



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of May 19, 2012**

DATE: April 16, 2012

SUBJECT: Sale of 2012 General Obligation Public Improvement Bonds

C. M. RECOMMENDATION:

Adopt the attached resolution (Attachment 1) authorizing the sale of General Obligation Public Improvement Bonds in an amount not to exceed \$110* million. Appropriate and allocate, upon receipt of funds, proceeds in an amount not to exceed \$110* million as follows:

- \$6,150,000 to the Street and Highway Bond Fund (314)
- \$4,000,000 to the Community Conservation Bond Fund (316)
- \$4,435,000 to the Government Facility Bond Fund (317)
- \$11,010,000 to the Parks and Recreation Bond Fund (324)
- \$10,000,000 to the Metro Bond Fund (333)
- \$8,500,000 to the Utility Water Pollution Control Plant Bond Fund (530)
- \$65,147,000 to the Schools Bond Fund (887)

ISSUES: Should the County issue long-term bonds to finance County, Schools, and Utilities capital projects?

SUMMARY: The County Board is asked to authorize the issuance of bonds, and appropriate and allocate funds in the maximum amount of \$110* million, including the sale of:

- \$35.6* million in General Obligation Public Improvement Bonds for County capital projects including transportation projects, Metro, the Neighborhood Conservation program, maintenance capital, the Arlington Mill Community Center and Long Bridge projects, among others;

(*) Rounded numbers

County Manager:

BMD/GA

County Attorney:

[Signature]

37.

Staff: Jason Friess, Department of Management and Finance

- \$65.1* million in General Obligation Public Improvement Bonds for Schools for Yorktown High School construction, Wakefield High School design and construction, and fiber, HVAC and roofing projects;
- \$8.5* million in General Obligation Public Improvement Bonds for Utilities primarily to complete improvements to the Water Pollution Control Plant

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 prior years, authorization to appropriate and allocate the proceeds was requested in a separate Board action after the issuance of the bonds. In an effort to consolidate the two processes, the County Board is asked to approve, together with approval of the bond issuance, the appropriation and allocation of the proceeds. The amount approved, appropriated, and allocated will be the same not to exceed amount of \$110 million. Historically there has been additional bond premium received given the current low interest-rate environment. Any bond premium received will be appropriated and allocated in a separate Board action, typically as part of close-out of the fiscal year.

DISCUSSION: In 2004, 2006, 2008, and 2010, Arlington voters approved the following 17 bond referenda for capital improvement projects. These referenda included the following categories and amounts:

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

	AUTHORIZED	ISSUED	REQUESTED 2012 ISSUE	AMOUNT REMAINING
2004 AUTHORIZATION				
Local Parks & Recreation	75.395	67.384	8.010	0.000*
Transportation & Community Infrastructure				0.000
Community Conservation	13.025	13.025	0.000	0.000
Transportation & Pedestrian Initiatives	10.195	10.195	0.000	0.000
Public Facilities	9.769	9.769	0.000	0.000
Storm Drainage	2.955	2.955	0.000	0.000
Metro	18.536	18.536	0.000	0.000
Arlington Public Schools Projects	78.128	78.128	0.000	0.000
Total 2004	208.003	199.992	8.010	0.000
2006 AUTHORIZATION				
Local Parks & Recreation	35.550	32.550	3.000	0.000
Metro & Transportation Projects	31.500	31.500	0.000	0.000
Community Infrastructure	27.300	23.500	3.800	0.000
Utilities	79.000	79.000	0.000	0.000
Arlington Public Schools Projects	33.712	33.712	0.000	0.000
Total 2006	207.062	200.262	6.800	0.000

(*) Rounded numbers

2008 AUTHORIZATION

Metro	10.000	10.000	0.000	0.000
Community Infrastructure	10.800	7.670	2.600	0.530
Utilities	50.000	30.150	8.500	11.350
Arlington Public Schools Projects	99.425	88.812	8.500	2.113
Total 2008	170.225	136.632	19.600	13.993

2010 AUTHORIZATION

Metro & Transportation	34.100	6.700	16.150	11.250
Local Parks and Recreation	5.975	5.475	0.000	0.500
Community Infrastructure	18.065	2.675	2.035	13.355
Arlington Public Schools Projects	102.888	14.022	56.647	32.219
Total 2010	161.028	28.872	74.832	57.324

Total 2004 - 2010

746.318	565.758	109.242	71.317
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* \$578 in authorized unissued bonds remains for cost of issuance related to the 2004 referenda. This amount is insufficient to issue and will expire 8 years from the initial approval on November 2, 2012.

2004 Voter Authorized Bonds: Of the \$208.0* million authorized by the voters in 2004, authorization to issue a maximum amount of \$8.01 million is recommended at this time for the construction of Long Bridge park. After the June 2012 issuance, \$578 will remain unissued from the 2004 voter authorization for cost of issuance fees. This referenda amount will expire on November 2, 2012.

2006 Voter Authorized Bonds: Of the \$207.1* million authorized by the voters in 2006, authorization to issue a maximum amount of \$6.8 million is recommended at this time. This includes:

- \$3.0 million for construction of Arlington Mill
- \$3.8 million for Emergency Infrastructure for critical systems infrastructure at the Emergency Communications Center (ECC) and at the detention facility, and for the repair of structural damage at Fire Station 1 caused by the earthquake in 2011

After the June 2012 issuance, all 2006 voter authorized bonds will have been spent.

2008 Voter Authorized Bonds: Of the \$170.2* million authorized by the voters in 2008, authorization to issue a maximum amount of \$19.6 million is recommended at this time. This includes:

- \$2.6 million for Neighborhood Conservation
- \$8.5 million for Utilities for continuing improvements to the Water Pollution Control Plan per the Master Plan 2001
- \$8.5 million for Schools for Yorktown High School construction

(*) *Rounded numbers*

After the June 2012 issuance, approximately \$14.0* million will remain unissued from the 2008 voter authorization.

2010 Voter Authorized Bonds: Of the \$161.0* million authorized by the voters in 2010, authorization to issue a maximum amount of \$74.8* million is recommended at this time. This includes:

- \$1.4 million for Neighborhood Conservation
- \$0.6* million for preliminary A&E of an additional level on the Trades Center parking deck
- \$10.0 million for Metro
- \$6.2* million for the paving program, transportation match, and Walk/Bike/NTC projects
- \$56.7* million for Schools for design and construction of Wakefield High School, and fiber, HVAC and roofing projects

After the June 2012 issuance, approximately \$57.3* million will remain unissued from the 2010 voter authorization.

Competitive Sale: The bonds are expected to be sold on a competitive basis the week of June 4th, using the auction process that the County has used historically. Should market conditions deteriorate closer to the date of sale, the attached resolution provides the flexibility for the County Manager to pursue a negotiated sale.

Authorization Resolution: The attached resolution (Attachment 1) authorizes the Director of the Department of Management and Finance or her designee to issue one or more Preliminary Official Statements and to receive competitive bids for the sale of general public improvement bonds in the maximum par amount of \$110* million. The bonds are expected to be sold in June 2012.

Bond Structure: The proposed \$110* million of bonds will be repaid over 20 years. The \$35.6* million in County bonds, to smooth out the County's debt portfolio during FY2016, will have additional principal maturing during this specific year. After FY2016, the debt will be amortized with a level principal repayment structure.

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.

FISCAL IMPACT: A June 2012 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

(*) *Rounded numbers*

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. Moody's rating currently has a negative outlook. In reviewing the County's Series 2012 refunding bonds sold in February, no noticeable impact on pricing was evidenced in the market due to the negative outlook. Based upon current market conditions, staff estimates that the County's bonds should attract interest rates in the range of 3.5 to 4.0 percent.

The proposed \$110* million new money bond issuance is estimated to increase annual debt service for the County by \$2.3 million, Schools by \$6.5 million, and the Utilities Fund by \$0.6 million, for a total of \$9.4 million in FY 2013. The estimated debt service is within the amount included in both the County and Schools' proposed FY 2013 budgets, and complies with the County's debt management policies including debt ratio guidelines.

() 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 2012C**

WHEREAS, at referenda held on November 2, 2004, November 7, 2006, November 4, 2008 and November 2, 2010 (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 of the County (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 \$110,000,000 (the "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, at one time or from time to time, in one or more series the Bonds in the maximum aggregate principal amount of \$110,000,000.

The proceeds from the issuance and sale of the Bonds shall be used to (a) pay all or 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.

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 and 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 and 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 her 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 and the purposes for which the Bonds shall be issued; provided that (i) the maximum aggregate principal amount of the Bonds shall not exceed the amount set forth in paragraph 1, (ii) the final maturity of the Bonds shall not be later than 21 years from the date of issuance of the Bonds, (iii) the amount of the Bonds issued for any purpose shall not exceed the amount of Unissued Bonds authorized by the Bond Referenda for such purpose, (iv) the true interest cost of any series of the Bonds shall not exceed 5% per annum (taking into account any original issue discount or premium), and (v) the sale price of the Bonds, excluding any original issue discount, shall not be less than 98% of par. 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 her 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 her designee may determine to be in the best interests of the County. The Director of the Department of Management and Finance or her designee are authorized and directed to solicit and 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 Bonds is 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 her 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 her 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 her 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 and 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 her 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 her 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 she 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. **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.

14. **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.

15. **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.

16. **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.

17. **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 BOND
SERIES 2012C**

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 _____, 20___ 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 and (ii) 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 and 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 Bonds, Series 2012C 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, November 4, 2008 and November 2, 2010, respectively, and a resolution adopted by the County Board on May __, 2012 (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 depository (either, a "depository") 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.

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 _____, 2012.

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 _____

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.)

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 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 May, 2012, 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