



Legislation Details (With Text)

File #:	ORD. 2022-131	Version:	1	Name:	
Type:	Ordinance	Status:		Adopted	
File created:	5/3/2022	In control:		City Council	
On agenda:	5/23/2022	Final action:		5/23/2022	
Title:	To authorize the issuance of general obligation equipment notes of the City of Richmond in the maximum principal amount of \$3,500,000 to finance the cost of equipment for the following purposes and uses: acquisition of computer, radio, office, solid waste collection, office furniture and miscellaneous equipment and vehicles for the various departments, bureaus and agencies of the City and its authorities; and to authorize the Director of Finance, with the approval of the Chief Administrative Officer, for and on behalf of the City, to sell equipment notes to finance the acquisition of such equipment, and to authorize the issuance of taxable notes, for the same purposes and uses, in the same maximum principal amount and payable over the same period as such general obligation equipment notes.				
Sponsors:	City Council				
Indexes:					
Code sections:					
Attachments:	1. Ord. No. 2022-131				

Date	Ver.	Action By	Action	Result
5/23/2022	1	City Council	adopted	
5/23/2022	1	City Council		
5/2/2022	1	City Council	introduced and referred	

To authorize the issuance of general obligation equipment notes of the City of Richmond in the maximum principal amount of \$3,500,000 to finance the cost of equipment for the following purposes and uses: acquisition of computer, radio, office, solid waste collection, office furniture and miscellaneous equipment and vehicles for the various departments, bureaus and agencies of the City and its authorities; and to authorize the Director of Finance, with the approval of the Chief Administrative Officer, for and on behalf of the City, to sell equipment notes to finance the acquisition of such equipment, and to authorize the issuance of taxable notes, for the same purposes and uses, in the same maximum principal amount and payable over the same period as such general obligation equipment notes.

WHEREAS, the Public Finance Act of 1991, sections 15.2-2600 et seq. of the Code of Virginia (1950), as amended (the "Public Finance Act"), permits the issuance of bonds, when authorized by the Council (the "Council") of the City of Richmond, Virginia (the "City"), at one time or from time to time in one or more series in order to finance the acquisition of equipment; and

WHEREAS, the Council desires to provide that all or a portion of the general obligation notes authorized by this ordinance may be issued as taxable notes (the "Taxable Notes"); and

WHEREAS, it is the consensus of the Council that the City should authorize the issuance and sale of either tax-exempt or taxable general obligation notes or both in the maximum principal amount of \$3,500,000 to finance the acquisition of equipment; and

WHEREAS, equipment may be purchased by the City and its authorities prior to the issuance of such notes, and it is the intention of the City to reimburse itself for such expenditures from the proceeds of such notes; and

WHEREAS, the Director of Finance of the City (the "Director of Finance") may determine to publish a notice of sale and to receive bids or proposals for such notes to finance the acquisition of equipment, to be payable over a period not to exceed 84 months; and

WHEREAS, the Director of Finance may determine to negotiate, enter into and execute an agreement or agreements with one or more purchasers for the sale of such notes; and

WHEREAS, a public hearing on this ordinance has been advertised and held in the manner required by section 4.10 of the Charter of the City (the "Charter") and section 15.2-2606 of the Public Finance Act;

NOW, THEREFORE,

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. The issuance of general obligation equipment notes, as either tax-exempt or taxable, of the City is authorized for the purpose of financing the acquisition of computer, radio, office, solid waste collection, office furniture and miscellaneous equipment and vehicles for the various departments, bureaus and agencies of the City and its authorities, in the maximum principal amount of \$3,500,000 (the "Notes"), including any cost related to the issuance of the Notes. The Notes shall be payable in one or more serial installments that mature not later than 84 months from the date of delivery thereof.

§ 2. The Director of Finance is authorized to issue and sell the Notes from time to time, with the approval of the Chief Administrative Officer, at either public or private sale at such prices and upon such terms, including determination of maturity schedule, as the Director of Finance, with the approval of the Chief Administrative Officer, may determine, in accordance with the provisions of section 7B.06 of the Charter and in accordance with the provisions of the Public Finance Act, provided that the net interest cost of the Notes, after taking into

account any premium or discount thereon, shall not exceed eight percent per year. The Director of Finance is authorized to negotiate, enter into and execute one or more agreements to sell the Notes to one or more purchasers. The Director of Finance is authorized to sell the Notes pursuant to such bids, proposals or agreements and to issue, execute and deliver the Notes to such purchasers. Following the execution of such an agreement, the Director of Finance shall file a copy of the agreement with the City Clerk, or, if the Notes are sold by competitive sale, the Director of Finance shall file a certificate following the award of the Notes setting forth the final terms of the Notes with the City Clerk. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized to enter into a line of credit with a bank or other financial institution, which line of credit may provide for a maximum amount not in excess of the amount herein authorized which may be drawn down and repaid from time to time by the City; provided, however, that the interest rate on any line of credit borrowing will not exceed the then current prime rate as quoted by the bank or institution providing such line of credit; and to negotiate and acquire credit enhancement for the Notes or the line of credit or a portion thereof. The Director of Finance, with the approval of the Chief Administrative Officer, is also authorized to enter into contracts, commonly known as interest rate swap agreements, and contracts providing for payments based on levels of, or changes in, interest rates; provided that the form of such contract or arrangement shall have been previously approved by resolution or resolutions hereafter adopted by the Council. These contracts or arrangements may be entered into by the Director of Finance, with the approval of the Chief Administrative Officer, in connection with, or incidental to, entering into, or maintaining any (i) agreement which secures the Notes or (ii) investment, or contract providing for investment, otherwise authorized by law. These contracts and arrangements may contain such payment, security, default, remedy, and other terms and conditions as determined by the Director of Finance, with the approval of the Chief Administrative Officer, after giving due consideration to the creditworthiness of the counterparty or other obligated party, including any rating by any nationally recognized rating agency, and any other criteria as may be appropriate. This ordinance is intended to grant to the Director of Finance and the Chief Administrative Officer full and complete authority to finalize the terms of the Notes and to provide for their issuance, sale and delivery consistent with the requirements of this ordinance, the Public Finance Act, the Charter and the Constitution and other laws of the Commonwealth of Virginia. In connection with the obtaining of any line of credit, credit enhancement, interest rate swap or similar agreements, the Director of Finance, with the approval of the Chief Administrative Officer, is authorized to include in the borrowing the cost of obtaining such line of credit, credit enhancement, interest rate swap or similar agreements. The actions of the Director of Finance in selling the Notes shall be conclusive, and no further action shall be necessary on the part of the City Council.

§ 3. In lieu of issuing the Notes as a separate series of obligations, the Director of Finance is authorized in his discretion, with the approval of the Chief Administrative Officer, to include up to the amount herein authorized for the Notes as serial bonds in any general obligation bond issue authorized by the Council. If serial bonds are issued in lieu of the Notes, such serial bonds shall be issued for the same purposes and at the same rate of interest not in excess of the rate of interest herein specified. Notwithstanding the limitation on the maturity of the Notes of 84 months from the date of delivery thereof, if serial bonds are issued in lieu of the Notes, such serial bonds may have a maturity later than 84 months if the Director of Finance deems it necessary for the efficient structuring of the bond issue. The Notes if issued as serial bonds shall be in form and shall otherwise be subject to the terms and conditions regarding the issuance of general obligation bonds authorized by the Council.

§ 4. The Notes shall be in form satisfactory to the Director of Finance and the City's bond counsel. Any notice of sale shall be in such form as the Director of Finance shall approve and shall state the date of issue, the series designation and dates of the serial maturities of the Notes and the dates on which interest shall be paid. The Notes may be subject to redemption or purchase prior to maturity at the option of the City on or after dates, if any, determined by

the Director of Finance, with the approval of the Chief Administrative Officer. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized and directed to approve such optional redemption provisions for the Notes as such officer or officers determine to be in the best interest of the City.

§ 5. The Council has ascertained, and determines and states that the maximum principal amount of the Notes and other outstanding general obligation bonds or other general obligation interest-bearing obligations heretofore issued by the City for any purpose, or in any manner, does not exceed ten percent of the assessed valuation of the real estate in the City subject to taxation, as shown by the last preceding assessment for taxes, and that, accordingly, the Notes, when issued, shall be within the limitation of indebtedness as provided in section 7B.02 of the Charter and section 15.2-2634 of the Public Finance Act.

§ 6. The power and obligation of the City to pay principal of and premium, if any, and interest on the Notes shall be unlimited and the City shall levy and collect ad valorem taxes upon all taxable property within the City, without limitation as to rate or amount, sufficient to pay the principal of and premium, if any, and interest on the Notes. The full faith and credit of the City are pledged for the payment of principal of and premium, if any, and interest on the Notes.

§ 7. The Chief Administrative Officer and the Director of Finance are authorized and directed to have prepared and distributed, in accordance with standard practices of municipal securities, one or more Preliminary Official Statements of the City describing the Notes as authorized herein. The Director of Finance shall make such completions, omissions, insertions and changes in such Preliminary Official Statement not inconsistent with this ordinance as are necessary or desirable to complete it as a final Official Statement. The City shall arrange for the delivery to the purchasers of the Notes of a reasonable number of copies of the final Official Statement, within seven business days after the date the Notes have been awarded, for delivery to each potential investor requesting a copy of the final Official Statement and to each person to whom such underwriter or bidder and members of the underwriting or bidding group initially sell Notes.

§ 8. The Director of Finance is authorized, on behalf of the City, to deem such Preliminary Official Statement and such Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12 (the "Rule")

of the Securities and Exchange Commission (the “SEC”), except for the omission in such Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to the Rule. The distribution of such Preliminary Official Statement and such 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 such Preliminary Official Statement of such pricing and other information permitted by the Rule.

§ 9. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Notes to be “arbitrage bonds” within the meaning of section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Notes 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 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 Notes, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Notes 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 general funds. This section shall not apply to Taxable Notes.

§ 10. Such officers of the City as may be requested are authorized and directed to execute appropriate certificates setting forth facts and covenants related to the expected use, expenditure and investment of the proceeds of the Notes in order to show that such expected use, expenditure and investment will not violate the provisions of section 148 of the Code and 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 certificates, covenants and elections shall be in such form as may be requested by bond counsel for the City. This section shall not apply to Taxable Notes.

§ 11. The City covenants that it shall not permit the proceeds of the Notes to be used in any manner that would result in (a) five percent or more of such proceeds 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) five percent or more of such proceeds

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) five percent or more of such proceeds being used directly or indirectly to make or finance loans to any person 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 Notes 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. This section shall not apply to Taxable Notes.

§ 12. All other actions of officers of the City in conformity with the purposes and intent of this ordinance and in furtherance of the issuance and sale of the Notes are 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 Notes, including entering into contracts and arrangements to provide credit enhancement or insurance for all or a portion of the Notes and for the investment of the proceeds of the Notes. The authorization granted herein to the Director of Finance, the Chief Administrative Officer and the City Attorney shall apply equally to any person serving in such capacity on an interim or acting basis pending a permanent appointment to any such office.

§ 13. The City intends to receive reimbursement from proceeds of the Notes for costs of equipment paid by the City and its authorities prior to the issuance of the Notes. The City intends that the adoption of this ordinance be considered as a declaration of “official intent” within the meaning of Treasury Regulation section 1.150-2 promulgated under the Code to reimburse itself for such expenditures with Note proceeds.

§ 14. The City desires to assist the purchasers of the Notes in complying with the provisions of section (b)(5)(i) of the Rule. In order to accomplish this, the City covenants to do the following to the extent required or requested:

(A) Annual Disclosure.

(1) The City shall provide annually certain financial information and operating data in

accordance with the provisions of section (b)(5)(i) of the Rule, as follows:

- (a) audited financial statements, prepared in accordance with generally accepted accounting principles; and
- (b) the operating data with respect to the City of the type appearing in portions of the Official Statement in final form relating to and describing (i) a statement of General Fund Revenues and Other Financing Sources and a statement of General Fund Expenditures and Other Financing Uses in the section relating to discussions of certain financial information, (ii) schedules relating to property assessments, real estate tax levies and collections and personal property tax levies and collections in the section relating to revenues of the City, and (iii) schedules relating to legal debt margin, percentage of bonded debt to assessed values of real estate and bonded debt per capita and percentage of debt service to total General Fund Expenditures and Transfers in the section relating to debt of the City.

(2) The City shall annually provide the financial information and operating data described in subsection (1) above (the “Continuing Disclosure”) within 220 days after the end of the City’s fiscal year, commencing with the City’s fiscal year in which the Notes are issued, to the Municipal Securities Rulemaking Board (the “MSRB”) for publication on its Electronic Municipal Market Access (“EMMA”) System, or as otherwise designated by the Rule, and to the appropriate state information depository if any then exists (“SID”).

(3) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to the MSRB and to the SID, if any, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(4) The City shall provide in a timely manner to the MSRB and to the SID, if any, notice specifying any failure of the City to provide the Continuing Disclosure by the date specified.

If the City fails to comply with any covenant or obligation specified in this section, any holder (within the meaning of the Rule) of Notes then outstanding may, by notice to the City, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the City's covenant to provide financial information and operating data.

(B) Event Disclosure. The City shall provide in a timely manner not in excess of ten business days to the MSRB and to the SID, if any, notice of the occurrence of any of the following events with respect to the Notes:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other materials notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
- (7) modifications to rights of Noteholders, if material;
- (8) Note calls, if material, and tender offers;
- (9) defeasance of all or any portion of the Notes;
- (10) release, substitution, or sale of property securing repayment of the Notes; if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(C) Termination. The covenants and obligations of the City specified in subsections (A) and (B) to the extent they apply shall terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Notes.

(D) Amendment. The City reserves the right to modify its obligations specified in subsections (A) and (B) without the consent of noteholders, provided that such modification complies with the Rule as it exists at the time of modification. The City shall, within a reasonable time thereafter, send to the MSRB and the SID, if any, a description of such modification(s).

(E) Additional Disclosure. The City may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the City shall not incur any obligation to continue to provide, or to update, such additional information or data.

§ 15. The City Clerk, with the assistance of the City Attorney, is authorized and directed to see to the immediate filing of a certified copy of this ordinance in the Circuit Court of the City of Richmond and is directed to make a copy of this ordinance continuously available for inspection by the general public during normal business hours at the City Clerk's office from the date of adoption hereof through the date of the issuance of the Notes.

§ 16. The transactions authorized by this ordinance shall be conducted only with the assistance of bond counsel retained by the City as provided in this section. The City shall have conducted a competitive procurement in accordance with the procedure for competitive negotiation for professional services set forth in Chapter 21 of the Code of the City of Richmond (2020), as amended, to obtain bond counsel for the transactions authorized by this ordinance. The City Attorney shall have selected and shall be the using agency for bond counsel. Only bond counsel selected in accordance with this section may be used for the transactions authorized by this ordinance.

§ 17. This ordinance shall be in full force and effect from and after its effective date in accordance with the Charter.