

IN THE COUNCIL OF THE CITY OF SALEM, VIRGINIA, DECEMBER 9, 2019:

RESOLUTION 1369

A RESOLUTION approving of the financing of a project proposed by The Trustees of Roanoke College, the refinancing of prior obligations issued by or for the benefit of The Trustees of Roanoke College, and the issuance of bonds in an amount not to exceed \$43,000,000 by The Economic Development Authority of the City of Salem, Virginia.

WHEREAS, The Economic Development Authority of the City of Salem, Virginia (the "Authority") has considered the application of The Trustees of Roanoke College (the "Borrower") requesting the issuance of one or more of the Authority's revenue bonds or notes in an amount not to exceed \$43,000,000 (the "Bonds") in one or more series, from time to time, to assist the Borrower in (a) financing the acquisition, construction, renovation and equipping of academic, student housing, athletic and other facilities (collectively, the "Project") on the Main Campus and the Elizabeth Campus (both as hereinafter defined), in the City of Salem, Virginia (the "City"), (b) refunding the outstanding principal balance of one or more of the following (collectively, the "Prior Obligations"): (i) the \$20,430,000 Educational Facilities Revenue Bonds (Roanoke College), Series 2007, issued by the Virginia College Building Authority (the "VCBA Bonds"), (ii) the \$15,000,000 Educational Facilities Revenue Bonds (Roanoke College), Series 2011, issued by the Virginia Small Business Financing Authority (the "VSBFA Bonds"), (iii) the Borrower's \$17,000,000 promissory note issued in 2015 (the "Cregger Center Note"), and (iv) the Borrower's \$1,500,000 promissory note issued in 2015 (the "Bank Building Note") and paying accrued interest on the Prior Obligations, (c) paying interest on the Bonds, and (d) paying the costs of issuing the Bonds; and

WHEREAS, the Main Campus is the Borrower's main campus in the City, which is located on the property bounded by Main Street, North Broad Street, Hawthorn Road, High Street, Cleveland Avenue and Thompson Memorial Drive (a portion of which property is owned by persons other than the Borrower), and the Elizabeth Campus is the Borrower's campus in the City that has generally been referred to as the Elizabeth Campus, which is located on the property bounded by Lynchburg Turnpike, Texas Street and Idaho Street (a portion of which property is owned by persons other than the Borrower); and

WHEREAS, the Prior Obligations were issued for the purpose of financing or refinancing the acquisition, construction, renovation and equipping of facilities (collectively, the "Prior Projects") located on the Main Campus and the Elizabeth Campus, including residence halls and other housing facilities, administrative buildings, classroom facilities, the Fintel Library, the Cregger Center, parking lots and entrances to the Main Campus; and

WHEREAS, the approximate outstanding principal amounts of the Prior Obligations as of the date that the Bonds are projected to be used are expected to be (a) \$12,385,000, in the case of the VCBA Bonds, (b) \$13,140,000, in the case of the VSBFA Bonds, (c) \$8,000,000, in the case of the Cregger Center Note, and (d) \$607,000, in the case of the Bank Building Note; and the amount of the proceeds of the Bonds that will be used to finance the Project is not to exceed \$8,000,000; and

WHEREAS, the Project and the Prior Projects will be located entirely in the City and will be owned and operated by the Borrower; and

WHEREAS, the Authority has held a public hearing with respect to the Bonds; and

WHEREAS, it has been requested that the City Council (the "Council") of the City approve the financing of the Project, the refunding of some or all of the Prior Obligations and the issuance of the Bonds, and such approval is required for compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code");

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALEM, VIRGINIA:

1. The Council approves the financing of the Project, the refunding of any or all of the Prior Obligations and the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by said Section 147(f), to permit the Authority to assist in the financing of the Project and the refunding of the Prior Obligations.

2. The approval of the issuance of the Bonds, as required by said Section 147(f), does not constitute an endorsement of the Bonds, the creditworthiness of the Borrower or the economic viability of the Project or the Prior Projects. The Bonds shall provide that neither the Commonwealth of Virginia (the "Commonwealth") nor any political subdivision thereof, including the City and the Authority, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged therefor and that neither the faith or credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the City and the Authority, shall be pledged thereto.

3. This Resolution shall take effect immediately upon its adoption.

Upon a call for an aye and a nay vote, the same stood as follows:

John E. Saunders -
James A. Martin -
William D. Jones -
Jane W. Johnson -
Byron Randolph Foley -

ATTEST:

James E. Taliaferro, II
Clerk of Council
City of Salem, Virginia

**RESOLUTION OF THE ECONOMIC
DEVELOPMENT AUTHORITY OF
THE CITY OF SALEM, VIRGINIA**

WHEREAS, there have been described to The Economic Development Authority of the City of Salem, Virginia (the "Authority") the plans of The Trustees of Roanoke College (the "Borrower") for (a) the acquisition, construction, renovation and equipping of academic, student housing, athletic and other facilities (collectively, the "Project") on the Main Campus and the Elizabeth Campus (both as hereinafter defined), in the City of Salem, Virginia (the "City"), (b) refunding the outstanding principal balance of one or more of the following (collectively, the "Prior Obligations"): (i) the \$20,430,000 Educational Facilities Revenue Bonds (Roanoke College), Series 2007, issued by the Virginia College Building Authority, (ii) the \$15,000,000 Educational Facilities Revenue Bonds (Roanoke College), Series 2011, issued by the Virginia Small Business Financing Authority, (iii) the Borrower's \$17,000,000 promissory note issued in 2015, and (iv) the Borrower's \$1,500,000 promissory note issued in 2015 and paying accrued interest on the Prior Obligations, (c) paying interest on the Bonds, and (d) paying the costs of issuing the Bonds; and

WHEREAS, the Main Campus is the Borrower's main campus in the City, which is located on the property bounded by Main Street, North Broad Street, Hawthorn Road, High Street, Cleveland Avenue and Thompson Memorial Drive (a portion of which property is owned by persons other than the Borrower), and the Elizabeth Campus is the Borrower's campus in the City that has generally been referred to as the Elizabeth Campus, which is located on the property bounded by Lynchburg Turnpike, Texas Street and Idaho Street (a portion of which property is owned by persons other than the Borrower); and

WHEREAS, the Prior Obligations were issued for the purpose of financing or refinancing the acquisition, construction, renovation and equipping of facilities (collectively, the "Prior Projects") located on the Main Campus and the Elizabeth Campus, including residence halls and other housing facilities, administrative buildings, classroom facilities, the Fintel Library, the Cregger Center, parking lots and entrances to the Main Campus; and

WHEREAS, the Borrower has described to the Authority the benefits to the City and has requested the Authority to agree to issue its revenue bonds or notes, under the Virginia Industrial Development and Revenue Bond Act (the "Act"), in such amounts as may be necessary to finance the cost of the Project and the refunding of the Prior Obligations;

BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SALEM, VIRGINIA:

1. It is hereby found and determined that the location of the Project in the City will promote the welfare of the residents of the City and the Commonwealth of Virginia, will enhance educational opportunities for such residents, will be in the public interest and will be consistent with the purposes of the Act.

2. To induce the Borrower to locate the Project in the City, the Authority hereby agrees, subject to required approvals and the compliance of the proposed issue with applicable law, to assist the Borrower in every reasonable way to finance the Project and to refund the Prior Obligations and, in particular, to undertake the issuance of one or more of its revenue bonds or notes (the "Bonds") to finance the Project and refund the Prior Obligations in an amount now estimated not to exceed \$43,000,000, all upon terms and conditions to be mutually agreed upon between the Authority and the Borrower. The proceeds from the sale of the Bonds shall be loaned by the Authority to the Borrower pursuant to an agreement or agreements which will provide for loan repayments to the Authority sufficient to pay the principal of and premium, if any, and interest on the Bonds and to pay all other expenses in connection with the Project, the Prior Projects and the Prior Obligations. The Bonds shall be issued in form and pursuant to terms to be set by the Authority.

3. It having been represented to the Authority that it is necessary to proceed immediately with the Project, the Authority hereby agrees that the Borrower may proceed with plans for the Project, enter into contracts for construction, renovation and equipping and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its consent in each instance to the payment of any monies or the performance of any acts in connection with the Project. The Authority agrees that, to the extent consistent with federal tax laws, the Borrower may be reimbursed from the proceeds of the Bonds for all costs so incurred by it.

4. To the extent consistent with federal tax laws, all costs and expenses in connection with the financing of the Project and the refunding of the Prior Obligations, including the fees and expenses of bond counsel and Authority counsel, shall be paid from the proceeds of the Bonds. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

5. The Authority shall perform such other acts and adopt such further resolutions as may be required to implement its undertakings as hereinabove set forth, and if requested by the Borrower, it will make application to the Internal Revenue Service for such tax rulings as may be necessary in the opinion of bond counsel. To that end, the Chairman or Vice Chairman of the Authority is hereby authorized to execute an appropriate power of attorney naming counsel selected by the Borrower for such purposes.

6. The Authority hereby recommends that the City Council of the City (the "Council") approve the financing of the Project, the refunding of the Prior Obligations and the issuance of the Bonds.

7. The officers of the Authority are hereby authorized and directed to deliver to the Council (a) a reasonably detailed summary of the comments expressed at the public hearing held with respect to the issuance of the Bonds, (b) a fiscal impact statement concerning the Project in the form specified in Section 15.2-4907 of the Code of Virginia, and (c) a copy of this resolution, which constitutes the recommendation of the Authority that the Council approve the financing of the Project, the refunding of the Prior Obligations and the issuance of the Bonds.

8. This resolution is adopted as a substitute for, and replaces, a resolution with respect to the Bonds that was adopted by the Authority on October 15, 2019.

9. This resolution shall take effect immediately upon its adoption.

REPORT OF PUBLIC HEARING

A public hearing was conducted by The Economic Development Authority of the City of Salem, Virginia (the "Authority") at a meeting held at 3:00 p.m. on November 19, 2019 on the application of The Trustees of Roanoke College (the "Borrower") requesting the Authority to issue up to \$43,000,000 of its revenue bonds or notes (the "Bonds") to assist the Borrower in (a) financing the acquisition, construction, renovation and equipping of academic, student housing, athletic and other facilities (collectively, the "Project") on the Main Campus and the Elizabeth Campus (both as hereinafter defined), in the City of Salem, Virginia (the "City"), (b) refunding the outstanding principal balance of one or more of the following (collectively, the "Prior Obligations"): (i) the \$20,430,000 Educational Facilities Revenue Bonds (Roanoke College), Series 2007, issued by the Virginia College Building Authority, (ii) the \$15,000,000 Educational Facilities Revenue Bonds (Roanoke College), Series 2011, issued by the Virginia Small Business Financing Authority, (iii) the Borrower's \$17,000,000 promissory note issued in 2015, and (iv) the Borrower's \$1,500,000 promissory note issued in 2015 and paying accrued interest on the Prior Obligations, (c) paying interest on the Bonds, and (d) paying the costs of issuing the Bonds. The Main Campus is the Borrower's main campus in the City, which is located on the property bounded by Main Street, North Broad Street, Hawthorn Road, High Street, Cleveland Avenue and Thompson Memorial Drive (a portion of which property is owned by persons other than the Borrower). The Elizabeth Campus is the Borrower's campus in the City that has generally been referred to as the Elizabeth Campus, which is located on the property bounded by Lynchburg Turnpike, Texas Street and Idaho Street (a portion of which property is owned by persons other than the Borrower). Notice of the hearing was published on November 5, 2019 and November 12, 2019 in The Roanoke Times. Such public hearing was held in the City Council Chambers on the main level of Salem City Hall, 114 North Broad Street, Salem, Virginia. At such meeting, those persons interested in the issuance of the Bonds or the location and nature of the Project or the refunding of the Prior Obligations were given the opportunity to present their views.

The public comments, if any, received at the meeting are summarized in Exhibit A attached hereto.

After such hearing, the Authority voted to recommend the approval of the Bonds to the City Council of the City (the "Council").

Accordingly, the Authority hereby recommends to the Council that it approve the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

Dated November 19, 2019.

THE ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF SALEM,
VIRGINIA

By Cynthia M. Shelton
Chairman

Exhibit A to Report of Public Hearing

The following public comments were received:

None.

FISCAL IMPACT STATEMENT

Date: November 19, 2019

Applicant: The Trustees of Roanoke College

Facility: Real and personal property located on the Applicant's campuses in the City of Salem, Virginia*

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| 1. | Maximum amount of financing sought | \$43,000,000 |
| 2. | Estimated taxable value of the facility's real property to be constructed in the municipality | \$ <u>0</u> |
| 3. | Estimated real property tax per year using present tax rates | \$ <u>0</u> |
| 4. | Estimated personal property tax per year using present tax rates | \$ <u>0</u> |
| 5. | Estimated merchants' capital tax per year using present tax rates | \$ <u>0</u> |
| 6. | a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality: | <u>\$8,500</u> |
| | b. Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality: | <u>\$158,000</u> |
| | c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality: | <u>\$0</u> |
| | d. Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality: | <u>\$31,575</u> |
| 7. | Estimated number of regular employees on year round basis | <u>0</u> |
| 8. | Average annual salary per employee | \$ <u>N/A</u> |

Signature:



Authority Chairman

The Economic Development Authority of the City
of Salem, Virginia

If one or more of the above questions do not apply to the facility, indicate by writing "N/A" on the appropriate line.

* A portion of the proceeds of the financing will also be used to refund bonds previously issued.