

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT, made as of [_____] , 2023, between the **CITY OF ALEXANDRIA, VIRGINIA** (the “City”), and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF ALEXANDRIA, VIRGINIA** (the “Authority”), a political subdivision of the Commonwealth of Virginia;

WITNESSETH:

WHEREAS, the City has created the Authority pursuant to the provisions of the Industrial Development and Revenue Bond Act (the “Act”), Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Virginia Code”), and has empowered the Authority with all of the public and corporate powers set forth in the Act, including, among other things, the power to enter into financing arrangements by which (a) the Authority may accept contributions, grants and other financial assistance from any political subdivision of the Commonwealth of Virginia, including the City, and (b) the Authority may make grants and loans to any business in furtherance of the purposes of promoting economic development;

WHEREAS, pursuant to the provisions of Section 15.2-953 of the Virginia Code, the City is authorized to make gifts, donations, and appropriations of money to the Authority for the purposes of promoting economic development;

WHEREAS, the Authority has proposed to obtain a loan from a banking or other financial entity, to issue a revenue bond (the “Bond”) as evidence of its repayment obligations under such loan, and to use the proceeds of such loan to fund certain economic development incentives pursuant to a loan agreement with The Art League, Inc. (“The Art League”) in return for The Art League agreeing to locate its new headquarters facility at 800-824 Slaters Lane in the City (the “Project”);

WHEREAS, at the request of the Authority, the Council of the City of Alexandria (the “Council”) adopted on [_____] , 2023, a resolution (1) approving financial assistance in connection with the Authority’s issuance of the Bond provided that (a) the original aggregate principal amount shall not exceed \$500,000, (b) the interest rate on the Bond shall not exceed 6.5% per year, and (c) the final maturity of the Bond shall not be later than December 31, 2036 and (2) authorizing the execution of an agreement providing for a non-binding undertaking of the Council to consider certain appropriations to the Authority in connection with payments due from the Authority on the Bond and related loan agreement (the “Loan Agreement”);

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. The Authority agrees to issue the Bond (the repayment terms of which are set forth on Schedule A attached hereto) and use the proceeds thereof, together with other available funds, to finance economic development incentives in connection with the Project.

2. In the Supplement Budget Appropriation submitted to the Council for the City's fiscal year 2024, the City Manager is directed to include for Council consideration of annual debt service to the Authority of an amount at least equal to the scheduled amount of debt service due on the Bond during the fiscal year which support may be used to replenish draws on the Authority's debt service reserve fund for the Bond. In the annual budget and appropriation authorizations submitted to the Council for the City's fiscal year 2025, and continuing for each fiscal year thereafter during which the Bond is outstanding, the City Manager is directed to include for Council consideration an appropriation to the Authority of an amount at least equal to the scheduled amount of debt service due on the Bond during such fiscal year, as set forth on Schedule A attached hereto, to be used by or for the benefit of the Authority for such purpose. Payment of such appropriation shall be subject to the provisions of paragraph 4. Within ten (10) days after the adoption of each such budget and related appropriation authorizations, but not later than July 15 of each year, the City Manager or the City's Director of Finance shall inform the Authority in writing if the Council has failed to budget and authorize such appropriation.

3. If at any time during a City fiscal year, the Authority is required to make a payment under the Loan Agreement that exceeds the sum of (a) the amount budgeted and appropriated by the City under paragraph 2 above and (b) the amount of loan repayments received by the Authority in such fiscal year from The Art League the Chair of the Authority shall notify the City Manager of the amount of the insufficiency and shall request a supplemental appropriation from the Council in an amount necessary to allow the Authority to make such payment. Upon receipt of a request from the Chair of the Authority pursuant to this paragraph 3, the City Manager shall present such request to the Council as a part of the City fiscal year's Supplemental Budget Appropriation submission, and the Council shall consider such request. Promptly after such meeting, the City Manager or the City's Director of Finance shall notify the Authority whether the amount so requested was appropriated. Payment of such appropriation shall be subject to the provisions of paragraph 4. If the Council shall fail to make any such appropriation, the Authority shall add the amount of such requested appropriation to the scheduled amount of debt service included in the City Manager's budget submission (as described in paragraph 2 above) for the City's next fiscal year.

4. Notwithstanding anything in this Agreement to the contrary, no amounts appropriated by the Council pursuant to this Agreement shall be paid to or for the benefit of the Authority to the extent the Authority has received in such fiscal year loan repayments from The Art League in sufficient amounts to enable the Authority to pay scheduled debt service due on the Bond or any other payments then due from the Authority under the Loan Agreement. The Authority agrees to provide such financial information as may be requested from time to time by the City Manager or the City's Director of Finance to establish the amount of loan repayments actually received by the Authority from The Art League.

5. The Authority shall notify the City Manager or the City's Director of Finance in the event of any prepayment or any amendment, change, or revision to the Loan Agreement that would differ from repayment terms set forth on Schedule A.

6. The Council hereby undertakes a non-binding obligation to budget and, if necessary, appropriate to the Authority the amounts referenced in paragraphs 2 and 3 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the

Commonwealth of Virginia. The Council, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Councils do likewise.

7. NOTHING HEREIN CONTAINED IS OR SHALL BE DEEMED TO BE A LENDING OF THE CREDIT OF THE CITY TO THE AUTHORITY, THE HOLDER OF THE BOND, OR ANY OTHER PERSON; AND NOTHING HEREIN CONTAINED IS OR SHALL BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE CITY. NOTHING HEREIN CONTAINED SHALL BIND OR OBLIGATE THE COUNCIL TO APPROPRIATE FUNDS TO THE AUTHORITY FOR THE PURPOSES DESCRIBED HEREIN.

8. Payments made by the City to the Authority hereunder shall be used solely by the Authority to pay the Authority's lender to the extent of any deficiency in amounts received therefor from The Art League. The Authority agrees to use any funds received by The Art League in excess of amounts owed to the Authority's lender to reimburse the City for any payments made under this Agreement. In addition, the Authority assigns to the City its collateral interest in The Art League's leasehold interest in the Project to the extent required to reimburse the City for any such payments.

9. The Council acknowledges that it is entering into this Agreement on behalf of the City in consideration for the Authority's undertaking the Project. The Council acknowledges that the Project provides for the public welfare of the City citizens and assists with the economic development of the City. Annual appropriations by the Council pursuant to this Agreement will be essential to enable the Authority to pay scheduled debt service due on the Bond.

10. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (a) if to the Authority, to 601 Prince Street, Alexandria, VA 22314 (Attention: Chair); and (b) if to the City, to 301 King Street, Alexandria, VA 22314 (Attention: City Manager), with a copy to the City Attorney at 301 King Street, Alexandria, VA 22314 (Attention: City Attorney). Any party may designate any other address for receiving notices and requests by giving written notice to the other parties under this Agreement.

11. This Agreement shall be governed by the laws of the Commonwealth of Virginia.

12. If any clause, provision, or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement.

13. This Agreement shall remain in full force and effect until the Bond has been paid in full.

14. This Agreement may be executed in several counterparts each of which shall be an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

CITY OF ALEXANDRIA, VIRGINIA

By _____
City Manager

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF ALEXANDRIA, VIRGINIA**

By _____
Chair

Schedule A

[insert final debt service schedule]