

CITY OF WINCHESTER, VIRGINIA

CITY COUNCIL AGENDA ITEM

CITY COUNCIL MEETING OF: November 24, 2015

RESOLUTION ORDINANCE DESCRIPTION/PRESENTATION

ITEM TITLE: RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WINCHESTER CONCURRING WITH A FINANCING TO BE UNDERTAKEN BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF MOUNT JACKSON, VIRGINIA, TO BENEFIT SHENANDOAH UNIVERSITY

PUBLIC HEARING DATE:

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. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

Review:

Mary Blowe	Completed	11/12/2015 8:45 AM
Kimberly L. Murray	Completed	11/17/2015 11:13 AM
Anthony Williams	Completed	11/18/2015 8:04 AM
Eden Freeman	Completed	11/19/2015 5:12 PM

Approved as to form:

Mary Blowe

Mary Blowe, Chief Financial Officer 11/12/2015

By: 

Winchester
office of the
city attorney *Virginia*

Anthony C. Williams, City Attorney
Office of the City Attorney
15 N. Cameron Street, Suite 313
Winchester, VA 22601
Phone: 540-667-1815, x.1433
Fax: 540-667-2259



Eden Freeman, City Manager 11/19/2015

CITY COUNCIL ACTION MEMO

To: Honorable Mayor and Members of City Council
From: Mary Blowe, Chief Financial Officer
Date: November 24, 2015
Re: RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WINCHESTER CONCURRING WITH A FINANCING TO BE UNDERTAKEN BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF MOUNT JACKSON, VIRGINIA, TO BENEFIT SHENANDOAH UNIVERSITY

THE ISSUE:

Resolution of the Common Council of the City of Winchester concurring with a financing to be undertaken by the Economic Development Authority of the Town of Mount Jackson, Virginia, to benefit Shenandoah University (the "University").

RELATIONSHIP TO STRATEGIC PLAN:

Goal II - Encourage sustainable growth and partnerships through business and workforce development.

BACKGROUND:

The University desires to issue bank-qualified debt in a total amount not to exceed \$20 million, with up to \$10 million to be issued in calendar year 2015 and up to \$10 million to be issued in calendar year 2016. Proceeds of the debt will be used to finance costs of the design, acquisition, construction, renovation, rehabilitation and equipping of various capital improvement projects at the University including (without limitation) (1) an athletics and events center, (2) a three-story parking garage and (3) a student housing facility, portions of which may be located within the geographic boundaries of Frederick County and portions of which may be located within the geographic boundaries of the City. The University has procured a favorable bank-qualified interest rate for the bonds.

BUDGET IMPACT:

Current IRS regulations set a limit of \$10 million on the amount of bank qualified debt a locality (including its subordinate entities) may issue per calendar year. The City of Winchester does not have any bank-qualified capacity left for calendar year 2015 and does not expect to have sufficient bank-qualified capacity for calendar year 2016. The University will be able to utilize the Town of Mount Jackson's full \$10 million bank-qualified capacity for each of 2015 and 2016 to realize the lowest interest cost options.

OPTIONS:

Council could choose not to adopt the resolution and have Shenandoah University seek another form of financing.

RECOMMENDATIONS:

Staff recommends the approval of this resolution to further increase and support Council goals to improve economic development and infrastructure investment.

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WINCHESTER
CONCURRING WITH A FINANCING TO BE UNDERTAKEN BY THE
ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF MOUNT
JACKSON, VIRGINIA, TO BENEFIT SHENANDOAH UNIVERSITY**

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF WINCHESTER
CONCURRING WITH A FINANCING TO BE UNDERTAKEN BY THE ECONOMIC
DEVELOPMENT AUTHORITY OF THE TOWN OF MOUNT JACKSON, VIRGINIA, TO
BENEFIT SHENANDOAH UNIVERSITY**

WHEREAS, the Economic Development Authority of the Town of Mount Jackson, Virginia (the "Authority"), has received an application from Shenandoah University, a not-for-profit Virginia non-stock corporation (the "University"), requesting the Authority to issue one or more series of Educational Facilities Revenue Bonds in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds") to finance (a) the design, acquisition, construction, renovation, rehabilitation and equipping of various capital improvement projects including (without limitation) (1) an athletics and events center, (2) a three-story parking garage and (3) a student housing facility and (b) issuance expenses incurred in connection with the issuance of the Bonds (collectively, the "Project");

WHEREAS, Section 15.2-4905 of the Code of Virginia of 1950, as amended (the "Virginia Code"), states that an industrial development authority may not finance facilities in another jurisdiction that has created its own industrial development authority "unless the governing body of such county, city or town in which the facilities are located or are proposed to be located, concurs with the inducement resolution adopted by the Authority, and shows such concurrence in a duly adopted resolution;"

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") requires that the governmental unit having jurisdiction over the area in which any facility financed with the proceeds of the Bonds is located approve the issuance of such Bonds;

WHEREAS, Section 147(f) of the Internal Revenue Code requires that any such approval by the applicable governmental unit be given after a public hearing following reasonable public notice, which hearing may be held by the public authority issuing the Bonds;

WHEREAS, on November 30, 2015, in accordance with the requirements of Section 147(f) of the Internal Revenue Code and Section 15.2-4906 of the Virginia Code, the Authority held a public hearing and adopted a resolution (the "Resolution"), a copy of which has been filed with the records of the Clerk of the Common Council of the City; and

WHEREAS, the University has requested the Common Council of the City to express its concurrence with the Resolution so that a portion of the net proceeds of the Bonds may be loaned to the University to finance such portions of the Project to be located in the City.

BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF WINCHESTER, VIRGINIA:

1. The Common Council hereby approves the issuance of the Bonds by the

Authority for the benefit of the University, as required by Section 147(f) of the Internal Revenue Code and Section 15.2-4906 of the Virginia Code, and concurs with the Resolution adopted by the Authority for the benefit of the University to the extent required by Section 15.2-4905 of the Virginia Code to permit the Authority to loan the proceeds of the Bonds to the University to finance the portion of the Project to be located in the City.

2. The approval of the issuance of the Bonds does not constitute an endorsement of the Bonds or the creditworthiness of the University. As required by Section 15.2-4909 of the Virginia Code, the Bonds shall provide that the City will have no obligation to pay the Bonds or the interest thereon or other costs incident thereto.

3. All acts and doings of the officers of the City and members of the Common Council that are in conformity with the purposes and intent of this resolution shall be, and the same hereby are, in all respects approved and confirmed.

4. This Resolution shall take effect immediately.