


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 15, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA FOR THE AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES

ISSUE: Resolution authorizing the issuance of bonds by the Industrial Development Authority of the City of Alexandria (AIDA) in an amount not to exceed \$7,000,000 to assist the American Association for the Study of Liver Diseases (Association) in financing the costs of the acquisition and renovation of approximately 22,500 square feet of condominium space on the fourth floor of a building at 1001 North Fairfax Street (the Project).

RECOMMENDATION: That City Council adopt the attached Resolution (Attachment 1) as recommended by the AIDA.

DISCUSSION: On June 6, 2006, the AIDA considered a Resolution (Attachment 2) authorizing the issuance of AIDA revenue bonds in an amount not to exceed \$7,000,000, to be issued from time-to-time pursuant to a plan of finance over a three-year period, to assist the Association in financing the costs of the acquisition, development, construction and equipping of approximately 22,500 square feet of condominium space on the fourth floor of a building located at 1001 North Fairfax Street, in the City of Alexandria, Virginia, along with costs of issuance and capitalized interest on the Bonds during and after acquisition and construction on the Project.

The American Association for the Study of Liver Diseases is a not-for-profit Illinois nonstock corporation, established to promote the advancement of medical education, research and clinical care of patients with liver and biliary tract diseases. The Association is dedicated to the mission to advance the science and practice of Hepatology, thereby promoting liver health and optimal care of patients with liver and biliary tract diseases. The Association estimates that it will have approximately 25 employees in Alexandria with an average annual salary per employee of \$61,500. The Associations's administrative offices are currently housed in 6,000 square feet of leased space at 1729 King Street, Suite 200. The lease terminates in February 2007 and the entire operation will be moved to the fourth floor of 1001 North Fairfax Street.

FISCAL IMPACT: The AIDA has the authority under State law to issue tax-exempt Industrial Revenue Bonds for certain nonprofit organizations such as the American Association for the Study of Liver Diseases. An administrative fee is charged to applicants for the bond financing.

The fee is used to partially fund the operating costs of the Alexandria Economic Development Partnership (AEDP). The AIDA will receive a fee of up to \$52,500 to issue the bonds.

The City is not obligated to repay the bonds or the interest on the bonds. The bonds do not contain any pledge of the City's faith and credit. The obligation rests solely with the American Association for the Study of Liver Diseases.

ATTACHMENTS:

Attachment 1. Proposed Council Resolution

Attachment 2. June 6, 2006, Resolution of The Industrial Development Authority of the City of
Alexandria

Attachment 3. Certificate of the Public Hearing

STAFF:

Mark Jinks, Deputy City Manager

D. A. Neckel, Director of Finance

Stephanie Landrum, Acting Executive Director, AEDP

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

WHEREAS, the Industrial Development Authority of the City of Alexandria (the "Authority") has considered the application of the American Association for the Study of Liver Diseases (the "Applicant"), a not-for-profit Illinois nonstock corporation, for the issuance of the Authority's revenue bonds in an amount not to exceed \$7,000,000 (the "Bonds"), to be issued from time to time pursuant to a plan of financing over a three-year period, to finance or refinance the purchase and renovation of approximately 22,503 square feet of condominium space (the "Project") on the fourth floor of the building located at 1001 North Fairfax Street in the City of Alexandria, Virginia (the "City"), for the Applicant and has held a public hearing thereon on June 6, 2006;

WHEREAS, the Authority has requested that the City Council (the "Council") of the City approve the issuance of the Bonds to comply with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code");

WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to terms to be agreed upon, a record of the public hearing and a "fiscal impact statement" with respect to the Project have been filed with the Council;

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

1. The Council hereby approves the issuance of the Bonds and the plan of financing by the Authority for the benefit of the Applicant to the extent required by Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, to permit the Authority to assist in financing or refinancing the Project.

2 Approval of the issuance of the Bonds, as required by Section 147(f) of the Code, does not constitute an endorsement of the Bonds or the creditworthiness of the Applicant, but, as required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth, the City or the Authority shall be pledged thereto.

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

Adopted June 27, 2006

Mayor
City of Alexandria, Virginia

ATTEST:

City Clerk

**RESOLUTION OF THE
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF ALEXANDRIA**

WHEREAS, there have been described to the Industrial Development Authority of the City of Alexandria (the "Authority"), the plans of American Association for the Study of Liver Diseases, a not-for-profit Illinois nonstock corporation (the "Borrower"), to finance or refinance the purchase and renovation of approximately 22,503 square feet of condominium space on the fourth floor of a building (the "Project") located at 1001 North Fairfax Street, in the City of Alexandria, Virginia (the "City");

WHEREAS, the Borrower in its appearance before the Authority and in its application has described the benefits to the City and has requested the Authority to issue its revenue bonds or notes, from time to time pursuant to a plan of financing over the next three years, under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), in an amount not to exceed \$7,000,000 (the "Bonds") to finance the Project; and

WHEREAS, a public hearing was held on June 6, 2006, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Act;

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

1. It is hereby found and determined that the location of the Project for the Borrower in the City will bring additional revenues and employment into the City and will promote the industrial development and economy of the City, benefit its inhabitants, increase their commerce and promote their safety, health, welfare, convenience and prosperity.

2. To induce the Borrower to locate the Project in the City, the Authority hereby agrees to assist the Borrower to finance the acquisition, construction, equipping and developing of the Project by undertaking the issuance of its industrial development revenue bonds therefor in an amount not to exceed \$7,000,000 upon terms and conditions to be mutually agreed upon between the Authority and the Borrower. The proceeds of the Bonds shall be loaned to the Borrower to enable it to acquire, construct, equip and develop the Project and pay capitalized interest on the Bonds during and after acquisition and construction of the Project. The Borrower shall agree to provide payments to the Authority sufficient to pay the principal of, premium, if any, and interest on and purchase price of the Bonds and to pay all other expenses in connection with financing the Project. The Bonds shall be issued in form and pursuant to terms to be approved by the Authority, and the payment of the Bonds shall be secured by an assignment, for the benefit of the holders thereof, of the Authority's rights to payments (other than rights to fees, expenses and indemnification) under the agreement pursuant to which the proceeds of the Bonds are loaned to the Borrower.

3. It having been represented to the Authority that it is necessary to proceed immediately with the acquisition, construction, equipping and developing of the Project, the Authority hereby agrees that the Borrower may proceed with plans for the Project, enter into

contracts for acquisition, construction, equipping and developing the Project and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project. The Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all lawful costs so incurred by it.

4. The Authority hereby agrees to the recommendation of the Borrower that Hunton & Williams LLP, Richmond, Virginia, be appointed as bond counsel and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds.

5. The Authority hereby agrees to accept the recommendation of the Borrower with respect to the appointment of SunTrust Capital Markets, Inc., as underwriter and remarketing agent for the sale of the Bonds pursuant to terms to be mutually agreed upon.

6. The Bonds shall be limited obligations of the Authority payable solely from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof, including the City of Alexandria, Virginia, will be pledged to the payment of principal of the Bonds or the interest thereon or other costs incidental thereto;

7. Neither the directors of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

8. All lawful costs and expenses in connection with the financing and the acquisition, construction, equipping and developing of the Project, including the Authority's administrative fee due at closing, fees and expenses of bond counsel, counsel for the Authority and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Borrower. If for any reason the Bonds are not issued, or the Bonds are issued but it is determined that a part or all of such costs are not lawfully payable out of bond proceeds, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

9. The Authority hereby recommends and requests that the City Council of the City of Alexandria, Virginia (the "Council"), approve the issuance of the Bonds as required by Section 147(f) of the Code and Section 15.2-4906 of the Act. The Bonds authorized hereunder shall not be issued until such action is taken by the Council. The Authority hereby directs the Secretary of the Authority to submit to the Council this resolution, the Borrower's Fiscal Impact Statement, and a summary of the public hearing held by the Authority prior to the adoption of this resolution.

10. In adopting this resolution the Authority intends to declare its "official intent" within the meaning of Treasury Regulations 1.150-2 that the proceeds of the Bonds will be used to reimburse the Borrower for costs incurred with respect to the Project.

11. Any action heretofore or hereafter taken by any officer of the Authority in conformity with the purposes and intent of this resolution and the issuance of the Bonds is hereby ratified, approved and confirmed.

CERTIFICATE

The undersigned Secretary of the Industrial Development Authority of the City of Alexandria, hereby certifies that the foregoing is a true, correct and complete copy of a Resolution adopted by a majority of the Directors of the Authority present and voting at a meeting duly called and held on June 6, 2006, in accordance with law, at which meeting a quorum was present and acting throughout, and such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand and seal of the Authority this 6th day of June, 2006.

Josh Roni L. Walker
Secretary, Industrial Development Authority
of the City of Alexandria

[SEAL]

CERTIFICATE OF PUBLIC HEARING

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

1. A regular meeting of the Authority was duly called and held on June 6, 2006, at 5:00 o'clock p.m., at its offices at the Alexandria Economic Development Partnership, Inc., 1729 King Street, Suite 410, Alexandria, Virginia. The meeting was open to the public, and persons of differing views were given an opportunity to be heard. At such meeting all of the Directors of the Authority were present or absent throughout as follows:

PRESENT:

ABSENT:

2. The Chairman announced the commencement of a public hearing on the application of the American Association for the Study of Liver Diseases and its plan of financing and that a notice of the hearing was published once a week for two consecutive weeks, the first publication being not more than 28 days nor less than 14 days prior to the hearing in The Washington Examiner, a newspaper having general circulation in the City of Alexandria, Virginia (the "Notice"). A copy of the Notice and a Certificate of Publication of such Notice have been filed with the records of the Authority and are attached hereto as Exhibit A.

3. The individuals listed in Exhibit B appeared and addressed the Authority. A reasonably detailed summary of their statements together with the fiscal impact statement required by the Industrial Development and Revenue Bond Act are attached hereto as Exhibits B and C.

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

WITNESS my hand and the seal of the Authority this 6th day of June, 2006.

Asst. Tom J. Walker
Secretary, Industrial Development Authority
of the City of Alexandria

(SEAL)

Affidavit of Public Notice



PROOF OF PUBLICATION

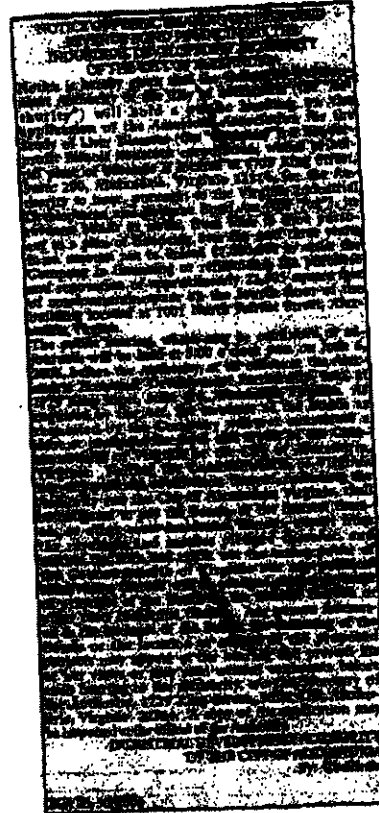
I, Herbert W. Moloney, Publisher of the The Washington Examiner, (Virginia Edition) a newspaper in the area of Virginia, published in the English language for 52 successive weeks or more prior to the issue of 05/30/2006, certify that the notice of REVENUE BOND, FOR HUNTON & WILLIAMS attached hereto has been published on 05/30/2006


Herbert W. Moloney

Sworn to and subscribed before me this 30TH day of MAY, 2006


My Commission expires

My Commission Expires September 30, 2007.



Ad number: 5010533
End date: 05/30/2006
Run dates: 05/23/2006, 05/30/2006
REVENUE BOND,
HUNTON & WILLIAMS

Summary of Statements

No one spoke at the public hearing portion of the meeting.

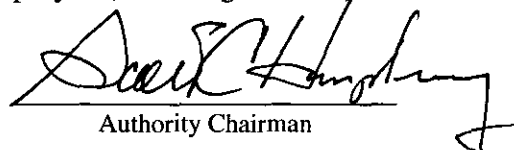
FISCAL IMPACT STATEMENT

June 6, 2006
Date

American Association for the Study of Liver Diseases
Applicant

Office Space at 1001 North Fairfax Street, Alexandria, Virginia
Facility

- | | |
|---|--------------------|
| 1. Maximum amount of financing sought | <u>\$7,000,000</u> |
| 2. Estimated taxable value of the facility's real property to be constructed in the municipality | <u>\$7,900,000</u> |
| 3. Estimated real property tax per year using present tax rates | <u>\$ 64,380</u> |
| 4. Estimated personal property tax per year using present tax rates | <u>\$ 0</u> |
| 5. Estimated merchants' capital tax per year using present tax rates | <u>\$ 0</u> |
| 6. a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality | <u>\$ 50,000</u> |
| b. Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality | <u>\$ 0</u> |
| c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality | <u>\$ 250,000</u> |
| d. Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality | <u>\$ 0</u> |
| 7. Estimated number of regular employees on year round basis | <u>25</u> |
| 8. Average annual salary per employee (including benefits) | <u>\$ 61,500</u> |


Authority Chairman

Industrial Development Authority of the City of Alexandria
Name of Authority

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OF THE CITY OF ALEXANDRIA**

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WHEREAS, a public hearing was held on June 6, 2006, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Act;

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THE CITY OF ALEXANDRIA:**

1. It is hereby found and determined that the location of the Project for the Borrower in the City will bring additional revenues and employment into the City and will promote the industrial development and economy of the City, benefit its inhabitants, increase their commerce and promote their safety, health, welfare, convenience and prosperity.

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3. It having been represented to the Authority that it is necessary to proceed immediately with the acquisition, construction, equipping and developing of the Project, the Authority hereby agrees that the Borrower may proceed with plans for the Project, enter into contracts for acquisition, construction, equipping and developing the Project and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project. The Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all lawful costs so incurred by it.

4. The Authority hereby agrees to the recommendation of the Borrower that Hunton & Williams LLP, Richmond, Virginia, be appointed as bond counsel and hereby appoints such firm to supervise the proceedings and approve the issuance of the Bonds.

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7. Neither the directors of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

8. All lawful costs and expenses in connection with the financing and the acquisition, construction, equipping and developing of the Project, including the Authority's administrative fee due at closing, fees and expenses of bond counsel, counsel for the Authority and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Borrower. If for any reason the Bonds are not issued, or the Bonds are issued but it is determined that a part or all of such costs are not lawfully payable out of bond proceeds, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

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10. In adopting this resolution the Authority intends to declare its "official intent" within the meaning of Treasury Regulations 1.150-2 that the proceeds of the Bonds will be used to reimburse the Borrower for costs incurred with respect to the Project.

11. Any action heretofore or hereafter taken by any officer of the Authority in conformity with the purposes and intent of this resolution and the issuance of the Bonds is hereby ratified, approved and confirmed.

RESOLUTION NO. 2192

WHEREAS, the Industrial Development Authority of the City of Alexandria (the "Authority") has considered the application of the American Association for the Study of Liver Diseases (the "Applicant"), a not-for-profit Illinois nonstock corporation, for the issuance of the Authority's revenue bonds in an amount not to exceed \$7,000,000 (the "Bonds"), to be issued from time to time pursuant to a plan of financing over a three-year period, to finance or refinance the purchase and renovation of approximately 22,503 square feet of condominium space (the "Project") on the fourth floor of the building located at 1001 North Fairfax Street in the City of Alexandria, Virginia (the "City"), for the Applicant and has held a public hearing thereon on June 6, 2006;

WHEREAS, the Authority has requested that the City Council (the "Council") of the City approve the issuance of the Bonds to comply with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the "Virginia Code");

WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to terms to be agreed upon, a record of the public hearing and a "fiscal impact statement" with respect to the Project have been filed with the Council;

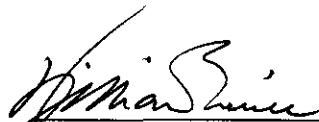
BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALEXANDRIA, VIRGINIA:

1. The Council hereby approves the issuance of the Bonds and the plan of financing by the Authority for the benefit of the Applicant to the extent required by Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, to permit the Authority to assist in financing or refinancing the Project.

2. Approval of the issuance of the Bonds, as required by Section 147(f) of the Code, does not constitute an endorsement of the Bonds or the creditworthiness of the Applicant, but, as required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that neither the City nor the Authority shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth, the City or the Authority shall be pledged thereto.

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

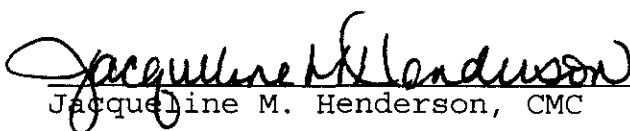
ADOPTED: June 27, 2006



WILLIAM D. EULLE

MAYOR

ATTEST:



Jacqueline M. Henderson, CMC City Clerk

CERTIFICATE OF RESOLUTION

1. A regular meeting of the City Council of the City of Alexandria, Virginia (the "Council"), was held on June 27, 2006, at which meeting the following duly elected members were present or absent:

PRESENT:

ABSENT:

Such members constituted all of the members of the Council on the date of such meeting.

2. Attached hereto is a true and correct copy of a resolution duly adopted at such meeting by the following vote:

AYES:

NAYS:

3. The resolution referred to above has not been repealed, revoked, rescinded or amended but is in full force and effect on this date and constitutes the only resolution adopted in 2006 by the Council relating to the issuance by the Industrial Development Authority of the City of Alexandria of its revenue bonds for the benefit of the American Association for the Study of Liver Diseases.

WITNESS my hand and the seal of the City Council of the City of Alexandria, Virginia, this ____ day of June, 2006.

Clerk, City Council of the
City of Alexandria, Virginia

(SEAL)