

**CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA**



<b>Agenda Date:</b>	May 16, 2022
<b>Action Required:</b>	Approve Resolution
<b>Presenter:</b>	Khristina S. Hammill, Director, Budget and Performance Management
<b>Staff Contacts:</b>	Khristina S. Hammill, Director, Budget and Performance Management Christopher V. Cullinan, Finance Director
<b>Title:</b>	<b>\$26,000,000 Million Bond Issue (maximum amount) – New Debt</b>

**Background/Discussion:**

The City regularly issues bonds as part of its on-going Capital Improvements Program. Capital spending and the related financing is projected for a 5 year period and updated annually.

This bond issue represents part of the funding plan approved by Council for the City’s on-going Capital Improvements Plan. All projects to be funded by this bond issue have been previously approved and appropriated by City Council. The proceeds are proposed, but not limited, to fund portions of the following projects:

<u>Projects</u>	<u>Amount*</u>
Transportation and Access	\$ 11,150,000
Public Facilities	1,561,179
Public Schools	3,200,000
Parks and Recreation	95,000
Public Safety	503,821
<b>General Government Projects</b>	<b>\$ 16,510,000</b>
Water System Improvements	\$ 5,000,000
Wastewater System Improvements	\$ 2,000,000
Stormwater System Improvements	1,500,000
<b>Utility Projects</b>	<b>\$ 8,500,000</b>
<b>Total to Be Issued</b>	<b>\$ 25,010,000</b>

*\*Amounts are estimates and subject to change based on actual project expenses and completion. Funds can be reallocated between categories as needed.*

These bonds will be repaid over the next 20 years with level annual principal payments. A more detailed discussion of the specific projects to be funded is attached.

PFM Financial Advisors LLC (PFM), the City's financial advisor, along with City staff, continue to monitor the bond market and interest rate environment and we are anticipating a sale in early June. It is anticipated that the bonds will be sold by a public offering through a competitive bid. The resolution authorizes the City Manager to accept the lowest interest rate bid on the bonds.

In addition, as with each new bond issue, City Staff along with its financial advisors, will take the opportunity to evaluate and refund bonds previously issued at a higher interest rate with new refunding bonds issued at a lower interest rate. The resolution approves the issuance of refunding bonds to refund certain outstanding debt of the City. Market conditions will continue to be monitored until the time of sale. If suitable savings opportunities do not materialize, then only the bonds for the new money will be issued.

City management has met with Moody's and Standard & Poor's to discuss the City's financial condition and to obtain ratings on these bonds. City staff anticipates that the City will retain its Aaa bond ratings, the highest rating given by both ratings agencies.

**Community Engagement:** As per the law, this public hearing has been advertised in the newspaper and the sale information will be advertised in other media outlets prior to the bond sale date.

**Alignment with City Council's Vision and Priority Areas:** Approval of this agenda item aligns directly with Council's vision for a **Smart Citizen Focused Government and Economic Sustainability**.

**Budgetary Impact:**

The City continues to manage its debt and plan its bond issuances in a manner to:

- (1) Provide a stream of funding as it is needed,
- (2) Keep annual debt service costs on a fairly level amount, (i.e., to avoid large spikes in debt service) and
- (3) To maintain and finance its physical facilities and infrastructure in such a manner that future users/beneficiaries will help to pay for them.

This bond issue is part of the City's on-going capital financing plan. The debt service on this issue will be paid from annual transfers from the General Fund for debt service and/or previously appropriated funds in the City's Debt Service Fund. No new appropriation of funds is required at this time.

**Recommendation:**

Staff recommends that Council approve the resolution authorizing the general obligation bond sale.

**Alternatives:**

The alternatives to not issuing new debt would be to either use funds on hand (cash) to fund projects or not construct projects.

**Attachments:**

Descriptions of projects  
Resolution

## PLANNED BOND FUNDED PROJECTS

The following projects are all part of the City's on-going Capital Improvements Program. All of the projects included here have been previously appropriated.

1. Public Schools - \$3,200,000 – Funds will be used to fund \$2.5M for the Buford Reconfiguration and design work and \$700k will fund additional upgrades in various schools funded by the lump sum account.
2. Transportation and Access - \$11,150,000 – \$10.5M will be used to fund the City's required match for the Belmont Bridge Replacement project, \$500k will help fund sidewalk repairs and \$150k will be used to traffic signal replacement.
3. Public Facilities - \$1,561,179 – These funds will be used to continue to address ongoing repairs and maintenance of existing infrastructure.
4. Parks and Recreation - \$95,000 – Funds will be used to fund various park improvements including the renovations to improve the patio area at the Meadowcreek Club Golf Course.
5. Public Safety - \$503,821 – These funds will be used to fund several public safety projects including the Bypass Fire Station and General District Court.
6. Water System Improvements - \$5,000,000 – Water system improvements will be funded by this bond issue. The debt will be repaid using the fee revenue generated by the Water Utility.
7. Wastewater System Improvements - \$2,000,000 – Wastewater system improvements will be funded by this bond issue. The debt will be repaid using the fee revenue generated by the Water Utility.
8. Stormwater System Improvements - \$1,500,000 – Stormwater system improvements and related equipment will be funded by this bond issue. The debt will be repaid using the fee revenue generated by the Stormwater Utility.

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF  
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS OF THE  
CITY OF CHARLOTTESVILLE, VIRGINIA, IN AN AGGREGATE  
PRINCIPAL AMOUNT NOT TO EXCEED \$26,000,000, TO FINANCE  
THE COSTS OF CERTAIN PUBLIC IMPROVEMENT PROJECTS AND  
PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF**

**WHEREAS**, the City Council of the City of Charlottesville, Virginia (the “City”), desires to issue general obligation public improvement bonds (the “Bonds”) to finance all or a portion of the costs to acquire, construct, renovate, rehabilitate, improve and equip certain capital improvement projects for various City purposes, including (without limitation) (a) transportation and access projects, (b) public facility projects, (c) public school projects, (d) parks and recreation projects, (e) public safety projects, and (f) water, wastewater and stormwater projects (collectively, the “Project”); and

**WHEREAS**, the City’s administration, in consultation with PFM Financial Advisors LLC, the City’s financial advisor (the “Financial Advisor”), has recommended to the City Council that the City issue and sell the Bonds, in one or more series, through one or more of the following methods: (a) a direct bank loan through a banking or other financial institution (a “Direct Bank Loan”), (b) a public offering through a competitive sale (a “Competitive Sale”), or (c) a public offering through a negotiated underwriting (a “Negotiated Sale”) (in any of such funding options, the purchaser(s) of the Bonds shall be referred to herein as the “Purchaser”);

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF  
CHARLOTTESVILLE, VIRGINIA:**

- 1. Authorization and Issuance of Bonds.** The City Council finds and determines that it is in the best interest of the City to authorize the issuance and sale of one or more series of Bonds in an aggregate principal amount not to exceed \$26,000,000 and to use the proceeds thereof, together with other funds as may be available, to finance costs of the Project and to pay costs incurred in connection with issuing such Bonds (if not otherwise paid from other City funds).
- 2. Election to Proceed under the Public Finance Act.** In accordance with the authority contained in Section 15.2-2601 of the Code of Virginia of 1950, as amended (the “Virginia Code”), the City Council hereby elects to issue the Bonds pursuant to the provisions of the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Virginia Code (the “Public Finance Act”), without regard to the provisions of the City Charter.
- 3. Bond Details.** The Bonds shall be designated “General Obligation Public Improvement Bonds, Series 2022,” or such other designation as may be determined by the City Manager (which term, for purposes of this Resolution, shall include any Acting, Interim or Deputy City Manager and the Director of Finance). The Bonds shall be in registered form, shall be dated such date as may be determined by the City Manager, shall be in denominations of \$5,000 and integral multiples thereof and shall be numbered R-1 upward, or such other designation as appropriate. Subject to Section 10 of this Resolution, the issuance and sale of any series of Bonds are authorized on terms as shall be satisfactory to the City Manager; provided, however, that the Bonds of such series (a) shall have a “true” or “Canadian” interest cost not to exceed 5.000% (taking into account

any original issue discount or premium), (b) shall be sold to the Purchaser thereof at a price not less than 99.00% of the principal amount thereof (excluding any original issue discount) and (c) shall mature, or be subject to mandatory sinking fund redemption in annual installments, in years ending no later than December 31, 2042.

Principal of the Bonds shall be payable, or be subject to mandatory sinking fund installments, on dates determined by the City Manager. Each Bond shall bear interest from its date at such rate as shall be determined at the time of sale, calculated on the basis of a 360-day year of twelve 30-day months, and payable semiannually on dates determined by the City Manager. Principal installments and interest shall be payable by check or draft mailed to the registered owners at their addresses as they appear on the registration books kept by the Registrar on a date prior to each payment date that shall be determined by the City Manager (the "Record Date"); provided, however, that at the request of the registered owner of the Bonds, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner; and provided further that the final principal amount or installment payable upon redemption or maturity, together with the redemption premium, if any, shall be payable to the registered owners upon surrender of Bonds at the office of the Registrar. If any payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the stated payment date, and no additional interest shall accrue. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

**4. Securities Depository Provisions for Public Sale.** If the Bonds are sold through a Competitive Sale or a Negotiated Sale, the following provisions shall apply:

(a) Initially, one Bond certificate for each maturity of the Bonds shall be issued to and registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. The City has heretofore entered into a Blanket Letter of Representations relating to a book-entry system to be maintained by DTC with respect to the Bonds. "Securities Depository" shall mean DTC or any other securities depository for the Bonds appointed pursuant to this Section 4.

(b) In the event that (i) the Securities Depository determines not to continue to act as the securities depository for the Bonds by giving notice to the Registrar, and the City discharges the Securities Depository of its responsibilities with respect to the Bonds, or (ii) the City in its sole discretion determines (A) that beneficial owners of Bonds shall be able to obtain certificated Bonds or (B) to select a new Securities Depository, then the Director of Finance shall, at the direction of the City, attempt to locate another qualified securities depository to serve as Securities Depository and authenticate and deliver certificated Bonds to the new Securities Depository or its nominee or to the beneficial owners or to the Securities Depository participants on behalf of beneficial owners substantially in the form provided for in Section 7 of this Resolution; provided, however, that such form shall provide for interest on the Bonds to be payable (1) from the date of the Bonds if they are authenticated prior to the first interest payment date or (2) otherwise from the interest payment date that is or immediately precedes the date on which the Bonds are authenticated (unless payment of interest thereon is in default, in which case interest on such Bonds shall be payable from the last date to which interest has been paid). In delivering certificated Bonds, the Director of Finance shall be entitled to rely on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository participants acting on behalf of beneficial owners. Such

certificated Bonds will then be registrable, transferable and exchangeable as set forth in Section 9 of this Resolution.

(c) So long as there is a Securities Depository for the Bonds, (i) it or its nominee shall be the registered owner of the Bonds; (ii) notwithstanding anything to the contrary in this Resolution, determinations of persons entitled to payment of principal, premium, if any, and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository; (iii) the Registrar and the City shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants; (iv) references in this Resolution to registered owners of the Bonds shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Bonds; and (v) in the event of any inconsistency between the provisions of this Resolution and the provisions of the above-referenced Blanket Letter of Representations such provisions of the Blanket Letter of Representations, except to the extent set forth in this paragraph and the next preceding paragraph, shall control.

**5. Redemption Provisions.** Subject to the limitations contained herein, the City Manager is hereby authorized to determine the redemption provisions of the Bonds, including provisions for optional and mandatory sinking fund redemption.

(a) The Bonds may be subject to redemption prior to maturity at the option of the City upon such terms and on such dates, if any, as the City Manager determines to be in the best interests of the City based on financial market conditions. Such redemption terms may include payment of a redemption premium not to exceed 1.00% of the principal amount to be redeemed as well as “make whole” redemption premium.

(b) Any Bonds sold as term bonds may be subject to mandatory sinking fund redemption upon terms determined by the City Manager.

(c) If less than all of the Bonds are called for redemption, the maturities of Bonds to be redeemed shall be selected by the Director of Finance in such manner as such officer may determine to be in the best interest of the City. In the case of a Competitive Sale or a Negotiated Sale, if less than all the Bonds of any maturity are called for redemption, the Bonds within such maturity to be redeemed shall be selected by the Securities Depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof, and (b) in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

(d) The City shall cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owner(s) of the Bonds. In all circumstances, the City

shall be responsible for giving notice of redemption only to the registered owner(s) of the Bonds, which, in the case of a Competitive Sale or a Negotiated Sale, shall be DTC or another qualified securities depository then serving or its nominee (unless no qualified securities depository is then serving as the registered owner of the Bonds). In the case of an optional redemption, the notice may state that (i) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, no later than the date fixed for redemption or (ii) the City retains the right to rescind such notice on or prior to the date fixed for redemption (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any Conditional Redemption may be rescinded at any time. The City shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a Conditional Redemption, the failure of the City to make funds available on or before the date fixed for redemption shall not constitute an event of default, and the City shall give immediate notice to all organizations registered with the Securities and Exchange Commission (“SEC”) as securities depositories or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

**6. Execution and Authentication.** The Bonds shall be signed by the manual or facsimile signature of the Mayor or Vice Mayor, the City’s seal shall be affixed thereto or a facsimile thereof printed thereon and shall be attested by the manual or facsimile signature of the Clerk of the City Council (which term, for purposes of this Resolution, shall include any Acting, Interim or Deputy Clerk of the City Council); provided, however, that no Bond signed by facsimile signatures shall be valid until it has been authenticated by the manual signature of an authorized officer or employee of the Registrar and the date of authentication noted thereon.

**7. Bond Form.** The Bonds shall be in substantially the form of Exhibit A, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing the Bonds, whose approval shall be evidenced conclusively by the execution and delivery of the Bonds.

**8. Pledge of Full Faith and Credit.** The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the City Council shall levy and collect an annual ad valorem tax on all taxable property within the City, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.

**9. Registration, Transfer and Owners of Bonds.** The Director of Finance is hereby appointed paying agent and registrar for the Bonds (the “Registrar”). The City Manager is hereby authorized, on behalf of the City, to appoint a qualified bank or trust company as successor paying agent and registrar of the Bonds if at any time the City Manager determines such appointment to be in the best interests of the City. The Registrar shall maintain registration books for the registration of the Bonds and transfers thereof. Upon presentation and surrender of any Bonds to the Registrar, or its corporate trust office if the Registrar is a bank or trust company, together with an assignment duly executed by the registered owner or the owner’s duly authorized attorney or

legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate, if required by Section 6 of this Resolution, 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 the name(s) as requested by the then registered owner or the owner's duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the 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 Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, 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 owner on the registration books on the Record Date.

**10. Sale of Bonds.** (a) The City Council authorizes the Bonds to be sold in one or more series, whether through a Direct Bank Loan, a Competitive Sale, a Negotiated Sale or any combination thereof, as determined by the City Manager to be in the best interest of the City, in a principal amount or principal amounts to be determined by the City Manager, in collaboration with the Financial Advisor, and subject to the limitations set forth below and in Sections 1 and 3 of this Resolution.

(b) If the City Manager determines that the Bonds (or a portion thereof) shall be sold through a Direct Bank Loan, the City Manager is authorized, on behalf of the City and in collaboration with the Financial Advisor, to solicit bids from banking institutions and other financial firms, to determine which bid (or bids) offers the best terms to the City, and, subject to the limitations set forth in Section 3 of this Resolution, to arrange for the issuance and sale of the Bonds to the Purchaser. Following a Direct Bank Loan, the City Manager shall file with the records of the City Council a certificate setting forth the final terms of the Bonds. The actions of the City Manager in selling the Bonds by Direct Bank Loan shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the City Council.

(c) If the City Manager determines that the Bonds (or a portion thereof) shall be sold through a Competitive Sale, the City Manager is authorized, on behalf of the City and in collaboration with the Financial Advisor, to take all proper steps to advertise the Bonds for sale, to receive public bids and to award the Bonds to the bidder providing the lowest "true" or "Canadian" interest cost, subject to the limitations set forth in Section 3 of this Resolution. Following a Competitive Sale, the City Manager shall file with the records of the City Council a certificate setting forth the final terms of the Bonds. The actions of the City Manager in selling the Bonds by Competitive Sale shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the City Council.

(d) If the City Manager determines that the Bonds (or a portion thereof) shall be sold through a Negotiated Sale, the City Manager is authorized, on behalf of the City and in collaboration with the Financial Advisor, to choose an investment banking firm to serve as underwriter for the Bonds and to execute and deliver to the underwriter, as Purchaser of the Bonds, a bond purchase agreement reflecting the final terms of the Bonds. The bond purchase agreement



shall be in a form approved by the City Manager, in collaboration with the City Attorney, the Financial Advisor and the City's bond counsel. The actions of the City Manager in selling the Bonds by Negotiated Sale shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the City Council.

(e) Following the determination of which method(s) of sale shall be used, the City Manager is hereby authorized to (i) determine the principal amount of the Bonds, subject to the limitations set forth in Section 1 of this Resolution, (ii) determine the interest rates of the Bonds, the maturity schedules of the Bonds, and the price to be paid for the Bonds by the Purchaser, subject to the limitations set forth in Section 3 of this Resolution, (iii) determine the redemption provisions of the Bonds, subject to the limitations set forth in Section 5 of this Resolution, and (iv) determine the dated date, the principal and interest payment dates and the Record Date of the Bonds, all as the City Manager determines to be in the best interest of the City.

**11. Official Statement.** The draft Preliminary Official Statement describing the Bonds, copies of which have been made available to the City Council prior to this meeting, is hereby approved as the Preliminary Official Statement by which the Bonds may be offered for sale to the public in a Competitive Sale or a Negotiated Sale; provided that the City Manager, in collaboration with the Financial Advisor, may make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as the City Manager may consider to be in the best interest of the City. If the Bonds have been sold in a Competitive Sale or a Negotiated Sale, the City Manager, in collaboration with the Financial Advisor, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement. In addition, the City shall arrange for the delivery to the Purchaser of the Bonds of a reasonable number of printed copies of the final Official Statement, within seven business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the Purchaser initially sells Bonds.

**12. Official Statement Deemed Final.** If the Bonds are sold in a Competitive Sale or a Negotiated Sale, the City Manager is authorized, on behalf of the City, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12 (the "Rule") of the SEC, except for the omission in the Preliminary Official Statement of certain pricing and other information permitted to be omitted pursuant to the Rule. The distribution of the Preliminary Official Statement and the execution and delivery of the Official Statement in final form shall be conclusive evidence that each has been deemed final as of its date by the City, except for the omission in the Preliminary Official Statement of such pricing and other information permitted to be omitted pursuant to the Rule.

**13. Preparation and Delivery of Bonds.** After the Bonds have been awarded, the officers of the City are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the Purchaser thereof upon payment therefor.

**14. Arbitrage Covenants.** (a) The City represents that there have not been issued, and covenants that there will not be issued, any obligations that will be treated as part of the same issue of obligations as the Bonds within the meaning of Treasury Regulations Section 1.150-1(c).

(b) The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including the regulations issued pursuant thereto (collectively, the “Code”), or otherwise cause interest on the Bonds to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of existing law that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bonds, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from its legally available funds.

**15. Non-Arbitrage Certificate and Elections.** Such officers of the City as may be requested by the City’s bond counsel are authorized and directed to execute an appropriate certificate setting forth (a) the expected use and investment of the proceeds of the Bonds in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and (b) any elections such officers deem desirable regarding rebate of earnings to the United States for purposes of complying with Section 148 of the Code. Such certificate shall be prepared in consultation with the City’s bond counsel, and such elections shall be made after consultation with bond counsel.

**16. Limitation on Private Use.** The City covenants that it shall not permit the proceeds of the Bonds or the facilities financed therewith to be used in any manner that would result in (a) 5% or more of such proceeds or facilities being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or facilities being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

**17. SNAP Investment Authorization.** The City Council has previously received and reviewed the Information Statement (the “Information Statement”), describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool I (the “Contract”), and the City Council hereby authorizes the City Treasurer in his discretion to utilize SNAP in connection with the investment of the proceeds of the Bonds. The City Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

**18. Continuing Disclosure Agreement.** If the Bonds are sold in a Competitive Sale or a Negotiated Sale, the Mayor and the City Manager, either of whom may act, are hereby authorized and directed to execute a continuing disclosure agreement (the “Continuing Disclosure

Agreement”) setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary to assist the Purchaser of the Bonds in complying with the provisions of the Rule promulgated by the SEC. The Continuing Disclosure Agreement shall be substantially in the form of the City’s prior Continuing Disclosure Agreements, which is hereby approved for purposes of the Bonds; provided that the City Manager, in collaboration with the Financial Advisor, may make such changes in the Continuing Disclosure Agreement not inconsistent with this Resolution as the City Manager may consider to be in the best interest of the City. The execution thereof by such officers shall constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes.

**19. Provision of Financial Information.** If the Bonds are sold through a Direct Bank Loan, the Director of Finance is hereby authorized and directed to make available to the Purchaser, for so long as the Bonds remain outstanding, a copy of the City’s comprehensive annual financial report and such other financial information as may be reasonably requested by the Purchaser, as soon as is practicable upon the release of such information.

**20. Other Actions.** All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds are hereby ratified, approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds.

**21. Repeal of Conflicting Resolutions.** All prior resolutions or parts of prior resolutions in conflict herewith are repealed.

**22. Filing With Circuit Court.** The Clerk of the City Council, in collaboration with the City Attorney, is authorized and directed to see to the immediate filing of a certified copy of this resolution in the Circuit Court of the City.

**23. Effective Date.** This Resolution shall take effect immediately.

[FORM OF BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED

REGISTERED

No. R-\_\_\_\_\_

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UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF CHARLOTTESVILLE

General Obligation Public Improvement Bond

Series 2022

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	_____, ____	_____, 2022	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Charlottesville, Virginia (the “City”), for value received, promises to pay, upon surrender hereof to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay interest hereon from its date semiannually on each \_\_\_\_\_ and \_\_\_\_\_, beginning \_\_\_\_\_, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Principal, premium, if any, and interest are payable in lawful money of the United States of America by the City’s Director of Finance, who has been appointed paying agent and registrar for the bonds, or by such bank or trust company as may be appointed as successor paying agent and registrar by the City Manager (the “Registrar”). If any payment date is not a business day, such payment shall be made on the next succeeding business day with the same effect as if made on the stated payment date, and no additional interest shall accrue.

Notwithstanding any other provision hereof, this bond is subject to a book-entry system maintained by The Depository Trust Company (“DTC”), and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the City’s Blanket Letter of Representations to DTC.

This bond is one of an issue of \$\_\_\_\_\_ General Obligation Public Improvement Bonds, Series 2022, of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, without regard to the provisions of the City Charter. The bonds are being issued pursuant to a resolution adopted by the City Council of the City (the “City Council”) on May \_\_\_\_\_, 2022 (the “Resolution”), to finance certain capital improvement projects for the City and to pay costs incurred in connection with issuing such bonds (if not otherwise paid from other City funds).

The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the City Council shall levy and collect an annual ad valorem tax on all taxable property within the City, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on this bond.

Optional Redemption. Bonds maturing on or before \_\_\_\_\_, 20\_\_, are not subject to redemption prior to maturity. Bonds maturing on or after \_\_\_\_\_, 20\_\_, are subject to redemption prior to maturity at the option of the City on or after \_\_\_\_\_, 20\_\_, in whole or in part (in any multiple of \$5,000) at any time, upon payment of the following redemption prices (expressed as a percentage of principal amount of bonds to be redeemed) plus interest accrued and unpaid to the date fixed for redemption:

<b>Period During Which Redeemed (Both Dates Inclusive)</b>	<b>Redemption Price</b>
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Mandatory Sinking Fund Redemption. [Bonds maturing on \_\_\_\_\_, 20\_\_, are required to be redeemed in part before maturity by the City on \_\_\_\_\_ in the years and amounts set forth below, at a redemption price equal to the principal amount of the bonds to be redeemed, plus accrued interest to the date fixed for redemption:

<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>Year</u></b>	<b><u>Amount</u></b>
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Manner of Redemption. If less than all of the bonds are called for redemption, the bonds to be redeemed shall be selected by the Director of Finance of the City in such manner as such

officer may determine to be in the best interest of the City. If less than all of the bonds of any maturity are called for redemption, the bonds within such maturity to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and (b) in selecting bonds for redemption, each bond shall be considered as representing that number of bonds that is obtained by dividing the principal amount of such bond by \$5,000. If a portion of this bond is called for redemption, a new bond in the principal amount of the unredeemed portion hereof will be issued to the registered owner upon surrender hereof.

Notice of Redemption. The City shall cause notice of the call for redemption identifying the bonds or portions thereof to be redeemed to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the registered owner hereof. Consistent with the terms of the Resolution, the City may give notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the date fixed for redemption, such notice shall be effective when given. If such proceeds are not available on the date fixed for redemption, no default will be deemed to have occurred and such bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. On presentation and surrender of the bonds called for redemption at the place or places of payment, such bonds shall be paid and redeemed.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal of and premium, if any, and interest on this bond and the exercise of all others 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 \_\_\_ day of the month [preceding] [in which] each interest payment [is due].

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in connection with the issuance of this bond have happened, exist and have been performed, and the issue of bonds of which this bond is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

[Remainder of page intentionally left blank.]

**IN WITNESS WHEREOF**, the City of Charlottesville, Virginia, has caused this bond to be to be signed by the Mayor or Vice Mayor, its seal to be affixed hereto and attested by the Clerk of the City Council, and this bond to be dated the date first above written.

(SEAL)

\_\_\_\_\_  
[Vice] Mayor, City of Charlottesville, Virginia

(ATTEST)

\_\_\_\_\_  
Clerk of Council,  
City of Charlottesville, Virginia

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE:

\_\_\_\_\_  
: :  
: :  
: :  
\_\_\_\_\_

the within bond and all rights thereunder, hereby irrevocably constituting and appointing  
\_\_\_\_\_,  
Attorney, to transfer said bond on the books kept for the registration thereof, 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 who is a member  
of a medallion program approved by The  
Securities Transfer Association, Inc.

\_\_\_\_\_  
(Signature of Registered Owner)

NOTICE: The signature above must  
correspond with the name of the  
registered owner as it appears on the  
front of this bond in every particular,  
without alteration or enlargement or any  
change whatsoever.