ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item
Meeting of June 12, 2010

DATE: May 28, 2010

SUBJECT: Sale of General Obligation Public Improvement and Refunding Bonds

C. M. RECOMMENDATION:

Adopt the attached resolution (Attachment 1) authorizing the sale of General Obligation Public Improvement and Refunding Bonds in an amount not to exceed $223.5* million.

ISSUES: Should the County issue long-term bonds to finance County and Schools capital projects and to potentially refund outstanding bonds to achieve debt service savings?

SUMMARY: The County Board is asked to authorize the issuance of bonds in the maximum amount of $223.5* million, including the sale of:

- $24.4* million in General Obligation Public Improvement Bonds for County capital projects including transportation projects, Metro, the Neighborhood Conservation program, and land acquisition, among others;
- $30.7* million in General Obligation Public Improvement Bonds for Schools for Yorktown High School construction, Thomas Jefferson Middle School improvements, Wakefield High School design, and Career Center improvements;
- $18.3* million in General Obligation Public Improvement Bonds for Utilities primarily to complete improvements to the Water Pollution Control Plant; and
- Up to $150.0* million in General Obligation Refunding Bonds to redeem previously issued bonds and achieve debt service savings due to lower interest rates. Current estimates of potential savings range from $0.7 million to $2.2 million on a net present value basis. In FY 2011, annual savings could range from $0.1 million to $0.7 million and would be allocated among the County, Schools and the Utilities Fund.

(*) Rounded numbers

County Manager: MBB/BMD

County Attorney: SAM

Staff: Michelle Cowan, Deputy Director, Department of Management & Finance
Jason Friess, Financial Analyst, Department of Management & Finance

30.

SUMMARY OF NEW MONEY BONDS BY BOND REFERENDA

2004 Bond Referenda	
Transportation & Community Infrastructure	$ 800,000
2006 Bond Referenda	
Local Parks and Recreation	$ 1,500,000
Metro and Transportation Projects	14,692,000
Community Infrastructure	4,700,000
Total 2006	$20,892,000
2008 Bond Referenda	
Community Infrastructure	$ 2,670,000
Public Schools Projects	30,754,000
Utilities Projects	18,349,000
Total 2008	$51,773,000
TOTAL NEW MONEY BONDS	**$73,465,000**

BACKGROUND: The County has historically requested authorization from voters to finance capital projects with bonds on a biennial basis, usually in November. Dependent on project cashflows, the County issues the voter-authorized bonds as needed, with issuances typically occurring on an annual basis in spring or summer.

In addition to the issuance of new money bonds, the County may refinance a portion of its outstanding bond issues to achieve debt service savings. Authorization is requested to issue refunding bonds in the maximum amount of $150.0* million to provide maximum flexibility to respond to rapidly changing market conditions. In compliance with Board policy reaffirmed in July 2008, the aggregate net present value (NPV) savings on any refunding will be at least 3 percent of the refunded principal amount. As has been the County's practice historically, the $150 million refunding authorization would be valid through the end of the fiscal year, or June 30, 2011.

DISCUSSION: In 2004, 2006, and 2008, Arlington voters approved the following 13 bond referenda for capital improvement projects. These referenda included the following categories and amounts:

(*) Rounded numbers

AUTHORIZED BONDS, STATUS, AND NEW MONEY BONDS
(In millions)

2004 AUTHORIZATION	AUTHORIZED	ISSUED	REQUESTED 2010 ISSUE	AMOUNT REMAINING
Local Parks & Recreation	75.395	56.854	-	18.541
Transportation & Community Infrastructure				-
Community Conservation	13.025	10.825	0.800	1.400
Transportation & Pedestrian Initiatives	10.195	10.195	-	-
Public Facilities	9.769	9.769	-	-
Storm Drainage	2.955	2.955	-	-
Metro	18.536	18.536	-	-
Arlington Public School Projects	78.128	78.128	-	-
TOTAL 2004	208.003	187.262	0.800	19.941
2006 AUTHORIZATION				
Local Parks & Recreation	35.550	8.050	1.500	26.000
Metro & Transportation Projects	31.500	12.839	14.692	3.969
Community Infrastructure	27.300	16.800	4.700	5.800
Utilities	79.000	79.000	-	-
Arlington Public Schools Projects	33.712	33.712	-	-
TOTAL 2006	207.062	150.401	20.892	35.769
2008 AUTHORIZATION				
Metro	10.000	-	-	10.000
Community Infrastructure	10.800	-	2.670	8.130
Utilities	50.000	-	18.349	31.651
Arlington Public Schools projects	99.425	23.350	30.754	45.321
TOTAL 2008	170.225	23.350	51.773	95.102
TOTAL	585.290	361.013	73.465	150.812

2004 Voter Authorized Bonds: Of the $208.0* million authorized by the voters in 2004, authorization to issue a maximum amount of $0.8* million is recommended at this time for non-parks land acquisition under commercial revitalization authorization. After the July 2010 issuance, approximately $19.941* million will remain unissued from the 2004 voter authorization, including $18.5 million for Long Bridge Park with the remaining amount for community infrastructure.

(*) Rounded numbers

2006 Voter Authorized Bonds: Of the $207.1* million authorized by the voters in 2006, authorization to issue a maximum amount of $20.9* million is recommended at this time. This includes:

- $1.5* million for Parks land acquisition
- $7.5* million for contribution to Metro's capital improvement program

- $7.1* million for various Transportation projects, including transit, arterial improvements (along Columbia Pike in addition to other areas), and bike and pedestrian improvements.
- $4.7* million for Neighborhood Conservation

After the July 2010 issuance, approximately $35.8* million will remain unissued from the 2006 voter authorization, including $26 million for the new Arlington Mill Community Center, transportation projects, and emergency infrastructure, among others.

2008 Voter Authorized Bonds: Of the $170.2* million authorized by the voters in 2008, authorization to issue a maximum amount of $51.8* million is recommended at this time. This includes:

- $1.3* million for the County's share of improvements to Thomas Jefferson
- $1.4* million for Neighborhood Conservation
- $18.3* million for Utilities for continuing improvements to the Water Pollution Control Plan per the Master Plan 2001 and installation of a parallel large water main on Glebe Road between Old Glebe Road and Williamsburg Boulevard in part related to the November 2009 break
- $30.7* million for Schools for Yorktown High School construction, Thomas Jefferson Middle School improvements, continued design of Wakefield High School, and improvements to the Career Center.

After the July 2010 issuance, approximately $95.1* million will remain unissued from the 2008 voter authorization.

(*) Rounded numbers

Method of Sale & Financing Plan: The County is pursuing a hybrid sale approach to this issue: 1) the maturities in the first five years (approximately $18 million) would be sold on a competitive basis as traditional non-callable tax-exempt bonds and 2) the maturities in years 6 – 20 (approximately $55 million) would be sold as Build America Bonds via a negotiated sale. Under the Build America Bond (BABs) program, the County would issue taxable bonds and receive an interest subsidy payment from the federal government equivalent to 35 percent of the interest payment. Based on current market conditions and very favorable pricing on BABs, we estimate net present value savings of $1.46 million compared to a traditional tax-exempt sale.

Because the BABs market is still relatively young and investors are still getting familiar with it, (the program was authorized in 2009 as part of the American Revitalization and Reinvestment Act), we are pursuing a negotiated sale with a pre-selected group of underwriters. The County's last two bond issues have been executed on a negotiated basis with great success. In summer 2009, the County completed a competitive RFP process that resulted in the pre-selection of a group of nine regional and national underwriting firms that can be tapped to provide underwriting and / or remarketing services as needed over the four year term of the underwriting team. This approach has provided the County with flexibility to rapidly react to changing market conditions, as it did in December 2009 when we were able to execute a refunding for interest rate savings in a matter of days. In addition, in the event that the market conditions of 2008-2009 repeat themselves, the underwriting team approach provides us ready access to a pool of investment banking firms in the event that the competitive bond sale market experiences disruption or if a firm that currently provides services to the County is unable to provide them going forward.

Refunding: As noted earlier, the County is evaluating refinancing a portion of its outstanding bonds to achieve debt service savings. Potential refunding candidates include maturities of the Series 2003, 2004, 2005, 2006, 2007, 2008 and 2009A issues.

Under current market conditions, the County could refund approximately $23* million to $58* million and achieve NPV savings ranging from 3.1 to 3.8 percent of refunded principal. The "not to exceed" amount of $150.0 million provides flexibility so that if interest rates decline by 50 basis points from current market conditions, the County would be able to react quickly to take maximum advantage of refunding opportunities. If market conditions do not warrant a refunding at the time of the new money bond sale, the County may undertake a separate refunding bond sale when the savings meet the County's refunding criteria. The County previously used this approach in 2004 and 2009 with two separate issuances – one for new money bonds, and one for refunding bonds.

Authorization Resolution: The attached resolution (Attachment 1) authorizes the Director of the Department of Management and Finance or his designee to issue one or more Preliminary Official Statements and to receive competitive bids for the sale of general public improvement and refunding bonds in the maximum par amount of $223.5* million. The new money portion of the bonds is expected to be sold in July 2010 and refunding bonds could potentially be sold at the same time. For bonds sold on a negotiated basis via the pre-selected underwriting team, the Director of the Department of Management and Finance or his designee, in consultation with the County's Financial Advisor, would be authorized to negotiate the appropriate terms and rates on the bonds, subject to the parameters set forth in the Resolution.

Bond Structure: The proposed $73.5* million new money portion of the bonds will be repaid over 20 years; the term of the refunding bonds will generally match the term of the original bonds. The $24.4* million in County bonds, consistent with prior practice, will be amortized on a two-year step-up schedule of principal repayment (i.e. 40 percent in year 1, 80 percent in year 2, and equal payments thereafter).

It is anticipated that a portion of the bonds will carry an optional redemption feature, or call provision, that will allow the bonds to be retired early at the option of the County at any time commencing no later than ten years from issuance

Other Agreements: In conjunction with this bond issue the County also will execute a continuing disclosure agreement as required by the Securities and Exchange Commission. This agreement obligates the County to provide certain annual financial and operating information to the financial market as long as the bonds are outstanding. In the event refunding bonds are issued, the County will execute an escrow agreement that will provide for the redemption of the outstanding bonds selected to be refunded. For bonds sold via the pre-selected underwriting team, the County will execute a bond purchase agreement that outlines the terms of that sale, including interest rates and price.

FISCAL IMPACT: An August 2010 closing date is planned to meet project scheduling and cash needs. The County's previous general obligation bond issues have been rated Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, and this issue is expected to attract favorable interest rates due to the County's high credit ratings. Based upon current market conditions, staff estimates that the County's bonds should attract interest rates in the range of 3.0 percent to 3.5 percent on the traditional tax-exempt bonds, and 2.7 to 3.2 percent on the Build America Bonds (inclusive of the federal subsidy).

The proposed $73.5* million new money bond issuance is estimated to increase annual debt service as shown in the following table. The estimated debt service is within the amount included in the adopted FY 2011 budget for Arlington County.

ESTIMATED IMPACT OF $73.5* MILLION NEW MONEY GENERAL OBLIGATION BOND ISSUE ON DEBT SERVICE
($ in millions*)

	Existing Debt Service	Estimated Series 2010 - FY 2011 Debt Service	Estimated FY 2011 New Debt Service (1)
Arlington County – General Fund supported	$50.9	$1.7	$52.6
Arlington Public Schools	$32.7	$3.1	$35.8
TOTAL	$83.6	$4.8	$88.4
Utilities Fund	$12.6	$1.8	$14.4

(1) Excludes impact of refunding. Assumes two payments in FY2011 which may change based on final bond payment dates. Excludes Utilities bonds which are supported by the Utilities Fund and debt issued for Buckingham Village 3 supported by AHIF. Includes Build America Bond (BABs) subsidy on the Series 2009 IDA Revenue Bond debt service.

(*) Rounded numbers

A RESOLUTION OF THE COUNTY BOARD OF
ARLINGTON COUNTY, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF
GENERAL OBLIGATION PUBLIC IMPROVEMENT AND REFUNDING BONDS,
SERIES 2010

WHEREAS, at referenda held on November 2, 2004, November 7, 2006 and November 4, 2008 (the "Bond Referenda") the voters of the County of Arlington, Virginia (the "County") approved the issuance of general obligation bonds of the County to pay the costs of various public improvements.

WHEREAS, a portion of the bonds authorized pursuant to the Bond Referenda have not been issued (the "Unissued Bonds").

WHEREAS, the County Board has now determined that it is advisable to issue a portion of the Unissued Bonds in the maximum aggregate principal amount of $73,465,000 (the "New Money Bonds").

WHEREAS, the County has issued certain general obligation bonds (the "Prior Bonds") and the County Board proposes to authorize the issuance of general obligation refunding bonds in the maximum principal amount of $150,000,000 (the "Refunding Bonds") to refund all or a portion of the Prior Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA:

1. Authorization of Bonds and Use of Proceeds. The County Board hereby determines that it is advisable to contract a debt and to issue and sell, in one or more series, the New Money Bonds in the maximum aggregate principal amount of $73,465,000 and the Refunding Bonds in the maximum aggregate principal amount of $150,000,000 (the New Money Bonds and the Refunding Bonds referred to herein as the "Bonds"). The authorization for the

issuance and sale of the Refunding Bonds contained in this paragraph 1 shall expire on June 30, 2011.

The proceeds from the issuance and sale of the New Money Bonds shall be used to (a) pay a portion of the costs of issuing the Bonds and (b) pay the costs of certain projects in the amounts and for the purposes approved in the Bond Referenda as described in paragraph 3 below.

The proceeds from the issuance and sale of the Refunding Bonds shall be used to pay the costs of issuing the Refunding Bonds and to refund all or a portion of the Prior Bonds.

2. Pledge of Full Faith and Credit. The full faith and credit of the County 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 County Board shall levy an annual ad valorem tax upon all property in the County, 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 Director of the Department of Management and Finance or his designee is authorized to determine and approve the final details of the Bonds, including without limitation, the aggregate principal amount of the Bonds, the amount and designation of each series of the Bonds, the maturity dates of the Bonds, the redemption provisions of the Bonds, the sale price of each series of the Bonds, the interest rates and interest rate provisions on the Bonds, the purposes for which the New Money Bonds shall be issued, and any elections under the federal tax code; provided that (i) the maximum aggregate principal amount of New Money Bonds shall not exceed $73,465,000, (ii) the maximum aggregate principal amount of Refunding Bonds shall not exceed $150,000,000, (iii) the final maturity of

the Bonds shall not be later than 21 years from the date of issuance of the Bonds, (iv) the amount of New Money Bonds issued for any purpose shall not exceed the amount of Unissued Bonds authorized by the Bond Referenda for such purpose, (v) the minimum savings achieved by the issuance of the Refunding Bonds on a net present value basis is at least 3% of the refunded principal amount, (vi) the true interest cost of any series of New Money Bonds shall not exceed 6% per annum (taking into account any original issue discount or premium and taking into account the direct credit payments from the United States if any New Money Bonds are issued as Build America Bonds), and (vii) the sale price of the Bonds, excluding any original issue discount, shall not be less than 98% of par and any New Money Bonds issued as Build America Bonds shall be priced with not more than a de minimis amount of premium. The approval of the final details of the Bonds shall be evidenced conclusively by the execution and delivery of a Bond Purchase Agreement, as described below, or a certificate by the Director of the Department of Management and Finance or his designee.

The Bonds shall be issued, in one or more series, 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 fully registered form, shall be dated such date as the Director of the Department of Management and Finance may approve, shall be in the denominations of $5,000 each or whole multiples thereof, may be issued at one time or from time to time in one or more series (with appropriate series designations), and the Bonds of any series shall be numbered from R-1 upwards consecutively.

The Bonds shall be offered for sale in such manner as the Director of the Department of Management and Finance or his designee may determine to be in the best interests of the County. The Director of the Department of Management and Finance or his designee are authorized and directed to accept the bid or proposal for the purchase of all or a portion of the Bonds, provided such bid results in the lowest true interest cost to the County, and that the true interest cost of the New Money Bonds or the present value savings achieved by any Refunding Bonds are within the parameters set forth above. The Director of the Department of Management and Finance reserves the right to reject any or all bids. If the Director of the Department of Management and Finance or his designee determines that it is in the best interest of the County to sell all or a portion of the Bonds in a negotiated sale or sales, then the Director of the Department of Management and Finance or his designee are hereby authorized to enter into a bond purchase agreement or agreements with an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities to be selected by the Director of the Department of Management and Finance or his designee.

4. Redemption of Bonds. The Bonds may be subject to optional redemption or noncallable on such terms as the Director of the Department of Management and Finance may approve. The Bonds may also be subject to mandatory sinking fund redemption on such terms as the Director of the Department of Management and Finance may approve.

5. 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 or subsequent resolution of the County Board. 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.

6. Book-Entry-Only Form. The Bonds shall be issued in book-entry-only form. The Bonds shall be issued in fully-registered form and registered in the name of Cede & Co., as

nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner of the Bonds, and immobilized in the custody of DTC. One fully registered Bond in typewritten or printed form for the principal amount of each maturity of the Bonds shall be registered to Cede & Co. Beneficial owners of the Bonds shall not receive physical delivery of the Bonds. Principal, premium, if any, and interest payments on the Bonds shall be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

Transfer of ownership interest in the Bonds shall be made by DTC and its participants (the "Participants"), acting as nominees of the beneficial owners of the Bonds in accordance with rules specified by DTC and its Participants. The County 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 County shall also comply with the agreements set forth in the County's Letter of Representations to DTC.

Replacement Bonds (the "Replacement Bonds") shall 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 County has advised DTC of its determination not to use DTC as a securities depository; or

(iii) The County has determined that it is in the best interest of the beneficial owners of the Bonds or the County not to continue the book-entry system of transfer.

Upon occurrence of the events described in (i) or (ii) above, the County shall attempt to locate another qualified securities depository. If the County fails to locate another qualified securities depository to replace DTC, the appropriate officers and agents of the County shall execute and deliver Replacement Bonds substantially in the form set forth in Exhibit A attached hereto to the Participants. In the event the County Board, 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 County shall execute and deliver Replacement Bonds substantially in the form set forth in Exhibit A attached hereto to any Participants requesting such Replacement Bonds. Principal of, premium, if any, and interest on the Replacement Bonds shall be payable as provided in this Resolution and in the Bonds and such Replacement Bonds will be transferable in accordance with the provisions of paragraphs 10 and 11 of this Resolution and the Bonds.

7. Appointment of Bond Registrar and Paying Agent. The Director of the Department of Management and Finance, or his designee, 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-only form the County Manager or the Director of the Department of Management and Finance may serve as Bond Registrar and Paying Agent.

The Director of the Department of Management and Finance, or his designee, may appoint a subsequent bond registrar and/or one or more paying agents for the Bonds upon giving written notice to the owners of the Bonds specifying the name and location of the principal office of any such bond registrar or paying agent.

8. Execution of Bonds. The County Manager and the Clerk of the County Board are authorized and directed to execute appropriate negotiable Bonds and to affix the seal of the

County thereto and to deliver the Bonds to the purchaser or purchasers thereof upon payment of the applicable purchase price. The manner of execution and affixation of the seal may be by facsimile, provided, however, that if the signatures of the County Manager and the Clerk of the County Board are both by facsimile, the Bonds shall not be valid until signed at the foot thereof by the manual signature of the Bond Registrar.

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

10. Registration, Transfer and Exchange. Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar, the County shall execute and deliver and the Bond Registrar shall authenticate in the name of the transferee or transferees a new Bond or Bonds of any authorized denomination in an aggregate principal amount equal to the Bond surrendered and of the same form and maturity and bearing interest at the same rate as the Bond surrendered, subject in each case to such reasonable regulations as the County 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 County 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 County, 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.

11. Charges for Exchange or Transfer. No charge shall be made for any exchange or transfer of Bonds, but the County 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.

12. Non-Arbitrage Certificate and Tax Covenants. The County Manager and such officers and agents of the County as he 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 County Board covenants on behalf of the County that the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in the County's Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bonds and that the County shall comply with the other covenants and representations contained therein.

13. Refunding of Prior Bonds. If it is determined by the Director of the Department of Management and Finance, or his designee, to be in the best interest of the County, the Director of the Department of Management and Finance, or his designee, is authorized to (a) approve the issuance of the Refunding Bonds and the aggregate principal amount of such Refunding Bonds sufficient to provide for the refunding of such maturities of the Prior Bonds as such officer may

determine (subject to the parameters set forth in paragraph 3 above) and to pay the costs of issuing the Refunding Bonds and (b) enter into an escrow agreement with an escrow agent to be selected by the Director of the Department of Management and Finance providing for the deposit and investment of a portion of the proceeds of the Refunding Bonds to be applied to the redemption or payment of the portion of the Prior Bonds to be refunded on the earliest practicable date.

14. Disclosure Documents. The County Manager and the Director of the Department of Management and Finance, or either of them, and such officers and agents of the County as either of them may designate are hereby authorized and directed to prepare, execute, if required, and deliver one or more appropriate notices of sale, preliminary official statements, official statements and such other offering or disclosure documents as may be necessary to expedite the sale of the Bonds, including such documentation as may be necessary to provide for the submission of electronic bids for the Bonds if electronic bidding is determined by such officer or officers to be advantageous. Any such notice of sale, preliminary official statement, official statement or other documents shall be published in such publications and distributed in such manner, including by electronic distribution, and at such times as the Director of the Department of Management and Finance shall determine. The County Manager, the Director of the Department of Management and Finance or such other officer or agent of the County as either of them may designate, is authorized and directed to deem the preliminary official statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12.

15. Continuing Disclosure. The County Manager is authorized and directed to enter into a Continuing Disclosure Agreement for the benefit of the owners of the Bonds to assist the

underwriter for the Bonds in complying with the provisions of Section (b)(5) of Securities and Exchange Commission Rule 15c2-12.

16. Build America Bonds Authorized. The County Board authorizes the County Manager and the Director of the Department of Management and Finance, or either of them, to provide for the sale of all or a portion of the New Money Bonds as Build America Bonds (Direct Payment) under Section 54AA(g) of the Code, if the sale of such New Money Bonds as Build America Bonds is determined to be in the best interest of the County and to irrevocably elect to apply Section 54AA(g) of the Code to such New Money Bonds.

17. Further Actions. The County Manager and the Director of the Department of Management and Finance, and such officers and agents of the County as either of them may designate, are authorized and directed to take such further action to improve or clarify the County's position or make adjustments to account for force majeure 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.

18. Filing of Resolution. The County Attorney, or his designee, is authorized and directed to file or cause to be filed a certified copy of this Resolution with the Circuit Court of Arlington County pursuant to Sections 15.2-2607 and 15.2-2641 of the Code of Virginia of 1950, as amended.

19. Effective Date. This Resolution shall take effect immediately.

EXHIBIT A

No. R-

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

ARLINGTON COUNTY

GENERAL OBLIGATION PUBLIC IMPROVEMENT [AND REFUNDING] BOND
SERIES 2010[__]

MATURITY DATE INTEREST RATE CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

ARLINGTON COUNTY, VIRGINIA ("County"), 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 ________________ and _____________ beginning on _____________, 20__. This Bond shall bear interest (a) from __________, 20__, if this Bond is authenticated before ____________, 200__ or (b) otherwise from the _____________ or _____________ 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 the [Director of the Department of Management and Finance], 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; provided that as long as Cede & Co. is the registered owner of this Bond, interest shall be paid by wire transfer. All interest payments shall be made to the registered owner as it appears on the registration books kept by the Bond Registrar on the [first day of the month in which each interest payment date occurs] [fifteenth day of the month preceding each interest payment date].

This Bond has been duly authorized by the County Board of the County and is issued for the purpose of: (i) financing the costs of various public improvements for the County; (ii) [refunding certain of the County's outstanding bonds]; and (iii) paying the costs of issuance of the Bonds. The full faith and credit of the County are irrevocably pledged for the payment of the principal of, premium, if any, and interest on this Bond in accordance with its terms.

This Bond is one of a series of $__________ General Obligation Public Improvement [and Refunding] Bonds, Series 2010[__] of the County, ("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, the majority vote of the qualified voters of the County voting at elections held on [November 2, 2004, November 7, 2006, and November 4, 2008], respectively, and a resolution adopted by the County Board on June __, 2010 (the "Resolution").

The Bonds maturing on or before __________, 20__, are not subject to redemption before maturity. Bonds maturing on or after _________, 20__, are subject to optional redemption before maturity on or after _________, 20__, at the direction of the County, in whole or part in installments of $5,000 at any time, in such order as may be determined by the Director of the Department of Management and Finance (except that if at any time less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity or portions thereof to be redeemed shall be selected by lot) upon payment of the principal amount to be redeemed together with the interest accrued thereon to the date fixed for redemption.

[Sinking Fund Provisions, If Applicable]

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, electronic transmission, or overnight delivery service 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.

Any notice of optional redemption of the Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price of any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit by the County, the corresponding notice of redemption shall be deemed to be revoked.

If the County gives an unconditional notice of redemption, then on the redemption date the Bonds called for redemption will become due and payable. If the County gives a conditional notice of redemption, and the amount of money to pay the redemption price of the affected Bonds shall have been set aside with an escrow agent or a depositary (either, a "depositary") for the purpose of paying such Bonds, then on the redemption date the Bonds will become due and payable. In either case, if on the redemption date the County holds money to pay the Bonds called for redemption, thereafter no interest will accrue on those Bonds, and a Bond owner's only right will be to receive payment of the redemption price upon surrender of those Bonds.

[For Build America Bonds: The County waives any right it may have to defease the Series 2010C Bonds and the County will not defease or permit a defeasance of the Series 2010C Bonds unless it shall have received an opinion from nationally-recognized bond counsel to the effect that (i) the owners of the Series 2010C Bonds being defeased will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance and (ii) the defeasance will not otherwise alter those owners' U.S. federal income tax treatment of principal and interest payments on the Series 2010C Bonds being defeased.]

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 County 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 County, 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 County 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 first day of the month in which each interest payment date occurs.

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 County Board of Arlington County, Virginia, has caused this Bond to be signed by the facsimile signature of the County Manager, a facsimile of its seal to be affixed and attested by the facsimile signature of its Clerk and this Bond to be dated ____________, 2010.

ARLINGTON COUNTY, VIRGINIA

By ________________________________
County Manager,
Arlington County, Virginia

[SEAL]

ATTEST:

____
Clerk, County Board
Arlington County, 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 ___________________ ________________________________

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.)

Signature Guaranteed:

____

(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a member of a medallion program approved by the Securities Association, Inc.)

CERTIFICATE OF AUTHENTICATION

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

Authentication Date:

By:____

Director of the Department of Management and Finance

CERTIFICATE OF THE CLERK
OF THE COUNTY BOARD OF
ARLINGTON COUNTY, VIRGINIA

At a regular meeting of the County Board of Arlington County, Virginia, held on the ___ day of June, 2010, the following County Board members were recorded as present:

PRESENT:

On motion by ______________________, seconded by _________________, the foregoing Resolution was adopted by a majority of the members of the County Board by the following recorded vote:

MEMBER	VOTE

Dated: _______________, ____

____
CLERK, ARLINGTON COUNTY BOARD