

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 17, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER *RMY*

SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS

ISSUE: Refinancing existing City General Obligation Refunding Bonds to lower interest rates.

RECOMMENDATION: That City Council adopt the attached resolution to:

- 1) Authorize the issuance and sale of the General Obligation Refunding Bonds;
- 2) Approve the form and other details of such bonds;
- 3) Authorize the City Manager and the Director of Finance to take all actions as shall be required in connection with the issuance, sale and delivery of such bonds; and
- 4) Provide details with respect to the issuance of such bonds.

DISCUSSION: Interest rates on long-term municipal bonds continue to hold at historically very low levels and are not forecasted to move dramatically in the coming months. This means the City may be able to refund (i.e., the technical word for refinancing) some portion of existing outstanding City general obligation bonds and reduce debt service costs. Staff will continue to monitor the bond and Treasury markets to determine what City bond issues, if refunded, would result in an overall savings of at least 3 percent on a present value basis. The 3 percent minimum threshold is the commonly followed industry standard for advance refunding of municipal bonds. At this time, it appears that about \$83.3 million in existing City bonds may be able to be refinanced.

The proposed resolution gives the City Manager and Director of Finance the authority to issue new bonds to refund the callable portion of the bonds that have at least 3 percent savings on a present value basis. To refund existing outstanding bonds, the City would issue new refunding bonds. The proceeds from these refunding bonds would be placed in an escrow account, which would then be immediately invested in special federal government-issued securities (SLGS), or other types of federally-issued securities, with the principal and interest from the investments being used to pay the principal and interest of the old bonds. The old bonds for which the

escrow account was created, called defeased bonds, would no longer be counted in any City debt ratios. The new bonds would count in the City's debt ratios. The savings to the City occurs when the overall debt service on the new refunding bonds is less than the debt service on the existing City bonds. This type of bond refinancing is an accepted best practice and has been periodically used by the City to generate savings in the past when the market conditions were right. The most recent refunding bonds were issued by the City in 2007.

The City's financial advisors have calculated that under current market conditions the City might be able at this time to refund \$80 million to \$90 million of the Series 2001 and 2004A Bonds at a savings. If interest rates drop or yields on U.S. Treasury securities such as SLGS increase, this resolution gives the City Manager the authority to also refund other City bond issues provided they meet the same 3 percent savings threshold on a present value basis. Conversely, the City would not issue any refunding bonds if municipal interest rates increase or yields on federally issued securities decrease too much before the City can sell the bonds. To take advantage of the current interest window, staff projects selling the refunding bonds in early spring. While it has been the City's practice, and is the intent, to issue bonds on a competitive bid basis, the Resolution allows a negotiated sale as an option. This option is in case market conditions change prior to sale making a negotiated sale in the City's best interest. The dollar amount of the bonds issued will be based on market conditions near that date.

As with any bond issue, the City is required to notify the rating agencies of our intent to issue debt and to produce an "Official Statement," which is a disclosure document that informs the investing public of the provisions of these bonds, how the bonds will be repaid, as well as outlines the City's financial, economic and social characteristics. However, no formal bond rating meetings are required by the bond rating agencies for bond refunding. The refunding bonds are expected to be rated AAA/Aaa according to the City's financial advisors. The recent assignment of a "negative outlook" by Moody's Investors Service on the City will not impact the interest rate of the refunded bonds. The Official Statement will be used by potential institutional investors and will contain City-specific data outlining the Alexandria economy and City fiscal practices.

FISCAL IMPACT: The proposed resolution contains authorization for an issuance of general obligation refunding bonds as long as the minimum savings achieved by the issuance of Refunded Bonds have at least 3 percent savings on a present value basis compared to the existing debt service on such series of Refunded Bonds. If the market conditions are favorable in the coming months, the City will be able to refund about \$80 million to \$90 million in City Series 2001, 2004A, 2004C, and 2006A Bonds. The estimated savings would approximate \$0.3 million per year through FY 2025, which would produce about \$4.5 million to \$5.5 million in total nominal savings and somewhat less than \$0.3 million to \$0.4 million per year in present value savings. At this time, it is estimated that this bond refunding would produce a 5.27 percent savings, which is well above the 3 percent savings threshold needed for a bond refunding sale to occur. This bond issue will only slightly increase the City's debt ratios in its financial policies, since the refunded bonds would be defeased and will not be used in its debt ratios – the new bonds would be used in the City's debt statistics as is standard market practice.

ATTACHMENT: Resolution Authorizing the Issuance and Sale of General Obligation Refunding Bonds

STAFF:

Mark Jinks, Deputy City Manager

Laura Triggs, Acting Chief Financial Officer

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF ALEXANDRIA, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION
REFUNDING BONDS**

WHEREAS, the City Council of the City of Alexandria, Virginia ("City") has determined that is advisable to authorize the issuance and sale of general obligation refunding bonds of the City to refund in advance of their maturities certain bonds previously issued by the City in order to achieve debt service savings.

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

1. Authorization of Bonds; Refunding of Prior Bonds. The City Council hereby determines that it is advisable to contract a debt and to issue and sell general obligation refunding bonds (the "Bonds") on the terms determined in the manner set forth in this Resolution. The issuance and sale of the Bonds are hereby authorized. The proceeds from the issuance and sale of the Bonds shall be used to refund, redeem, and/or defease certain outstanding bonds issued by the City (the "Refunded Bonds"). The specific bonds to be refunded shall be determined by the City Manager pursuant to the criteria set forth in this paragraph. The City Manager is authorized to determine the series, maturities and amounts of the Refunded Bonds as such officer determines to be in the best interest of the City as long as the minimum savings achieved by the issuance of the Bonds is at least 3% of the principal amount of the Refunded Bonds on a net present value basis. The City Manager is authorized to enter into an escrow agreement providing for the deposit of proceeds of the Bonds and the refunding and redemption of the Refunded Bonds with such escrow agent as the City Manager may select.

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 Resolution and upon such other terms as may be determined in the manner set forth in this Resolution. The Bonds shall be issued in one or more series, in fully registered form and shall be dated such date or dates as the City Manager may approve. The Bonds shall mature on such dates and in such amounts and shall be issued in such principal amount as the City Manager may approve, provided that the final maturity of the Bonds is not later than one year after the final maturity of the Refunded Bonds and the aggregate principal amount of the Bonds is not more than the amount needed to pay principal of and premium, if any, and interest on the Refunded Bonds and to pay the cost of issuing the Bonds. The Bonds may be sold pursuant to a public or private placement and may be sold on a negotiated or competitive bid basis all as may be determined by the City Manager. The City Manager is authorized and

directed to accept a bid or bids or a proposal for the purchase of the Bonds which such officer determines to be in the best interest of the City, subject to debt service savings criteria set forth in paragraph 1 above. The City Manager is authorized to enter into a bond purchase agreement with the purchaser of the Bonds if required in connection with the sale of the Bonds. The City Manager and the Chief Financial Officer, 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.

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

5. **Book-Entry-Only Form.** If the Bonds are sold publicly, the Bonds shall be issued in book-entry-only form as set forth in this paragraph. The Bonds shall be issued in fully-registered form and registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”) as registered owner of the Bonds, and immobilized in the custody of DTC. One fully-registered Bond in typewritten or printed form for the principal amount of each maturity of the Bonds shall be registered to Cede & Co. Beneficial owners of the Bonds shall not receive physical delivery of the Bonds. Principal, premium, if any, and interest payments on the Bonds shall be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

Transfer of ownership interest in the Bonds shall be made by DTC and its participants (the “Participants”), acting as nominees of the beneficial owners of the Bonds in accordance with rules specified by DTC and its Participants. The City shall notify DTC of any notice required to be given pursuant to this Resolution or the Bonds not less than fifteen (15) calendar days prior to the date upon which such notice is required to be given. The City shall also comply with the agreements set forth in the City’s Letter of Representations to DTC.

Replacement Bonds (the “Replacement Bonds”) may be issued directly to beneficial owners of the Bonds rather than to DTC or its nominee but only in the event that:

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

Upon occurrence of the event described in (i) or (ii) above, the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City Council shall execute and deliver Replacement Bonds substantially in the form set forth in Exhibit A to this Resolution 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 Resolution to any Participants requesting such Replacement Bonds. Principal of and interest on the Replacement Bonds shall be payable as provided in this Resolution and in the Bonds and Replacement Bonds will be transferable in accordance with the provisions of paragraphs 9 and 10 of this Resolution and the Bonds.

6. **Appointment of Bond Registrar and Paying Agent.** The City Manager is 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 the City Manager or the Chief Financial Officer may serve as Paying Agent.

The City Manager may appoint a subsequent registrar and/or one or more paying agents for the Bonds upon given written notice to the owners of the Bonds specifying the name and location of the principal office of such registrar or paying agent.

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

8. **CUSIP Numbers.** If the Bonds are sold publicly, the Bonds shall have CUSIP identification numbers printed thereon. No such number shall constitute a part of the contract evidenced by the Bond on which it is imprinted and no liability shall attach to the City, or any of its officers or agents by reason of such numbers or any use made of such numbers, including any use by the City and any officer or agent of the City, by reason of any inaccuracy, error or omission with respect to such numbers.

9. **Registration, Transfer and Exchange.** Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar, the City shall execute and deliver and the Bond Registrar shall authenticate in the name of the transferee or transferees a new Bond or Bonds of any authorized denominations 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 Resolution and entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

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

11. Non-Arbitrage Certificate and Tax Covenants. The City Manager and the Chief Financial Officer, or either of them, and such officers and agents of the City as either of them may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended (“Code”), including the provisions of Section 148 of the Code and applicable regulations relating to “arbitrage bonds.” The City Council covenants on behalf of the City that the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in the City’s Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bonds and that the City shall comply with the other covenants and representations contained therein.

12. Disclosure Documents. The City Manager and the Chief Financial Officer, 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 Chief Financial Officer shall determine. The Chief Financial Officer is authorized and directed to deem the preliminary official statement “final” for purposes of Securities and Exchange Commission Rule 15c2-12.

13. Further Actions. The City Manager and Chief Financial Officer and such officers and agents of the City as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the issuance and sale of the Bonds and all actions taken by such officers and agents in connection with the issuance and sale of the Bonds are ratified and confirmed.

14. 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 Resolution shall take effect at the time of its enactment.

WILLIAM D. EUILLE
Mayor, City of Alexandria, Virginia

**Exhibit A
FORM OF BOND**

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

No. R-

**CITY OF ALEXANDRIA
GENERAL OBLIGATION REFUNDING 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"). 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 fifteenth day of the month preceding each interest payment date.

This Bond has been duly authorized by the City Council and is issued for the purpose of providing funds to refund in advance of their maturities certain outstanding bonds issued by the City. 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.

This Bond is one of a series of \$_____ General Obligation Refunding Bonds, Series _____ of the City, (the "Bonds") of like date and tenor, except as to number, denomination, rate of interest and maturity, issued under the authority of and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, and, more particularly, issued pursuant to the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of

Virginia of 1950, as amended and a Resolution adopted by the City Council on _____, 2012 (the "Resolution").

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ALEXANDRIA, VIRGINIA

By _____
Mayor, City of Alexandria, Virginia

[SEAL]

ATTEST:

Clerk, City Council,
City of Alexandria, Virginia

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ASSIGNMENT

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

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

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

the within Bond and does hereby irrevocably constitute and appoint

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

Dated _____

Signature Guaranteed:

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

Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

By: _____
[Director of Finance]

CERTIFICATION

I, Jackie M. Henderson, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of the Resolution which was adopted by the Alexandria City Council at its Regular Meeting held on _____, 2012.

Dated this ____ day of _____, 2012

Jackie M. Henderson, City Clerk
City of Alexandria, Virginia

\36011120.1

RESOLUTION NO. 2488

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF ALEXANDRIA, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION
REFUNDING BONDS**

WHEREAS, the City Council of the City of Alexandria, Virginia (“City”) has determined that it is advisable to authorize the issuance and sale of general obligation refunding bonds of the City to refund in advance of their maturities certain bonds previously issued by the City in order to achieve debt service savings.

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

1. **Authorization of Bonds; Refunding of Prior Bonds.** The City Council hereby determines that it is advisable to contract a debt and to issue and sell general obligation refunding bonds (the “Bonds”) on the terms determined in the manner set forth in this Resolution. The issuance and sale of the Bonds are hereby authorized. The proceeds from the issuance and sale of the Bonds shall be used to refund, redeem, and/or defease certain outstanding bonds issued by the City (the “Refunded Bonds”). The specific bonds to be refunded shall be determined by the City Manager pursuant to the criteria set forth in this paragraph. The City Manager is authorized to determine the series, maturities and amounts of the Refunded Bonds as such officer determines to be in the best interest of the City as long as the minimum savings achieved by the issuance of the Bonds is at least 3% of the principal amount of the Refunded Bonds on a net present value basis. The City Manager is authorized to enter into an escrow agreement providing for the deposit of proceeds of the Bonds and the refunding and redemption of the Refunded Bonds with such escrow agent as the City Manager may select.

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 Resolution and upon such other terms as may be determined in the manner set forth in this Resolution. The Bonds shall be issued in one or more series, in fully registered form and shall be dated such date or dates as the City Manager may approve. The Bonds shall mature on such dates and in such amounts and shall be issued in such principal amount as the City Manager may approve, provided that the final maturity of the Bonds is not later than one year after the final maturity of the Refunded Bonds and the aggregate principal amount of the Bonds is not more than the amount needed to pay principal of and premium, if any, and interest on the Refunded Bonds and to pay the cost of issuing the Bonds. The Bonds may be sold pursuant to a public or private placement and may be sold on a negotiated or competitive bid basis all as may be determined by the City Manager. The City Manager is authorized and directed to accept a bid or bids or a proposal for the purchase of the Bonds which such officer determines to be in the best interest of the City, subject to debt service savings criteria set forth in paragraph 1 above. The City Manager is authorized to enter into a bond purchase agreement with the purchaser of the Bonds if required in connection with the sale of the Bonds. The City Manager and the Chief Financial Officer, 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.

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

5. Book-Entry-Only Form. If the Bonds are sold publicly, the Bonds shall be issued in book-entry-only form as set forth in this paragraph. The Bonds shall be issued in fully-registered form and registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”) as registered owner of the Bonds, and immobilized in the custody of DTC. One fully-registered Bond in typewritten or printed form for the principal amount of each maturity of the Bonds shall be registered to Cede & Co. Beneficial owners of the Bonds shall not receive physical delivery of the Bonds. Principal, premium, if any, and interest payments on the Bonds shall be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

Transfer of ownership interest in the Bonds shall be made by DTC and its participants (the “Participants”), acting as nominees of the beneficial owners of the Bonds in accordance with rules specified by DTC and its Participants. The City shall notify DTC of any notice required to be given pursuant to this Resolution or the Bonds not less than fifteen (15) calendar days prior to the date upon which such notice is required to be given. The City shall also comply with the agreements set forth in the City’s Letter of Representations to DTC.

Replacement Bonds (the “Replacement Bonds”) may be issued directly to beneficial owners of the Bonds rather than to DTC or its nominee but only in the event that:

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

Upon occurrence of the event described in (i) or (ii) above, the City shall attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City Council shall execute and deliver Replacement Bonds substantially in the form set forth in Exhibit A to this Resolution 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 Resolution to any Participants requesting such Replacement Bonds. Principal of and interest on the Replacement Bonds shall be payable as provided in this Resolution and in the Bonds and Replacement Bonds will be transferable in accordance with the provisions of paragraphs 9 and 10 of this Resolution and the Bonds.

6. Appointment of Bond Registrar and Paying Agent. The City Manager is 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 the City Manager or the Chief Financial Officer may serve as Paying Agent.

The City Manager may appoint a subsequent registrar and/or one or more paying agents for the Bonds upon given written notice to the owners of the Bonds specifying the name and location of the principal office of such registrar or paying agent.

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

8. CUSIP Numbers. If the Bonds are sold publicly, the Bonds shall have CUSIP identification numbers printed thereon. No such number shall constitute a part of the contract evidenced by the Bond on which it is imprinted and no liability shall attach to the City, or any of its officers or agents by reason of such numbers or any use made of such numbers, including any

use by the City and any officer or agent of the City, by reason of any inaccuracy, error or omission with respect to such numbers.

9. **Registration, Transfer and Exchange.** Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar, the City shall execute and deliver and the Bond Registrar shall authenticate in the name of the transferee or transferees a new Bond or Bonds of any authorized denominations 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 Resolution and entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

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

11. **Non-Arbitrage Certificate and Tax Covenants.** The City Manager and the Chief Financial Officer, or either of them, and such officers and agents of the City as either of them may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended ("Code"), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds." The City Council covenants on behalf of the City that the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in the City's Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bonds and that the City shall comply with the other covenants and representations contained therein.

12. **Disclosure Documents.** The City Manager and the Chief Financial Officer, 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 Chief Financial Officer shall determine. The Chief Financial Officer is authorized and directed to deem the preliminary official statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12.

13. **Further Actions.** The City Manager and Chief Financial Officer and such officers and agents of the City as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the issuance and sale of the Bonds and all actions taken by such officers and agents in connection with the issuance and sale of the Bonds are ratified and confirmed.

14. **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 Resolution shall take effect at the time of its enactment.

WILLIAM D. EUILLE
Mayor, City of Alexandria, Virginia

**Exhibit A
FORM OF BOND**

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

No. R-

**CITY OF ALEXANDRIA
GENERAL OBLIGATION REFUNDING 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"). 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 fifteenth day of the month preceding each interest payment date.

This Bond has been duly authorized by the City Council and is issued for the purpose of providing funds to refund in advance of their maturities certain outstanding bonds issued by the City. 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.

This Bond is one of a series of \$_____ General Obligation Refunding Bonds, Series _____ of the City, (the "Bonds") of like date and tenor, except as to number, denomination, rate of interest and maturity, issued under the authority of and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, and, more particularly, issued pursuant to the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended and a Resolution adopted by the City Council on _____, 2012 (the "Resolution").

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

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

_____, _____ and thereafter

_____%

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

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

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

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

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

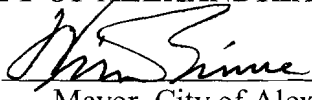
The Bond Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on the 15th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

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

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

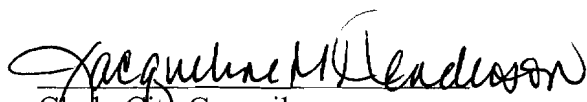
IN WITNESS WHEREOF, the City Council of the City of Alexandria, Virginia, has caused this Bond to be signed by the facsimile signature of its Mayor, a facsimile of its seal to be affixed and attested by the facsimile signature of its Clerk and this Bond to be dated _____, _____.

CITY OF ALEXANDRIA, VIRGINIA

By 
Mayor, City of Alexandria, Virginia

[SEAL]

ATTEST:


Clerk, City Council,
City of Alexandria, Virginia

ASSIGNMENT

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

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

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

the within Bond and does hereby irrevocably constitute and appoint

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

Dated _____

Signature Guaranteed:

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

Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

By: _____
[Director of Finance]

CERTIFICATION

I, Jackie M. Henderson, City Clerk and Clerk of Council, do hereby certify that the attached is a true copy of the Resolution which was adopted by the Alexandria City Council at its Regular Meeting held on _____, 2012.

Dated this ____ day of _____, 2012

Jackie M. Henderson, City Clerk
City of Alexandria, Virginia

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