

EXHIBIT NO. 1


City of Alexandria, Virginia

8
1-8-08

MEMORANDUM

DATE: JANUARY 2, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY ANNUAL
REPORT FOR JULY 1, 2006 THROUGH JUNE 30, 2007

ISSUE: Alexandria Industrial Development Authority (AIDA) Annual Report

RECOMMENDATION: That City Council receives the Alexandria Industrial Development Authority Annual Report for the period July 1, 2006 through June 30, 2007.

DISCUSSION: The Alexandria Industrial Development Authority (AIDA) was established to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate or remain in Virginia. The AIDA has the authority, under federal and state law, to issue tax-exempt industrial revenue bonds for certain non-profit organizations, small manufacturers, government entities and certain solid waste disposal projects. Over the last ten years the AIDA has issued \$628.1 million in industrial revenue bonds. Most of the bond issues have been for office buildings financed and used by non-profit associations and trade groups as their headquarters. An administrative fee is charged to applicants for the bond financing. The fee is used to partially offset the cost of financing the Alexandria Economic Development Partnership (AEDP).

By City ordinance and in accordance with State code the AIDA consists of a seven-member body appointed by City Council for staggered four-year terms. The attached letter and report from the board member highlights some of the activities and accomplishments of the AIDA.

FISCAL IMPACT: The AIDA collected \$56,460 in bond fees in FY 2007.

ATTACHMENTS:

Attachment 1 - Alexandria Industrial Development Authority letter dated December 14, 2007.
Attachment 2 - Alexandria Industrial Development Authority Annual Report for the period
July 1, 2006 through June 30, 2007.

STAFF:

Mark Jinks, Deputy City Manager

Laura B. Triggs, Director of Finance

Stewart Litvin, Executive Director, Alexandria Economic Development Partnership, Inc.

ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY

Directors

Scott Humphrey

Chair

Donald Simpson, Sr.

Vice Chair

Agnes Artemel

Secretary

Lois Walker

Assistant Secretary

Lynn Hampton

Mark Williams

December 14, 2007

Mayor William D. Euille, Chairman
 Vice Mayor Redella Pepper
 Members of Alexandria City Council
 301 King Street, Room 2300
 Alexandria, Virginia 22314

Dear Mayor Euille, Vice Mayor Pepper and Members of City Council,

According to requirements in Alexandria's City Code the Alexandria Industrial Development Authority (IDA) submits an annual report to the office of Citizen Assistance. The members of the Authority would also like to provide this information about our activity directly to each of you. Please find attached the full report for fiscal year 2007.

Counsel to the AIDA

Michael W. Graff, Jr.

McGuireWoods LLP

I would like to take the opportunity to highlight a few of our accomplishments as an Authority. As you know, the Authority consists of seven volunteers, all of whom are Alexandria residents appointed by City Council. Our capable counsel works on our behalf to advise, protect and support the Authority's interests, and we utilize staff of the Alexandria Economic Development Partnership (AEDP) to administer and promote the IDA bond financing program.

Staff to the AIDA

Stephanie Landrum

AEDP, Inc.

Stuart L. Litvin

AEDP, Inc.

Over the past 10 years (since the beginning of FY1998) we have processed 43 applications, issued more than \$620 million in bonds and collected in excess of \$950,000 in fees. These fees have traditionally been dedicated to economic development purposes, and we endorse the continuation of that custom. Below is a list of a few of the Alexandria organizations that have used the bond program:

Alexandria Country Day School	Goodwin House
American Correctional Association	INOVA Alexandria Hospital
American Society for Training & Development	Institute for Defense Analyses
American Statistical Association	National Center for Missing & Exploited Children
Challenger Center for Space Science & Education	National Society of Black Engineers
Episcopal High School	Virginia Polytechnic Institute & State University

While the funds we raise are important for the City, we find that the true reward of the bond program is its proven success in enabling non-profit organizations to purchase real estate and facilities in our City. The taxes and job creation by each of the applicants continues to be significant, and as the list above illustrates, these organizations are some of our most active

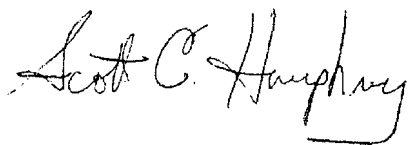
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corporate citizens. And of course, what better way can an organization demonstrate commitment to a community than through purchase of property? We are proud that the IDA program helps to accomplish these things.

In FY2007 the IDA processed one application and collected more than \$56,000 in fees. In this new fiscal year we are off to a great start having already processed two applications, and with another large bond issue scheduled for early next year. We look forward to working with the AEDP and the City to see how our program can help achieve many of the recommendations in the Economic Sustainability Work Group's report.

If you have any questions, please do not hesitate to contact me or other members of the Authority. We appreciate the Council's support and interest and look forward to our continued working relationship.

Sincerely,

A handwritten signature in cursive script that reads "Scott C. Humphrey". The signature is written in dark ink and is positioned above the printed name.

Scott C. Humphrey
Chair

ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY
December 2007

CHAIR:

Scott Humphrey
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Term Ending: September 11, 2011

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Term Ending: Sept. 14, 2008

Vacant Position

Res:
Bus:
E-mail:
Term Ending: September 14, 2008

OTHERS SERVING IN FY2007:

Roger Machanic
Clinton Robinson

COUNSEL:

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ALEXANDRIA
INDUSTRIAL DEVELOPMENT AUTHORITY

ANNUAL REPORT
FY2007
JULY 1, 2006 - JUNE 30, 2007

**CITY OF ALEXANDRIA
BOARDS AND COMMISSIONS
MEETINGS ATTENDANCE REPORT**

JULY 1, 2006 THROUGH JUNE 30, 2007

ALEXANDRIA
INDUSTRIAL DEVELOPMENT

COMMISSION: AUTHORITY (IDA)

CHAIRPERSON: SCOTT HUMPHREY

	2006						2007					
MEMBER'S NAME	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
SCOTT HUMPHREY	E								E	N	X	N
DONALD SIMPSON, SR	X								X	M	X	M
LOIS WALKER	X								E	E	X	E
CLINTON ROBINSON	E			NO					E	E	E	T
MARK WILLIAMS	E			MEETINGS					X	I	X	N
AGNES ARTEMEL	X								X	N	X	G
* ROGER MACHANIC	X								N/A	I	N/A	I
* LYNN HAMPTON	N/A								X	↓	E	↓

* Resigned 12/06 ** Appointed 3/07

INDICATE: X - FOR PRESENT E - FOR EXCUSED U - FOR UNEXCUSED

LIST OF THOSE WHO DID NOT ATTEND 75% OF MEETINGS:

(FORM MUST BE SIGNED BY CHAIRPERSON)

APPROVED: Scott Humphrey
(Chairperson)

Alexandria Industrial Development Authority
Applications Approved/Bonds Issued
FY2007: July 2006-June 2007

DATE	AMOUNT	APPLICANT	LENDER	FEE
July 2006	\$4,000,000.00	American Assoc. for the Study of Liver Diseases	SunTrust	\$32,500.00 *
July 2006	--	Issuers Fees from Pooled Program	Wells Fargo	\$10,761.81
Feb. 2007	--	Issuers Fees from Pooled Program	Wells Fargo	\$10,698.21
June 2007	--	Goodwin House	USBank	\$2,500.00 +

TOTALS:	\$4,000,000.00	1 application	\$56,460.02
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* Balance Due (Application fee paid previously)

** Application Fee

+ Ministerial/Legal Action Fee

8

As of June 30, 2007

Bonds Issued

Fees Collected

GRAND TOTALS:	\$628,144,409.00	\$953,644.05
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Industrial Development Authority of the City of Alexandria
Standard Proposed Terms and Conditions for Revenue Bonds (Rev. 5/8/07)

1. New Money Issuance \$
 - Application Fee 2,500
 - 1% of 1st \$1M + 10,000
 - ¾% of next \$4M + (additive)
 - ½% of all higher \$ amounts (additive)
 - All costs
 - Blanket Waiver and Indemnity (Form attached)

2. Refunding Issuance \$
 - Application Fee 5,000
 - 10% of New Money fee above, not (see above) including New Money application fee
 - All costs
 - Blanket Waiver and Indemnity

3. Taxable New Money Issuance or Taxable Refunding Issuance (in Conjunction with Tax-Exempt Issuance)
 - Application Fee No additional application fee
 - 25% of New Money fee or (see above) Refunding fee above, as applicable, not including application fee
 - All costs
 - Blanket Waiver and Indemnity

4. Other Actions and Approvals \$ involving financings/other issuances (including other IDAs)
 - Same fee as New Money or (see above) Refunding, as applicable
 - All costs
 - Blanket Waiver and Indemnity

- | | |
|---|-------|
| 5. Ministerial/Legal actions not involving <u>any</u> issuance or financing, however defined | \$ |
| • Application Fee | 2,500 |
| • All costs | |
| • Blanket Waiver and Indemnity | |
| • Discretionary fee – waiver for non-IDA government entities, except where effect of action equates to New Money or Refunding | |

Form Blanket Waiver and Indemnity:

[Entity] having had the opportunity for full diligence and consultation with [Entity]'s own legal counsel, and, for consideration of unquantifiable value to [Entity] so as to induce the Authority to take the actions provided for in the Resolution, [Entity] hereby agrees and covenants as follows:

1. [Entity] now and forever waives any claim against the Authority, its directors, officers, members, and agents, and the City of Alexandria, its officials, employees, and agents (each, for the purposes of this provision and the next, "Alexandria"), with respect to every direct and indirect actual, potential, and contingent liability, claim, charge, award, and judgment (each, for the purposes of this provision and the next, a "Claim") arising out of or related to the subject-matter of this resolution; and
2. [Entity] hereby promises, agrees, warrants, and covenants to fully and absolutely defend and indemnify Alexandria against any Claim arising out of or related to the subject-matter of this resolution.

For the purposes of the foregoing provision, [Entity] includes – and expressly so binds – all of [Entity]'s members, owners, creditors, partners, agents, administrators, heirs, successors, assigns, employees, trustees, receivers, escheators, subrogors and subrogees, howsoever they may appear.

ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY

Summary Minutes

July 11, 2006

5:00 p.m.

Present: Donald Simpson, Sr., Vice Chair
Roger Machanic, Secretary
Lois Walker, Assistant Secretary
Agnes Artemel

Also Present: Stephanie Landrum, Alexandria Economic Development Partnership, Inc.
Dan Neckel, City of Alexandria
Dave Richardson, McGuire Woods LLP

Absent: Scott Humphrey, Chair
Clinton Robinson
Mark Williams

I. Call to Order

Vice Chair Donald Simpson, Sr. called the meeting to order at 5:11 p.m.

II. Approval of June 6, 2006 Meeting Summary Minutes

Vice Chair Simpson entertained a motion for the approval of the minutes of the June 6, 2006 meeting.

Motion: Agnes Artemel moved and Lois Walker seconded the motion.
The motion was passed unanimously.

III. Final Bond Resolution Regarding the Proposed Financing for the American Association for the Study of Liver Diseases (AASLD)

Dave Richardson reminded Authority members that the required IDA public hearing was held in May 2006 and the City Council public hearing in June 2006. He advised that the bond request has changed, and the applicant is now asking for a maximum of \$4 million to

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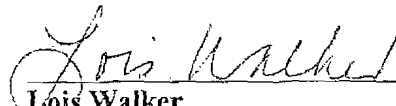
finance half of the purchase. The other half will be purchased with alternative funding since the applicant plans to lease half of the office space to an outside entity. He explained that by using alternative funding, the AASLD will not be restricted as to what type of organization may lease the space.

Motion: Roger Machanic moved and Ms. Artemel seconded the motion to approve the final bond resolution for the American Association for the Study of Liver Diseases. **The motion was passed unanimously.**

IV. **Old Business**
None.

V. **New Business**
None.

VI. **Adjourn**
There being no further business, Vice Chair Simpson adjourned the meeting at 5:25 p.m.


Lois Walker
Assistant Secretary

ALEXANDRIA INDUSTRIAL DEVELOPMENT AUTHORITY

Summary Minutes March 13, 2007 5:00 p.m.

Present: Donald Simpson, Sr., Vice Chair
Agnes Artemel
Lynn Hampton
Mark Williams

Also Present: Michael Graff, McGuire Woods LLP
Stephanie Landrum, Alexandria Economic Development Partnership, Inc.
Laura Triggs, City of Alexandria

Absent: Scott Humphrey, Chair
Clinton Robinson
Lois Walker

I. Call to Order

Vice Chair Donald Simpson, Sr. called the meeting to order at 5:10 p.m. and welcomed Laura Triggs, Acting Director of Finance.

II. Approval of July 11, 2006 Meeting Summary Minutes

Vice Chair Simpson entertained a motion for the approval of the minutes of the July 11, 2006 meeting.

Motion: Agnes Artemel moved and Donald Simpson, Sr. seconded the motion.
The motion was passed unanimously.

III. Update on IDA Membership

Stephanie Landrum advised that Authority member Roger Machanic had resigned effective at the end of 2006 and that Lynn Hampton has been appointed to fill his term. Ms. Hampton then introduced herself to the group.

IV. Election of new Secretary

This matter was referred to the next meeting.
4321 King Street, Suite 410, Alexandria, Virginia 22314
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E-mail: info@alexecon.org www.alexecon.org

V. **Upcoming Applications**

Michael Graff advised the Authority that the American Society of Clinical Oncology (ASCO) has entered into negotiations to purchase a new building under construction in Alexandria. He advised that ASCO will not purchase the building until it is ready for delivery (expected sometime in the first quarter of 2008) but that they will be purchasing an interest rate swap in 2007. The Alexandria Industrial Development Authority is required to authorize a qualified hedge certificate in order for this first transaction to proceed.

Mr. Graff also explained that the ASCO intends to occupy 80% of the space they purchase and then lease the other portion to office users. As a result, ASCO must obtain one series of tax-exempt bonds for the portion of the building they will inhabit and then a smaller series of taxable bonds for the remainder. ASCO has asked the Authority to consider a reduced fee to issue the taxable portion.

Authority members discussed this request at length.

Motion: Mark Williams moved and Agnes Artemel seconded the following motion that stated:

- Mark Williams will work with AIDA counsel, Mike Graff to create a proposed fee schedule for taxable bonds issued in connection with a tax-exempt bond issue
- Designated members of the Authority or Authority's counsel can communicate with the applicant on structuring and fee level matters
- Designated members of the Authority or Authority's counsel are authorized to develop the qualified hedge certificate and related reliance language for this or similar and comparable purposes.
- These actions are deemed actions of the full Alexandria Industrial Development Authority.

The motion was passed unanimously.

VI. **Old Business**

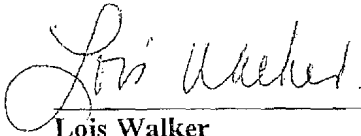
None.

VII. **New Business**

Members discussed the roles and responsibilities of the Alexandria IDA to include current and proposed marketing efforts.

VIII. **Adjourn**

There being no further business, Vice Chair Simpson adjourned the meeting at 6:30 p.m.



Lois Walker
Assistant Secretary