

36 pursuant to this Ordinance and upon such other terms as may be determined in the manner set

37 forth in this Ordinance. The Bonds shall be issued in one or more taxable or tax-exempt series,

38 in fully registered form, shall be dated such date or dates as the City Manager and the Director of

39 Finance, or either of them, may approve, shall be in the denominations of \$5,000 each or whole

40 multiples thereof and shall be numbered from R-1 upwards consecutively. The Bonds shall

41 mature on such dates and in such amounts and shall be issued in such principal amount as the

42 City Manager and the Director of Finance, or either of them, may approve, provided that the

43 final maturity of any Bond is not more than approximately 25 years from its date and the

44 aggregate principal amount of the Bonds is not more than \$72,300,000. The City Manager and

45 the Director of Finance, or either of them, is authorized and directed, at his or her option, to

46 accept a bid or bids for the purchase of the Bonds which results in the lowest true interest cost to

1 the City and the Bonds shall bear interest, payable semi-annually, at such rate or rates and shall
2 be sold to the successful bidder or bidders at such price as may be set forth in the bid or bids so
3 accepted, or, if he or she deems it to be in the City's financial interest, to forego such competitive
4 bidding and negotiate the sale of the Bonds to one or more initial purchasers; provided that the
5 true interest cost of the Bonds shall not exceed 6.5% per annum. The City Manager and the
6 Director of Finance, or either of them, is authorized and directed to approve such optional
7 redemption provisions for the Bonds as such officer or officers determine to be in the best
8 interest of the City. The City Council may provide for additional or other terms of the Bonds by
9 subsequent resolution.

10
11 **4. "Build America Bonds" Authorized.** The City Council hereby determines that
12 it is advisable for the City to accept a bid for the purchase of all or a portion of the Bonds as
13 Build America Bonds (Direct Payment) under Section 54AA(g) of the Internal Revenue Code of
14 1986, as amended (the "Tax Code"), which was added by the provisions of the American
15 Recovery and Reinvestment Act of 2009, if such bid results in the lowest true interest cost to the
16 City, and to irrevocably elect to apply Section 54AA(g) of the Tax Code to such Bonds.

17
18 **5. Authority of City Manager and Director of Finance to Elect.** The City
19 Manager and the Director of Finance, or either of them, are hereby authorized to accept a bid for
20 the purchase of all or a portion of the Bonds as Build America Bonds under the provisions of
21 Section 54AA(g) of the Tax Code if such bid results in the lowest true interest cost to the City, as
22 determined by the City Manager and the Director of Finance, or either of them, and to evidence
23 the City's irrevocable election to apply Section 54AA(g) of the Tax Code to such Bonds,
24 including by preparing, signing and filing with the Internal Revenue Service the required forms.

25
26 **6. Form of Bonds.** The Bonds shall be in substantially the form attached to this
27 Ordinance as Exhibit A, with such appropriate variations, omissions and insertions as are
28 permitted or required by this Ordinance. There may be endorsed on the Bonds such legend or
29 text as may be necessary or appropriate to conform to any applicable rules and regulations of any
30 governmental authority or any usage or requirement of law with respect thereto.

31
32 **7. Book-Entry-Only-Form.** The Bonds may be issued in book-entry-only form.
33 The Bonds shall be issued in fully-registered form and may be registered in the name of Cede &
34 Co., as nominee of The Depository Trust Company, New York, New York ("DTC") as registered
35 owner of the Bonds, and immobilized in the custody of DTC. One fully-registered Bond in
36 typewritten or printed form for the principal amount of each maturity of the Bonds may be
37 registered to Cede & Co. In such event, beneficial owners of the Bonds shall not receive
38 physical delivery of the Bonds and principal, premium, if any, and interest payments on the
39 Bonds shall be made to DTC or its nominee as registered owner of the Bonds on the applicable
40 payment date.

41
42 Transfer of ownership interest in the Bonds may be made by DTC and its participants
43 (the "Participants"), acting as nominees of the beneficial owners of the Bonds in accordance with
44 rules specified by DTC and its Participants. In such event, the City shall notify DTC of any
45 notice required to be given pursuant to this Ordinance or the Bonds not less than fifteen (15)

1 calendar days prior to the date upon which such notice is required to be given and the City shall
2 also comply with the agreements set forth in the City's Letter of Representations to DTC.

3
4 In the event the Bonds are issued in book-entry-only form and registered in the name of
5 DTC's nominee as permitted above, replacement Bonds (the "Replacement Bonds") may be
6 issued directly to beneficial owners of the Bonds rather than to DTC or its nominee but only in
7 the event that:

- 8
9 (i) DTC determines not to continue to act as securities depository for the Bonds; or
10 (ii) The City has advised DTC of its determination not to use DTC as a securities
11 depository; or
12 (iii) The City has determined that it is in the best interest of the beneficial owners of
13 the Bonds or the City not to continue the book-entry system of transfer.
14

15 Upon occurrence of the event described in (i) or (ii) above, the City shall attempt to
16 locate another qualified securities depository. If the City fails to locate another qualified
17 securities depository to replace DTC, the City Council shall execute and deliver Replacement
18 Bonds substantially in the form set forth in Exhibit A to the Ordinance to the Participants. In the
19 event the City Council, in its discretion, makes the determination noted in (iii) above and has
20 made provisions to notify the beneficial owners of the Bonds by mailing an appropriate notice to
21 DTC, the appropriate officers and agents of the City shall execute and deliver Replacement
22 Bonds substantially in the form set forth in Exhibit A to this Ordinance to any Participants
23 requesting such Replacement Bonds. Principal of and interest on the Replacement Bonds shall
24 be payable as provided in this Ordinance and in the Bonds and Replacement Bonds will be
25 transferable in accordance with the provisions of paragraphs 11 and 12 of this Ordinance and the
26 Bonds.
27

28 **8. Appointment of Bond Registrar and Paying Agent.** The City Manager and the
29 Director of Finance, or either of them, are authorized and directed to appoint a Bond Registrar
30 and Paying Agent for the Bonds and as long as the Bonds are in book-entry form, either of such
31 officers may serve as Paying Agent.
32

33 The City Manager and the Director of Finance, or either of them, may appoint a
34 subsequent registrar and/or one or more paying agents for the Bonds upon giving written notice
35 to the owners of the Bonds specifying the name and location of the principal office of any such
36 registrar or paying agent.
37

38 **9. Execution of Bonds.** The Mayor and the Clerk of the City are authorized and
39 directed to execute appropriate negotiable Bonds and to affix the seal of the City thereto and to
40 deliver the Bonds to the purchaser thereof upon payment of the purchase price. The manner of
41 execution and affixation of the seal may be by facsimile, provided, however, that if the
42 signatures of the Mayor and the Clerk are both by facsimile, the Bonds shall not be valid until
43 signed at the foot thereof by the manual signature of the Bond Registrar.
44

45 **10. CUSIP Numbers.** The Bonds may have CUSIP identification numbers printed
46 thereon. No such number shall constitute a part of the contract evidenced by the Bond on which

1 it is imprinted and no liability shall attach to the City, or any of its officers or agents by reason of
2 such numbers or any use made of such numbers, including any use by the City and any officer or
3 agent of the City, by reason of any inaccuracy, error or omission with respect to such numbers.
4

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

17 New Bonds delivered upon any transfer or exchange shall be valid obligations of the
18 City, evidencing the same debt as the Bonds surrendered, shall be secured by this Ordinance and
19 entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.
20

21 **12. Charges for Exchange or Transfer.** No charge shall be made for any exchange
22 or transfer of Bonds, but the City may require payment by the registered owner of any Bond of a
23 sum sufficient to cover any tax or other governmental charge which may be imposed with
24 respect to the transfer or exchange of such Bond.
25

26 **13. Non-Arbitrage Certificate and Tax Covenants.** The City Manager and the
27 Director of Finance, or either of them, and such officers and agents of the City as either of them
28 may designate are authorized and directed to execute with respect to each series of the Bonds a
29 Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of
30 the proceeds of the Bonds and containing such covenants as may be necessary in order to comply
31 with the provisions of the Tax Code, including the provisions of Section 148 of the Tax Code
32 and applicable regulations relating to "arbitrage bonds." The City Council covenants on behalf
33 of the City that the proceeds from the issuance and sale of the Bonds will be invested and
34 expended as set forth in the City's Non-Arbitrage Certificate and Tax Covenants relating to such
35 Bonds, to be delivered simultaneously with the issuance and delivery of the Bonds and that the
36 City shall comply with the other covenants and representations contained therein.
37

38 **14. RESERVED.**
39

40 **15. Disclosure Documents.** The City Manager and the Director of Finance, or either
41 of them, and such officers and agents of the City as either of them may designate are hereby
42 authorized and directed to prepare, execute, if required, and deliver an appropriate notice of sale,
43 preliminary official statement, official statement, continuing disclosure agreement or such other
44 offering or disclosure documents as may be necessary to expedite the sale of the Bonds. The
45 notice of sale, preliminary official statement, official statement, continuing disclosure agreement
46 or other documents shall be published in such publications and distributed in such manner,

1 including electronically, and at such times as the Director of Finance shall determine. The
2 Director of Finance is authorized and directed to deem the preliminary official statement "final"
3 for purposes of Securities and Exchange Commission Rule 15c2-12.
4

5 **16. Affordable Housing and Sanitary Sewer Projects.** The City Council hereby
6 authorizes the City Manager and the Director of Finance, or either of them, to reallocate a
7 portion of the proceeds of the Bonds for affordable housing projects or sanitary sewer projects,
8 or both, if deemed desirable by the City Manager and the Director of Finance, or either of them.
9

10 **17. Further Actions.** The City Manager and the Director of Finance and such
11 officers and agents of the City as either of them may designate are authorized and directed to
12 take such further action as they deem necessary regarding the issuance and sale of the Bonds
13 including the execution and delivery of such bond purchase agreement as may be required in
14 connection with any negotiated sale of the Bonds and the execution and delivery of any such
15 other documents, agreements and certificates (including applications for tax credits) as they may
16 deem necessary or desirable and all actions taken by such officers and agents in connection with
17 the issuance and sale of the Bonds are ratified and confirmed.
18

19 **18. Reimbursement.** The City Council adopts this declaration of official intent under
20 Treasury Regulations Section 1.150-2. The City Council reasonably expects to reimburse
21 advances made or to be made by the City to pay the costs of the Projects from the proceeds of its
22 debt. The maximum amount of debt expected to be issued for the Projects is set forth in
23 paragraph 1 above. The City hereby authorizes the Director of Finance, on behalf of the City, to
24 specifically declare the City's official intent to reimburse portions of the cost of the Projects with
25 Bond proceeds.
26

27 **19. Effective Date; Applicable Law.** In accordance with Section 15.2-2601 of the
28 Code of Virginia of 1950, as amended, the City Council elects to issue the Bonds pursuant to the
29 provisions of the Public Finance Act of 1991. This Ordinance shall take effect at the time of its
30 enactment.
31

32 WILLIAM D. EUILLE
33 Mayor, City of Alexandria, Virginia

34 Introduction: 5/11/10
35 First Reading: 5/11/10
36 Publication: 5/11/10 & 5/18/10
37 Public Hearing: 5/25/10
38 Second Reading: 5/25/10
39 Final Passage: 5/25/10
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Exhibit A

FORM OF BOND

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

**No. R- CITY OF ALEXANDRIA
GENERAL OBLIGATION CAPITAL IMPROVEMENT BOND,**

SERIES _____

MATURITY DATE INTEREST RATE CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

CITY OF ALEXANDRIA, VIRGINIA (the "City"), for value received, acknowledges itself indebted and promises to pay to the registered owner of this Bond or legal representative, the principal amount stated above on the maturity date set forth above and to pay interest on the principal amount of this Bond at the rate specified above per annum, payable semiannually on _____ 1 and _____ 1, beginning on _____ 1, _____. This Bond shall bear interest (a) from _____, _____, if this Bond is authenticated before _____ 1, _____ or (b) otherwise from the _____ 1 or _____ 1 that is, or immediately precedes, the date on which this Bond is authenticated; provided that, if at the time of authentication of this Bond, interest on this Bond is in default, this Bond shall bear interest from the date to which interest has been paid. Both principal of and interest on this Bond are payable in lawful money of the United States of America. The principal of this Bond is payable upon presentation and surrender hereof at the office of _____, as Bond Registrar and Paying Agent ("Bond Registrar" or "Paying Agent"). Interest on this Bond is payable by check or draft mailed to the registered owner hereof at its address as it appears on the registration books maintained by the Bond Registrar without presentation of this Bond (or by wire if requested by any owner of at least \$1,000,000 in principal amount of the Bonds). All interest payments shall be made to the registered owner as it appears on the registration books kept by the Bond Registrar on the first day of the month in which each interest payment date occurs.

This Bond has been duly authorized by the City Council of the City (the "City Council") and is issued for the purpose of providing funds to pay the costs of various capital improvements for the City including, but not limited to, public school projects, City parks and buildings, traffic improvements and other infrastructural projects. The full faith and credit of the City are irrevocably pledged for the payment of the principal of and premium, if any, and interest on this Bond in accordance with its terms.

1 This Bond is one of a series of \$ _____ General Obligation Capital Improvement
 2 Bonds, Series _____ of the City, (the "Bonds") of like date and tenor, except as to number,
 3 denomination, rate of interest and maturity, issued under the authority of and in full compliance
 4 with the Constitution and statutes of the Commonwealth of Virginia, and, more particularly,
 5 issued pursuant to the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of
 6 Virginia of 1950, as amended and an ordinance adopted by the City Council on _____,
 7 2009 (the "Ordinance"). [Concurrently with the issuance of the Bonds, the City is issuing its
 8 \$ _____ General Obligation Capital Improvement Bonds, Series _____.]
 9

10 Bonds maturing on or before _____, _____ are not subject to redemption before
 11 maturity. Bonds at the time outstanding which are stated to mature on or after _____,
 12 _____ may be redeemed before their maturities on or after _____, _____, at the option of the
 13 City in whole or in part (in installments of \$5,000) at any time or from time to time during the
 14 following redemption periods upon payment of the following redemption prices (expressed as a
 15 percentage of the principal amount to be redeemed) together with the interest accrued thereon to
 16 the date fixed for redemption:
 17

18 19	<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u>
20	_____ , _____ through _____ , _____	_____ %
21	_____ , _____ through _____ , _____	_____ %
22	_____ , _____ and thereafter	_____ %
23		
24		

25 If less than all of the Bonds are called for redemption, the Bonds to be redeemed shall be
 26 redeemed in such order as may be determined by the Director of Finance of the City in such
 27 officer's discretion. If at any time less than all of the Bonds of any maturity are called for
 28 redemption, the particular Bonds of such maturity or portions thereof to be redeemed shall be
 29 selected by The Depository Trust Company or any successor securities depository, or, if the
 30 book-entry-only system is discontinued, by the Bond Registrar and Paying Agent by lot in such
 31 manner as the Bond Registrar in its discretion may determine.
 32

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

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

6 This Bond may be transferred only by an assignment duly executed by the registered
7 owner hereof or such owner's attorney or legal representative in a form satisfactory to the Bond
8 Registrar. Such transfer shall be made in the registration books kept by the Bond Registrar upon
9 presentation and surrender hereof and the City shall execute, and the Bond Registrar shall
10 authenticate and deliver in exchange, a new Bond or Bonds having an equal aggregate principal
11 amount, in authorized denominations, of the same form and maturity, bearing interest at the same
12 rate, and registered in names as requested by the then registered owner hereof or such owner's
13 attorney or legal representative. Any such exchange shall be at the expense of the City, except
14 that the Bond Registrar may charge the person requesting such exchange the amount of any tax
15 or other governmental charge required to be paid with respect thereto.
16

17 The City may designate a successor Bond Registrar and/or Paying Agent, provided that
18 written notice specifying the name and location of the principal office of any such successor
19 shall be given to the registered owner of the Bonds. Upon registration of transfer of this Bond,
20 the Bond Registrar shall furnish written notice to the transferee of the name and location of the
21 principal office of the Bond Registrar and/or the Paying Agent.
22

23 The Bond Registrar shall treat the registered owner as the person exclusively entitled to
24 payment of principal and interest and the exercise of all other rights and powers of the owner,
25 except that interest payments shall be made to the person shown as the owner on the registration
26 books on the first day of the month in which each interest payment date occurs.
27

28 This Bond shall not be valid or obligatory for any purpose unless and until authenticated
29 at the foot hereof by the Bond Registrar.
30

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

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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

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3 **ASSIGNMENT**

4 FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto
5 _____
6 _____
7 _____
8 _____
9 _____
10 _____
11 _____
12 _____

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

15
16 PLEASE INSERT SOCIAL SECURITY OR OTHER
17 IDENTIFYING NUMBER OF ASSIGNEE: _____
18

19 the within Bond and does hereby irrevocably constitute and appoint
20 _____, attorney, to transfer said Bond on
21 the books kept for registration of said Bond, with full power of substitution in the premises.
22
23

24 Dated _____

Registered Owner

25
26
27
28 Signature Guaranteed:

(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.)

29 _____
30
31 (NOTICE: Signature(s) must be
32 guaranteed.)
33
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CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

By: _____
[Director of Finance]

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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 May 25, 2010, 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 May 25, 2010.

Dated this ____ day of _____, 2010

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

ORDINANCE NO. 4661

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS IN THE ESTIMATED MAXIMUM AMOUNT OF \$72,300,000; 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 \$72,300,000 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 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 \$72,300,000 (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 and to reallocate Bond proceeds among the Projects if necessary or desirable.

<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”).	\$12,000,000
<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”).	\$45,300,000
<u>Traffic Improvements</u> Maintenance and upgrade of the City’s traffic control (includes projects contained in the capital improvement program under “Public Transportation and Traffic Control”).	\$5,000,000

<u>Information Technology</u>	\$5,000,000
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”).	
<u>Infrastructure</u>	\$5,000,000
Construction, renovation and improvement of City streets, and bridges and acquisition of necessary equipment (includes projects contained in the capital improvement program under “Community Development,” and “Streets, Bridges and Pedestrian Improvements”).	
<u>Affordable Housing</u>	\$0
Acquisition, construction, remodeling and repairing of affordable housing and acquisition of necessary land and equipment.	
<u>Sanitary Sewer</u>	\$0
Construction, renovation and improvement of City sanitary sewers and acquisition of necessary equipment (includes projects contained in the capital improvement program under “Sanitary Sewer”).	
<u>Total:</u>	\$72,300,000

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 \$72,300,000. 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. **"Build America Bonds" Authorized.** The City Council hereby determines that it is advisable for the City to accept a bid for the purchase of all or a portion of the Bonds as Build America Bonds (Direct Payment) under Section 54AA(g) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), which was added by the provisions of the American Recovery and Reinvestment Act of 2009, if such bid results in the lowest true interest cost to the City, and to irrevocably elect to apply Section 54AA(g) of the Tax Code to such Bonds.

5. **Authority of City Manager and Director of Finance to Elect.** The City Manager and the Director of Finance, or either of them, are hereby authorized to accept a bid for the purchase of all or a portion of the Bonds as Build America Bonds under the provisions of Section 54AA(g) of the Tax Code if such bid results in the lowest true interest cost to the City, as determined by the City Manager and the Director of Finance, or either of them, and to evidence the City's irrevocable election to apply Section 54AA(g) of the Tax Code to such Bonds, including by preparing, signing and filing with the Internal Revenue Service the required forms.

6. **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.

7. **Book-Entry-Only-Form.** The Bonds may be issued in book-entry-only form. The Bonds shall be issued in fully-registered form and may be 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 may be registered to Cede & Co. In such event, beneficial owners of the Bonds shall not receive physical delivery of the Bonds and 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 may 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. In such event, 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 and the City shall also comply with the agreements set forth in the City's Letter of Representations to DTC.

In the event the Bonds are issued in book-entry-only form and registered in the name of DTC's nominee as permitted above, 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 11 and 12 of this Ordinance and the Bonds.

8. 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.

9. 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.

10. CUSIP Numbers. The Bonds may 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.

11. **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.

12. **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.

13. **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 with respect to each series of the Bonds 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 Tax Code, including the provisions of Section 148 of the Tax 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 relating to such Bonds, 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.

14. **RESERVED.**

15. **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.

16. Affordable Housing and Sanitary Sewer Projects. The City Council hereby authorizes the City Manager and the Director of Finance, or either of them, to reallocate a portion of the proceeds of the Bonds for affordable housing projects or sanitary sewer projects, or both, if deemed desirable by the City Manager and the Director of Finance, or either of them.

17. 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 including the execution and delivery of such bond purchase agreement as may be required in connection with any negotiated sale of the Bonds and the execution and delivery of any such other documents, agreements and certificates (including applications for tax credits) as they may deem necessary or desirable and all actions taken by such officers and agents in connection with the issuance and sale of the Bonds are ratified and confirmed.

18. 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.

19. 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: May 25, 2010

