

CITY OF WINCHESTER, VIRGINIA

PROPOSED CITY COUNCIL AGENDA ITEM

CITY COUNCIL/COMMITTEE MEETING OF: June 9, 2015 CUT OFF DATE: __

RESOLUTION X ORDINANCE __ PUBLIC HEARING __

ITEM TITLE: A RESOLUTION TO AUTHORIZE THE ISSUANCE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$132,700,000, BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WINCHESTER OF ITS HOSPITAL REVENUE REFUNDING BONDS (VALLEY HEALTH SYSTEM OBLIGATED GROUP), SERIES 2015

STAFF RECOMMENDATION:

Proceed with Resolution approval

PUBLIC NOTICE AND HEARING:

Public Hearing required and held by the EDA on May 26, 2015.

ADVISORY BOARD RECOMMENDATION:

Resolution adopted by the EDA and forwarded to Council for approval.

FUNDING DATA:

No funding requested.

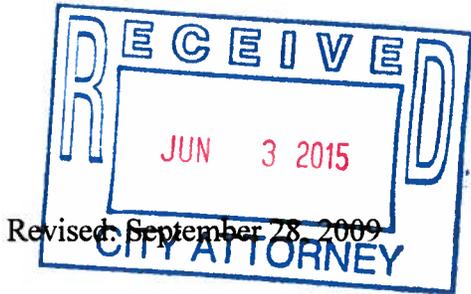
INSURANCE:

N/A

The initiating Department Director will place below, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda.

<u>DEPARTMENT</u>	<u>INITIALS FOR APPROVAL</u>	<u>INITIALS FOR DISAPPROVAL</u>	<u>DATE</u>
1. Finance	CB		6/3/15
2.			
3.			
4.			
5. City Attorney			6/3/15
6. City Manager			3 June 15
7. Clerk of Council			

Initiating Department Director's Signature: Cherub G. Murray Date 6/3/15
Economic Redevelopment Director



APPROVED AS TO FORM: [Signature] 6/3/2015
CITY ATTORNEY

CITY COUNCIL ACTION MEMO

To: Honorable Mayor and Members of City Council

From: Kimberly L. Murray, Economic Redevelopment Director

Date: June 9, 2015

Re: A RESOLUTION TO AUTHORIZE THE ISSUANCE IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$132,700,000, BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WINCHESTER OF ITS HOSPITAL REVENUE REFUNDING BONDS (VALLEY HEALTH SYSTEM OBLIGATED GROUP), SERIES 2015

THE ISSUE: Winchester Medical Center, Warren Memorial Hospital, and Shenandoah Memorial Hospital have requested that the Economic Development Authority issue a series of its revenue refunding bonds (the "Bonds"), in an aggregate principal amount not to exceed \$132,700,000.

RELATIONSHIP TO STRATEGIC PLAN: Will assist in the City's desire to encourage sustainable economic growth and partnerships through business and workforce development and advance quality of life for Winchester residents.

BACKGROUND: A public hearing was held by the Economic Development Authority of the City of Winchester, Virginia at 8:00 a.m. on May 26, 2015 regarding the approval of the issuance by the Authority of a series of its revenue refunding bonds (the "Bonds"), in an aggregate principal amount not exceeding \$132,700,000, for the purpose of making a loan or loans to Winchester Medical Center, a Virginia nonstock corporation, Warren Memorial Hospital, a Virginia nonstock corporation, and Shenandoah Memorial Hospital, a Virginia nonstock corporation.

Proceeds of the Bonds will be used to undertake any or all of the following: (i) refund all of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2009E, issued on December 17, 2009 in the original aggregate principal amount of \$75,000,000 and currently outstanding in the aggregate principal amount of \$29,025,000, (ii) refund all or a portion of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2007, issued on January 31, 2007 in the original aggregate principal amount of \$88,335,000 and currently outstanding in the aggregate principal amount of \$87,310,000, and (iii) pay certain expenses incurred in connection with the authorization, issuance and sale of the Bonds.

Attached is a summary of the EDA Public Hearing on May 26, 2015, the Resolution adopted by the EDA approving the issuance of the Bonds in an Aggregate Principal Amount not to exceed \$132,700,000.00 of its Hospital Revenue Refunding Bonds ("Valley Health System Obligated Group, Series 2015), The Series Resolution adopted by the Authority concerning the issuance of the Bonds, the Fiscal Impact Statement for proposed Bond financing, and the proposed Resolution for consideration by the Common Council authorizing the issuance of the Bonds.

BUDGET IMPACT: No additional costs at this time.

OPTIONS: Council may approve the resolution or decline the resolution.

RECOMMENDATIONS: City Staff recommends the approval of the attached Resolution to support the request that the Economic Development Authority issue a series of its revenue refunding bonds (the "Bonds"), in an aggregate principal amount not to exceed \$132,700,000 to the Winchester Medical Center, Warren Memorial Hospital, and Shenandoah Memorial Hospital.

SUMMARY OF PUBLIC HEARING

A public hearing was held by the Economic Development Authority of the City of Winchester, Virginia (the "Authority") at 8:00 a.m. on May 26, 2015 regarding the approval of the issuance by the Authority of a series of its revenue refunding bonds (the "Bonds"), in an aggregate principal amount not exceeding \$132,700,000, for the purpose of making a loan or loans to Winchester Medical Center, a Virginia nonstock corporation, Warren Memorial Hospital, a Virginia nonstock corporation, and Shenandoah Memorial Hospital, a Virginia nonstock corporation. Proceeds of the Bonds will be used to undertake any or all of the following: (i) refund all of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2009E, issued on December 17, 2009 in the original aggregate principal amount of \$75,000,000 and currently outstanding in the aggregate principal amount of \$29,025,000, (ii) refund all or a portion of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2007, issued on January 31, 2007 in the original aggregate principal amount of \$88,335,000 and currently outstanding in the aggregate principal amount of \$87,310,000, and (iii) pay certain expenses incurred in connection with the authorization, issuance and sale of the Bonds.

The Notice of Public Hearing was published on May 12, 2015 and May 19, 2015 in The Winchester Star and The Northern Virginia Daily.

A description of the facilities to be refinanced with the proceeds of the Bonds, and the location and purpose of each such facility, are more particularly set forth in the Notice of Public Hearing attached hereto.

The public hearing was held in the Council Chambers of the Common Council of the City of Winchester, Virginia at Rouss City Hall, 15 North Cameron Street, Winchester, Virginia. The hearing was open to the public, and persons interested in the issuance of the Bonds were given the opportunity to present their views.

Peter F. Gallagher, Senior Vice President and Chief Financial Officer of Valley Health System, was present in order to respond to any inquiries by the Authority. No member of the public spoke either for or against the issuance of the Bonds by the Authority.

After such public hearing, the Authority adopted a resolution recommending the approval of the issuance of the Bonds by the Common Council of the City of Winchester, Virginia, the Town Council of the Town of Woodstock, Virginia, the Town Counsel of the Town of Front Royal, Virginia and the Town Council of the Town of New Market, Virginia.

Economic Development Authority of
the City of Winchester, Virginia

By: 

Michael L. Bryan, Secretary

RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WINCHESTER, VIRGINIA APPROVING THE ISSUANCE, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$132,700,000, OF ITS HOSPITAL REVENUE REFUNDING BONDS (VALLEY HEALTH SYSTEM OBLIGATED GROUP), SERIES 2015

WHEREAS, the Economic Development Authority of the City of Winchester, Virginia (the "Authority") is a political subdivision of the Commonwealth of Virginia and is authorized under Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to borrow money for the purpose of providing funds to finance the acquisition, construction, equipping, expansion, enlargement and improvement of medical facilities in order to provide modern and efficient medical services to the inhabitants of the Commonwealth of Virginia, to refinance medical facilities in order to reduce the costs to residents of the Commonwealth of utilizing such facilities and to issue its revenue bonds for the purpose of carrying out any of its powers; and

WHEREAS, Winchester Medical Center ("Winchester") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the City of Winchester, Virginia; and

WHEREAS, Shenandoah Memorial Hospital ("Shenandoah") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the Town of Woodstock, Virginia and the Town of New Market, Virginia; and

WHEREAS, Warren Memorial Hospital ("Warren") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the Town of Front Royal, Virginia; and

WHEREAS, Winchester, Warren and Shenandoah have requested that the Authority issue a series of its revenue refunding bonds (the "Bonds"), in an aggregate principal amount not to exceed \$132,700,000; and

WHEREAS, the Bonds will be issued for the purpose of making a loan to Winchester, Warren and Shenandoah (i) to refund all of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2009E (the "Series 2009E Bonds"), issued on December 17, 2009 in the original aggregate principal amount of \$75,000,000 and currently outstanding in the aggregate principal amount of \$29,025,000, (ii) to refund all or a portion of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2007 (the "Series 2007 Bonds"), issued on January 31, 2007 in the original aggregate principal amount of \$88,335,000 and currently outstanding in the aggregate principal amount of \$87,310,000, and (iii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Bonds; and

WHEREAS, the Series 2009E Bonds were issued for the purpose of providing funds, together with other available funds, (i) to pay, or reimburse Winchester for paying, all or a portion of the cost of (A) renovating, expanding and equipping certain portions of the general

acute care hospital and regional referral center known as Winchester Medical Center (the "Medical Center"), including the construction of a 400,000 square-foot, four-story bed tower to provide space for 54 additional beds for the step-down unit, the critical care unit and the observation unit, to provide space for 36 additional bassinets for the neo-natal intensive care unit, to allow for a future increase of up to 120 beds on two shelled floors, to relocate laboratory services, to expand cardiovascular services, including the addition of a catheterization laboratory and shelled space for up to six more such laboratories, and to expand the emergency room; and constructing and acquiring a new heating plant, boilers and emergency power generators in connection with such renovation, expansion and equipping of the Medical Center; (B) constructing and equipping a 60,000 square-foot outpatient diagnostic center; (C) constructing a 560 space parking deck for staff and patient parking; and (D) acquiring certain other capital equipment for use in or in connection with the Medical Center and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2009 Medical Center Project"); and (ii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2009E Bonds; and

WHEREAS, the Series 2007 Bonds were issued for the purpose of providing funds, together with other available funds, (i) to finance or refinance for Winchester all or a portion of the cost of (A) renovating, expanding and equipping certain portions of the Medical Center, including the renovation of approximately 60,000 square feet of space at the main hospital building and other buildings at the Medical Center to accommodate patient care, laboratory and administrative services and other hospital functions, including the renovation and expansion of the emergency department, the addition of a new bariatric suite, the renovation of the labor and delivery department to accommodate new ultrasound and recovery areas, the renovation and expansion of the pharmacy, the renovation of the inpatient wing for a new, eight-bed neurology intensive care unit, and the relocation of laboratories, the biomedical department, administrative offices and clinical research facilities; (B) acquiring and installing a new nursery security system at the main hospital building at the Medical Center; (C) acquiring and installing a linear accelerator at a medical office building at the Medical Center; (D) acquiring and installing 12 new heat pump units at the physical and occupational therapy building located at the Medical Center; (E) acquiring and installing underground utility equipment at the Medical Center; and (F) acquiring certain other capital equipment for use in or in connection with the Medical Center and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2007 Medical Center Project"); (ii) to finance or refinance for Shenandoah all or a portion of the cost of (A) renovating, expanding and equipping certain portions of Shenandoah's medical care facilities operated as Shenandoah Memorial Hospital, including (1) the renovation of 1,500 square feet of space for the laundry facility at the main hospital building; (2) the construction of a 1,930-square foot addition to the north side of the main hospital building adjacent to the emergency department for the medical imaging department; and (3) the construction of a 17,690 square-foot addition to the south side of the main hospital building and renovation of 15,030 square feet of existing space for the ambulatory surgery unit; (B) constructing a one-story, 9,000 square-foot ambulatory care center (the "New Market Ambulatory Care Center"); (C) installing a new traffic signal on Route 11 at the main entrance to the main hospital building; (D) acquiring and installing a new medical/surgical nursing call system in the main hospital building; and (E) acquiring certain other capital equipment for use in or in connection with Shenandoah Memorial Hospital and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2007 Shenandoah

Memorial Hospital Project”); (iii) to finance or refinance for Warren all or a portion of the cost of (A) renovating, expanding and equipping certain portions of Warren’s medical care facilities operated as Warren Memorial Hospital, including (1) the construction of a 2,600 square-foot addition to the south side of Warren Memorial Hospital’s skilled nursing facility, the Lynn Care Center, for rehabilitation services; and (2) the renovation of 3,200 square feet of existing space in the main hospital building for laboratory services; (B) constructing and equipping a two-story, 36,000 square-foot ambulatory care center (the “Warren Ambulatory Center”); (C) acquiring a 3.8 acre parcel of land for construction of the Warren Ambulatory Center; (D) acquiring and installing a new medical gas system at the main hospital building; (E) acquiring a 151-acre parcel of land for future development within an exempt purpose of Warren (the “Future Facility Land”); and (F) acquiring certain other capital equipment for use in or in connection with Warren Memorial Hospital and renovating any space necessary or incidental to the installation of any such equipment (collectively, the “2007 Warren Memorial Hospital Project” and, together with the 2007 Medical Center Project and the 2007 Shenandoah Memorial Hospital Project, the “2007 Project”); (iv) to refinance for Shenandoah the outstanding Industrial Development Authority of Shenandoah County, Virginia Hospital Facilities Revenue Refunding Bonds (Shenandoah Memorial Hospital), Series 2003 (the “Shenandoah Series 2003 Bonds”); (v) to refinance for Warren the outstanding Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia Hospital Facilities Revenue Bonds (Warren Memorial Hospital), Series 2003 (the “Warren Series 2003 Bonds”); (vi) to fund a portion of the interest accruing on the Series 2007 Bonds during the construction period, and a reasonable period thereafter, of the 2007 Project; and (vii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2007 Bonds; and

WHEREAS, the proceeds derived from the sale of the Shenandoah Series 2003 Bonds were applied to refund the Industrial Development Authority of Shenandoah County, Virginia Facility Revenue Bond (Shenandoah County Memorial Hospital), Series 1994 (Bank-Qualified), the proceeds of which were used to pay the costs of additions, improvements, renovations and equipment for Shenandoah Memorial Hospital and to pay financing costs and costs of issuance incurred in connection with the Shenandoah Series 2003 Bonds (the “2003 Shenandoah Project”); and

WHEREAS, the proceeds derived from the sale of the Warren Series 2003 Bonds were applied to finance or refinance all or a portion of the costs of: (a) refunding the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia Medical Facilities Revenue Bonds (Warren Memorial Hospital), Series 1992 (Bank-Qualified), the proceeds of which were used to refinance certain prior debt and to pay the cost of improvements, renovations and equipment for Warren Memorial Hospital; (b) acquiring, constructing, expanding and equipping the Lynn Care Center; (c) acquiring, constructing, renovating and equipping hospital facilities; (d) paying interest accruing on the Warren Series 2003 Bonds during the acquisition, construction, reconstruction, expansion and equipping of such facilities; and (e) paying certain issuance expenses incurred in connection with the Warren Series 2003 Bonds (the “2003 Warren Project”); and

WHEREAS, the Medical Center, the 2009 Medical Center Project and the 2007 Medical Center Project are located on a 166-acre campus bounded on the south by Amherst Street, on the west by Route 37, on the north approximately by Pond View Drive and a line extending from the

end of Pond View Drive west to Route 37, and approximately on the east by Linden Drive and Whitacre Street, with addresses currently ranging from 1830 to 1890 Amherst Street and from 190 to 400 Campus Blvd., Winchester, Virginia 22604; Shenandoah Memorial Hospital is located at 759 South Main Street, Woodstock, Virginia 22664; the New Market Ambulatory Care Center is located at 9166 North Congress Street, New Market, Virginia 22844; Warren Memorial Hospital is located at 1000 N. Shenandoah Avenue, Front Royal, Virginia 22630; the Lynn Care Center is located at 132 West 11th Street, Front Royal, Virginia 22630; the Warren Ambulatory Center is located at 120 North Commerce Avenue, Front Royal, Virginia 22630; and the Future Facility Land, which does not yet have an address, is a 151-acre parcel of land identified on the Town of Front Royal Tax Map No. 20A212-2, located north of John Marshall Highway and south of Happy Creek Road in Front Royal, Virginia; and

WHEREAS, the Medical Center, the 2009 Medical Center Project and the 2007 Medical Center Project are owned and operated by Winchester, whose sole corporate member is Valley Health System (“Valley Health”), also a Virginia nonstock corporation; and

WHEREAS, Shenandoah Memorial Hospital, the 2003 Shenandoah Project and the 2007 Shenandoah Memorial Hospital Project (other than the New Market Ambulatory Care Center) are owned and operated by Shenandoah, whose sole corporate member is Valley Health; and the New Market Ambulatory Care Center is operated by Shenandoah pursuant to an improvement lease; and

WHEREAS, Warren Memorial Hospital, the 2003 Warren Project and the 2007 Warren Memorial Hospital Project (other than the Warren Ambulatory Center) are owned and operated by Warren, whose sole corporate member is Valley Health; and the Warren Ambulatory Center is owned by Valley Health and operated by Warren; and

WHEREAS, prior to the issuance of the Bonds, it is required by applicable Virginia and federal law that a public hearing be held during which members of the public are given an opportunity to express their views on the proposed issuance of the Bonds; and

WHEREAS, the Authority held a public hearing today at 8:00 A.M. with respect to the issuance of the Bonds in accordance with applicable Virginia and federal law; and

WHEREAS, the Common Council of the City of Winchester, Virginia (the “Winchester City Council”), the Town Council of the Town of Woodstock, Virginia (the “Woodstock Town Council”), the Town Council of the Town of Front Royal, Virginia (the “Front Royal Town Council”) and the Town Council of the Town of New Market, Virginia (the “New Market Town Council”) must first approve (to the extent required by applicable Virginia and federal law) the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Winchester, Virginia:

1. It is hereby found and determined that the issuance of the Bonds will promote the health and welfare of the residents of the City of Winchester, Virginia and surrounding areas, will be in the public interest and will be consistent with the purposes of the Act.

2. Pursuant to the authority granted to it by the Act, the Authority hereby approves the issuance of the Bonds, in an aggregate principal amount not exceeding \$132,700,000, to provide funds for the purpose of making a loan to Winchester, Warren and Shenandoah (a) to refund all of the Series 2009E Bonds, (b) to refund all or a portion of the Series 2007 Bonds and (c) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Bonds.

3. The Chairman or Vice Chairman and the Secretary of the Authority are hereby authorized and directed to deliver to the Winchester City Council, the Woodstock Town Council, the Front Royal Town Council and the New Market Town Council, (i) a reasonably detailed summary of the comments expressed at the public hearing held in connection with the issuance of the Bonds, (ii) a fiscal impact statement concerning the Bonds in the form specified in Section 15.2-4907 of the Act and (iii) a copy of this resolution, which constitutes the recommendation of the Authority that the Winchester City Council, the Woodstock Town Council, the Front Royal Town Council and the New Market Town Council approve (to the extent required by applicable Virginia and federal law) the issuance of the Bonds.

4. The Authority shall perform such other acts and adopt such further resolutions as may be necessary or appropriate to implement this resolution.

5. This resolution shall take effect immediately upon its passage.

Adopted May 26, 2015.


Michael L. Bryan, Secretary



**SERIES RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF WINCHESTER, VIRGINIA AUTHORIZING, AMONG OTHER
THINGS, THE ISSUANCE OF ITS HOSPITAL REVENUE REFUNDING BONDS
(VALLEY HEALTH SYSTEM OBLIGATED GROUP), SERIES 2015**

WHEREAS, the Economic Development Authority of the City of Winchester, Virginia (the "Authority") is a political subdivision of the Commonwealth of Virginia and is authorized under Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to borrow money for the purpose of providing funds to finance the acquisition, construction, equipping, expansion, enlargement and improvement of medical facilities in order to provide modern and efficient medical services to the inhabitants of the Commonwealth of Virginia, to refinance medical facilities in order to reduce the costs to residents of the Commonwealth of utilizing such facilities and to issue its revenue bonds for the purpose of carrying out any of its powers; and

WHEREAS, Winchester Medical Center ("Winchester") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the City of Winchester, Virginia; and

WHEREAS, Shenandoah Memorial Hospital ("Shenandoah") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the Town of Woodstock, Virginia and the Town of New Market, Virginia; and

WHEREAS, Warren Memorial Hospital ("Warren") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the Town of Front Royal, Virginia; and

WHEREAS, Winchester, Warren and Shenandoah have requested that the Authority give final approval to the issuance of its Hospital Revenue Refunding Bonds (Valley Health System Obligated Group), Series 2015 (the "Series 2015 Bonds"), in an aggregate principal amount not to exceed \$132,700,000, for the purpose of making a loan to Winchester, Warren and Shenandoah (i) to refund all of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2009E (the "Series 2009E Bonds"), issued on December 17, 2009 in the original aggregate principal amount of \$75,000,000 and currently outstanding in the aggregate principal amount of \$29,025,000, (ii) to refund all or a portion of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2007 (the "Series 2007 Bonds"), issued on January 31, 2007 in the original aggregate principal amount of \$88,335,000 and currently outstanding in the aggregate principal amount of \$87,310,000, and (iii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2015 Bonds; and

WHEREAS, there have been presented at this meeting draft copies of the following documents relating to the issuance of the Series 2015 Bonds:

(a) the Bond Purchase Agreement, to be dated as of the date of the sale of the Series 2015 Bonds (the "Bond Purchase Agreement"), among B.C. Ziegler and Company, acting on

behalf of itself, Wells Fargo Bank, National Association and Merrill Lynch, Pierce, Fenner and Smith Incorporated (collectively, the "Underwriters"), the Authority, Shenandoah, Warren and Winchester;

(b) the Trust Agreement, to be dated as of July 1, 2015 or such other date as shall be mutually agreed to by the parties thereto (the "Trust Agreement"), between the Authority and Regions Bank, as Bond Trustee (the "Bond Trustee"), the provisions of which relate to the issuance of and security for the Series 2015 Bonds;

(c) the Loan Agreement, to be dated as of July 1, 2015 or such other date as shall be mutually agreed to by the parties thereto (the "Loan Agreement"), among the Authority, Winchester, Warren and Shenandoah, pursuant to which the Authority will loan the proceeds of the Series 2015 Bonds to Winchester, Warren and Shenandoah, and Winchester, Warren and Shenandoah will agree to repay such loan and to pay certain other amounts as set forth therein;

(d) the Supplemental Indenture for Obligation No. 20, to be dated as of July 1, 2015 or such other date as shall be mutually agreed to by the parties thereto ("Supplemental Indenture No. 20"), among Shenandoah, Winchester, Warren, Hampshire Memorial Hospital, Inc., Page Memorial Hospital and Regions Bank, as successor master trustee (the "Master Trustee"), supplementing the Master Trust Indenture, dated as of September 1, 1986, between Winchester and the Master Trustee;

(e) Obligation No. 20 of Shenandoah, Warren and Winchester ("Obligation No. 20"), to be dated the date of its delivery;

(f) the Escrow Deposit Agreement, to be dated as of July 1, 2015 or such other date as shall be mutually agreed to by the parties thereto (the "2009E Escrow Deposit Agreement"), among the Authority, Winchester and Regions Bank, as Escrow Agent, relating to the Series 2009E Bonds;

(g) the Escrow Deposit Agreement, to be dated as of July 1, 2015 or such other date as shall be mutually agreed to by the parties thereto (the "2007 Escrow Deposit Agreement" and, together with the 2009E Escrow Deposit Agreement, the "Escrow Deposit Agreements"), among the Authority, Winchester, Warren, Shenandoah and Regions Bank, as Escrow Agent, relating to the Series 2007 Bonds; and

(h) the Preliminary Official Statement of the Authority (the "Preliminary Official Statement"), relating to the Series 2015 Bonds; and

WHEREAS, the Authority hereby finds that the use of the proceeds of the Series 2015 Bonds for the purposes hereinabove set forth will accomplish the public purposes set forth in the Act; and

WHEREAS, the Authority has determined that adequate provision has been made for the payment of the principal of, and the redemption premium, if any, and interest on the Series 2015 Bonds;

NOW THEREFORE, THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WINCHESTER, VIRGINIA DOES HEREBY RESOLVE, AS FOLLOWS:

Section 1. Capitalized words and terms used in this Series Resolution and not defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Trust Agreement or the Loan Agreement.

Section 2. Pursuant to the authority granted to it by the Act, the Authority hereby authorizes the issuance of the Series 2015 Bonds in the aggregate principal amount not to exceed \$132,700,000. The Series 2015 Bonds shall be issued as fully registered bonds in Authorized Denominations. Payments of principal of and interest on the Series 2015 Bonds shall be made by the Bond Trustee to the registered owners of the Series 2015 Bonds in such manner as is set forth in the Trust Agreement.

Section 3. The Series 2015 Bonds shall be subject to mandatory, extraordinary and optional redemption and purchase in lieu of redemption at the times, upon the terms and conditions and at the prices set forth in the Trust Agreement.

Section 4. The Board hereby delegates to the Chairman of the Authority or, in his absence or unavailability, the Vice Chairman of the Authority, subject to the limitations and guidelines contained herein, the power to determine and carry out the following with respect to the Series 2015 Bonds:

(A) To determine the aggregate principal amount of the Series 2015 Bonds, not to exceed \$132,700,000;

(B) To determine the maturities and maturity amounts of, and the Sinking Fund Requirements for, the Series 2015 Bonds, the final maturity not to extend beyond January 1, 2044;

(C) To determine the interest payment dates and the interest rates for the Series 2015 Bonds, the true interest cost of which shall not in the aggregate exceed five and one-fourth percent (5.25%);

(D) To approve the sale of the Series 2015 Bonds and the purchase price for the Series 2015 Bonds, in accordance with the provisions of Section 10 of this Series Resolution; and

(E) To determine any other terms or provisions for the Series 2015 Bonds deemed advisable and not in conflict with the terms and provisions of this Series Resolution.

The execution and delivery of the Trust Agreement and the Bond Purchase Agreement, pursuant to Sections 6 and 7, respectively, of this Series Resolution, shall be conclusive evidence of the determinations or other actions taken by the Chairman of the Authority or, in his absence or unavailability, the Vice Chairman of the Authority pursuant to the authority granted in this Series Resolution.

Section 5. The proceeds of the Series 2015 Bonds shall be applied as provided in Section 208 of the Trust Agreement.

Section 6. The forms, terms and provisions of the Trust Agreement, the Loan Agreement and the Escrow Deposit Agreements are hereby approved in all respects and the Chairman or Vice Chairman and the Secretary of the Authority are hereby authorized and directed to execute and deliver the Trust Agreement, the Loan Agreement and the Escrow Deposit Agreements in substantially the forms presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary or appropriate, including, but not limited to, changes, modifications and deletions necessary to incorporate the final terms of the Series 2015 Bonds as shall be set forth in the Bond Purchase Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

Section 7. The form, terms and provisions of the Bond Purchase Agreement are hereby approved in all respects and the Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute and deliver the Bond Purchase Agreement in substantially the form presented to this meeting, together with such changes, modifications, insertions and deletions as the Chairman or Vice Chairman, with the advice of counsel, may deem necessary or appropriate; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

Section 8. The forms, terms and provisions of Supplemental Indenture No. 20 and Obligation No. 20 are hereby approved in substantially the forms presented at this meeting, together with such changes, modifications and deletions as the Chairman or Vice Chairman, with the advice of counsel, may deem necessary or appropriate; and the execution and delivery of the Trust Agreement pursuant to Section 6 of this Series Resolution shall be conclusive evidence of the approval of Supplemental Indenture No. 20 and Obligation No. 20 by the Authority.

Section 9. The form of the Series 2015 Bonds set forth in the Trust Agreement is hereby approved in all respects and the Chairman or Vice Chairman and the Secretary of the Authority are hereby authorized and directed to execute, by manual or facsimile signature, as provided in such form of the Series 2015 Bonds, and to deliver to the Bond Trustee for authentication on behalf of the Authority, the Series 2015 Bonds in definitive form, which shall be in substantially the form presented to this meeting, together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement; and such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the Authority.

Section 10. The Authority hereby approves the sale of the Series 2015 Bonds to the Underwriters in a negotiated sale at a purchase price which may include an underwriting discount and original issue discount or premium, subject to the approval of the Chairman or Vice Chairman of the Authority.

Section 11. Upon their execution in the form and manner set forth in the Trust Agreement, the Series 2015 Bonds shall be deposited with the Bond Trustee for authentication, and the Bond Trustee is hereby authorized and directed to authenticate the Series 2015 Bonds and deliver the Series 2015 Bonds to the Underwriters against payment therefor.

Section 12. The Authority hereby approves the use and distribution of the Preliminary Official Statement in connection with the sale of the Series 2015 Bonds, and the Official Statement (the "Official Statement"), in substantially the form of the Preliminary Official Statement, with such changes as are necessary to reflect the maturities, redemption provisions and interest rates of the Series 2015 Bonds, is hereby approved. The Chairman or Vice Chairman is hereby authorized to execute, on behalf of the Authority, the Official Statement, in substantially such form, together with such changes, modifications and deletions as the Chairman or Vice Chairman, with the advice of counsel, may deem necessary or appropriate; and such execution shall be conclusive evidence of the approval thereof by the Authority. The Chairman or Vice Chairman is hereby further authorized to determine, and to certify or otherwise represent, on behalf of the Authority, when the Preliminary Official Statement is to be "deemed final" (except for permitted omissions) and when the Official Statement is a "final official statement" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The Authority hereby approves and authorizes the distribution and use of copies of the Official Statement, the Trust Agreement, the Loan Agreement and the Escrow Deposit Agreements by the Underwriters in connection with such sale.

Section 13. Regions Bank is hereby appointed Bond Trustee for the Series 2015 Bonds.

Section 14. Each of Ronald A. Mislowsky, Chairman of the Authority, and Michael L. Bryan, Secretary of the Authority, is hereby appointed as an Authority Representative under the Loan Agreement, with full power to carry out the duties set forth therein.

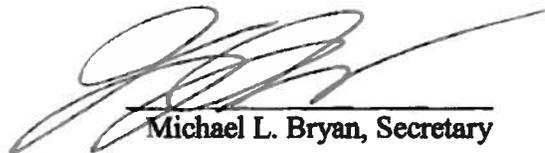
Section 15. The Depository Trust Company, New York, New York is hereby appointed as the initial Securities Depository for the Series 2015 Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of the Series 2015 Bonds.

Section 16. The Chairman, Vice Chairman and Secretary of the Authority are authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments, as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Official Statement, the Trust Agreement, the Loan Agreement, the Escrow Deposit Agreements and the Bond Purchase Agreement, and such execution and delivery shall be conclusive evidence of the authorization and approval thereof by the Authority.

Section 17. This Series Resolution shall take effect immediately upon its passage.

Adopted May 26, 2015.




Michael L. Bryan, Secretary

**FISCAL IMPACT STATEMENT
FOR PROPOSED BOND FINANCING**

Date: May 26, 2015

Applicants: Winchester Medical Center, Shenandoah Memorial Hospital and Warren Memorial Hospital
Facilities: Facilities in the City of Winchester, Virginia, the Town of Woodstock, Virginia, the Town of Front Royal, Virginia and the Town of New Market, Virginia

	<u>City of Winchester</u>	<u>Town of Woodstock</u>	<u>Town of Front Royal</u>	<u>Town of New Market</u>	<u>Total</u>
1. Maximum amount of financing sought.	\$90,864,740	\$11,814,090	\$29,750,989	\$270,181	\$132,700,000
2. Estimated taxable value of the facility's real property to be constructed in the locality.	n/a	n/a	n/a	n/a	n/a
3. Estimated real property tax per year using present tax rates.	n/a	n/a	n/a	n/a	n/a
4. Estimated personal property tax per year using present tax rates.	n/a	n/a	n/a	n/a	n/a
5. Estimated merchants' capital tax per year using present tax rates.	n/a	n/a	n/a	n/a	n/a
6. (a) Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality.	\$0*	\$0*	\$0*	\$0*	\$0*
(b) Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality.	\$0*	\$0*	\$0*	\$0*	\$0*
(c) Estimated dollar value per year of services that will be purchased from Virginia companies within the locality.	\$0*	\$0*	\$0*	\$0*	\$0*
(d) Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality.	\$0*	\$0*	\$0*	\$0*	\$0*
7. Estimated number of regular employees on year round basis (FTEs).	2,500 FTE	252 FTE	433 FTE	13 FTE	3,198 FTE
8. Average annual salary per employee.	\$59,594	\$59,234	\$53,793	\$92,509	\$66,300


 Chairman, Economic Development Authority
 of the City of Winchester, Virginia

* No impact. Refunding bonds only are being issued.

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WINCHESTER,
VIRGINIA AUTHORIZING THE ISSUANCE, IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$132,700,000, BY THE
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WINCHESTER,
VIRGINIA OF ITS HOSPITAL REVENUE REFUNDING BONDS
(VALLEY HEALTH SYSTEM OBLIGATED GROUP), SERIES 2015**

WHEREAS, the City of Winchester, Virginia (the "City") is a political subdivision of the Commonwealth of Virginia exercising public and essential governmental functions pursuant to the Constitution and the laws of the Commonwealth of Virginia; and

WHEREAS, the Economic Development Authority of the City of Winchester, Virginia (the "Authority") is a political subdivision of the Commonwealth of Virginia and is authorized under Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to borrow money for the purpose of providing funds to finance the acquisition, construction, equipping, expansion, enlargement and improvement of medical facilities in order to provide modern and efficient medical services to the inhabitants of the Commonwealth of Virginia, to refinance medical facilities in order to reduce the costs to residents of the Commonwealth of utilizing such facilities and to issue its revenue bonds for the purpose of carrying out any of its powers; and

WHEREAS, Winchester Medical Center ("Winchester") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the City of Winchester, Virginia; and

WHEREAS, Shenandoah Memorial Hospital ("Shenandoah") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of the Commonwealth of Virginia, which operates medical facilities located in the Town of Woodstock, Virginia and the Town of New Market, Virginia; and

WHEREAS, Warren Memorial Hospital ("Warren") is a private, nonstock corporation duly incorporated and validly existing under and by virtue of the laws of Commonwealth of Virginia, which operates medical facilities located in the Town of Front Royal, Virginia; and

WHEREAS, Winchester, Warren and Shenandoah have requested that the Authority issue a series of its revenue refunding bonds (the "Bonds"), in an aggregate principal amount not to exceed \$132,700,000; and

WHEREAS, the Bonds will be issued for the purpose of making a loan to Winchester, Warren and Shenandoah (i) to refund all of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2009E (the "Series 2009E Bonds"), issued on December 17, 2009 in the original aggregate principal amount of \$75,000,000 and currently outstanding in the aggregate principal amount of \$29,025,000, (ii) to refund all or a portion of the Authority's outstanding Hospital Revenue Bonds (Valley Health System Obligated Group), Series 2007 (the "Series 2007 Bonds"), issued on January 31, 2007 in the original aggregate principal amount of \$88,335,000 and currently outstanding in the aggregate principal amount of

\$87,310,000, and (iii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Bonds; and

WHEREAS, the Series 2009E Bonds were issued for the purpose of providing funds, together with other available funds, (i) to pay, or reimburse Winchester for paying, all or a portion of the cost of (A) renovating, expanding and equipping certain portions of the general acute care hospital and regional referral center known as Winchester Medical Center (the "Medical Center"), including the construction of a 400,000 square-foot, four-story bed tower to provide space for 54 additional beds for the step-down unit, the critical care unit and the observation unit, to provide space for 36 additional bassinets for the neo-natal intensive care unit, to allow for a future increase of up to 120 beds on two shelled floors, to relocate laboratory services, to expand cardiovascular services, including the addition of a catheterization laboratory and shelled space for up to six more such laboratories, and to expand the emergency room; and constructing and acquiring a new heating plant, boilers and emergency power generators in connection with such renovation, expansion and equipping of the Medical Center; (B) constructing and equipping a 60,000 square-foot outpatient diagnostic center; (C) constructing a 560 space parking deck for staff and patient parking; and (D) acquiring certain other capital equipment for use in or in connection with the Medical Center and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2009 Medical Center Project"); and (ii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2009E Bonds; and

WHEREAS, the Series 2007 Bonds were issued for the purpose of providing funds, together with other available funds, (i) to finance or refinance for Winchester all or a portion of the cost of (A) renovating, expanding and equipping certain portions of the Medical Center, including the renovation of approximately 60,000 square feet of space at the main hospital building and other buildings at the Medical Center to accommodate patient care, laboratory and administrative services and other hospital functions, including the renovation and expansion of the emergency department, the addition of a new bariatric suite, the renovation of the labor and delivery department to accommodate new ultrasound and recovery areas, the renovation and expansion of the pharmacy, the renovation of the inpatient wing for a new, eight-bed neurology intensive care unit, and the relocation of laboratories, the biomedical department, administrative offices and clinical research facilities; (B) acquiring and installing a new nursery security system at the main hospital building at the Medical Center; (C) acquiring and installing a linear accelerator at a medical office building at the Medical Center; (D) acquiring and installing 12 new heat pump units at the physical and occupational therapy building located at the Medical Center; (E) acquiring and installing underground utility equipment at the Medical Center; and (F) acquiring certain other capital equipment for use in or in connection with the Medical Center and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2007 Medical Center Project"); (ii) to finance or refinance for Shenandoah all or a portion of the cost of (A) renovating, expanding and equipping certain portions of Shenandoah's medical care facilities operated as Shenandoah Memorial Hospital, including (1) the renovation of 1,500 square feet of space for the laundry facility at the main hospital building; (2) the construction of a 1,930-square foot addition to the north side of the main hospital building adjacent to the emergency department for the medical imaging department; and (3) the construction of a 17,690 square-foot addition to the south side of the main hospital building and renovation of 15,030 square feet of existing space for the ambulatory surgery unit; (B)

constructing a one-story, 9,000 square-foot ambulatory care center (the "New Market Ambulatory Care Center"); (C) installing a new traffic signal on Route 11 at the main entrance to the main hospital building; (D) acquiring and installing a new medical/surgical nursing call system in the main hospital building; and (E) acquiring certain other capital equipment for use in or in connection with Shenandoah Memorial Hospital and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2007 Shenandoah Memorial Hospital Project"); (iii) to finance or refinance for Warren all or a portion of the cost of (A) renovating, expanding and equipping certain portions of Warren's medical care facilities operated as Warren Memorial Hospital, including (1) the construction of a 2,600 square-foot addition to the south side of Warren Memorial Hospital's skilled nursing facility, the Lynn Care Center, for rehabilitation services; and (2) the renovation of 3,200 square feet of existing space in the main hospital building for laboratory services; (B) constructing and equipping a two-story, 36,000 square-foot ambulatory care center (the "Warren Ambulatory Center"); (C) acquiring a 3.8 acre parcel of land for construction of the Warren Ambulatory Center; (D) acquiring and installing a new medical gas system at the main hospital building; (E) acquiring a 151-acre parcel of land for future development within an exempt purpose of Warren (the "Future Facility Land"); and (F) acquiring certain other capital equipment for use in or in connection with Warren Memorial Hospital and renovating any space necessary or incidental to the installation of any such equipment (collectively, the "2007 Warren Memorial Hospital Project" and, together with the 2007 Medical Center Project and the 2007 Shenandoah Memorial Hospital Project, the "2007 Project"); (iv) to refinance for Shenandoah the outstanding Industrial Development Authority of Shenandoah County, Virginia Hospital Facilities Revenue Refunding Bonds (Shenandoah Memorial Hospital), Series 2003 (the "Shenandoah Series 2003 Bonds"); (v) to refinance for Warren the outstanding Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia Hospital Facilities Revenue Bonds (Warren Memorial Hospital), Series 2003 (the "Warren Series 2003 Bonds"); (vi) to fund a portion of the interest accruing on the Series 2007 Bonds during the construction period, and a reasonable period thereafter, of the 2007 Project; and (vii) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Series 2007 Bonds; and

WHEREAS, the proceeds derived from the sale of the Shenandoah Series 2003 Bonds were applied to refund the Industrial Development Authority of Shenandoah County, Virginia Facility Revenue Bond (Shenandoah County Memorial Hospital), Series 1994 (Bank-Qualified), the proceeds of which were used to pay the costs of additions, improvements, renovations and equipment for Shenandoah Memorial Hospital and to pay financing costs and costs of issuance incurred in connection with the Shenandoah Series 2003 Bonds (the "2003 Shenandoah Project"); and

WHEREAS, the proceeds derived from the sale of the Warren Series 2003 Bonds were applied to finance or refinance all or a portion of the costs of: (a) refunding the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia Medical Facilities Revenue Bonds (Warren Memorial Hospital), Series 1992 (Bank-Qualified), the proceeds of which were used to refinance certain prior debt and to pay the cost of improvements, renovations and equipment for Warren Memorial Hospital; (b) acquiring, constructing, expanding and equipping the Lynn Care Center; (c) acquiring, constructing, renovating and equipping hospital facilities; (d) paying interest accruing on the Warren Series 2003 Bonds during the acquisition, construction, reconstruction, expansion and equipping of such facilities;

and (e) paying certain issuance expenses incurred in connection with the Warren Series 2003 Bonds (the "2003 Warren Project"); and

WHEREAS, the Medical Center, the 2009 Medical Center Project and the 2007 Medical Center Project are located on a 166-acre campus bounded on the south by Amherst Street, on the west by Route 37, on the north approximately by Pond View Drive and a line extending from the end of Pond View Drive west to Route 37, and approximately on the east by Linden Drive and Whitacre Street, with addresses currently ranging from 1830 to 1890 Amherst Street and from 190 to 400 Campus Blvd., Winchester, Virginia 22604; Shenandoah Memorial Hospital is located at 759 South Main Street, Woodstock, Virginia 22664; the New Market Ambulatory Care Center is located at 9166 North Congress Street, New Market, Virginia 22844; Warren Memorial Hospital is located at 1000 N. Shenandoah Avenue, Front Royal, Virginia 22630; the Lynn Care Center is located at 132 West 11th Street, Front Royal, Virginia 22630; the Warren Ambulatory Center is located at 120 North Commerce Avenue, Front Royal, Virginia 22630; and the Future Facility Land, which does not yet have an address, is a 151-acre parcel of land identified on the Town of Front Royal Tax Map No. 20A212-2, located north of John Marshall Highway and south of Happy Creek Road in Front Royal, Virginia; and

WHEREAS, the Medical Center, the 2009 Medical Center Project and the 2007 Medical Center Project are owned and operated by Winchester, whose sole corporate member is Valley Health System ("Valley Health"), also a Virginia nonstock corporation; and

WHEREAS, Shenandoah Memorial Hospital, the 2003 Shenandoah Project and the 2007 Shenandoah Memorial Hospital Project (other than the New Market Ambulatory Care Center) are owned and operated by Shenandoah, whose sole corporate member is Valley Health; and the New Market Ambulatory Care Center is operated by Shenandoah pursuant to an improvement lease; and

WHEREAS, Warren Memorial Hospital, the 2003 Warren Project and the 2007 Warren Memorial Hospital Project (other than the Warren Ambulatory Center) are owned and operated by Warren, whose sole corporate member is Valley Health; and the Warren Ambulatory Center is owned by Valley Health and operated by Warren; and

WHEREAS, the Authority has by resolution adopted on May 26, 2015 (the "Authority Approval Resolution") approved the issuance by the Authority of the Bonds, in an aggregate principal amount not exceeding \$132,700,000, for the purposes hereinabove set forth; and

WHEREAS, the Authority held a public hearing on May 26, 2015 with respect to the issuance of the Bonds in accordance with state and federal law; and

WHEREAS, the Common Council of the City of Winchester, Virginia (the "Winchester Common Council") must first approve the issuance of the Bonds by the Authority; and

WHEREAS, the Authority has delivered or caused to be delivered to the Winchester Common Council the following: (i) a reasonably detailed summary of the comments expressed at the public hearing held by the Authority in connection with the issuance of the Bonds, (ii) a fiscal impact statement concerning the Bonds in the form specified by Section 15.2-4907 of the Act, and (iii) a copy of the Authority Approval Resolution, which constitutes the

recommendation of the Authority that the Winchester Common Council approve the issuance of the Bonds; and

WHEREAS, the Winchester Common Council has determined that it is advisable and in the best interest of the City to approve the issuance by the Authority of the Bonds, in an aggregate principal amount not exceeding \$132,700,000, to protect and promote the health and welfare of the inhabitants of the Commonwealth of Virginia;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Winchester, Virginia:

1. The Winchester Common Council hereby approves the issuance by the Authority of the Bonds, in an aggregate principal amount not exceeding \$132,700,000, to provide funds for the purpose of making a loan to Winchester, Warren and Shenandoah (a) to refund all of the Series 2009E Bonds, (b) to refund all or a portion of the Series 2007 Bonds, and (c) to pay certain expenses incurred in connection with the authorization, issuance and sale of the Bonds.

2. The Mayor, the Clerk and any Deputy Clerk of the Winchester Common Council are hereby authorized and directed, acting jointly or separately, on behalf of the City, to take all action necessary or desirable, including the execution of any documents, to consummate the issuance of the Bonds.

3. The approval of the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, and the Act, does not constitute an endorsement to any prospective purchaser of the Bonds of the creditworthiness of Winchester, Warren or Shenandoah and, as required by the Act, the Bonds shall provide that neither the Commonwealth of Virginia, the City nor the Authority shall be obligated to pay the principal of, the redemption premium, if any, or the interest on the Bonds or other costs incident thereto except from the revenues and funds pledged therefor and neither the faith or credit nor the taxing power of the Commonwealth of Virginia, the City nor the Authority shall be pledged thereto.

4. This resolution shall take effect immediately upon its passage.

ATTEST:

Kari J. Van Diest, CMC
Deputy Clerk of the Common Council