

**Industrial Development Authority
of the City of Lexington, VA
Thursday, June 20, 2013, 5:30 pm
City Hall, Community Meeting Room, 1st Floor**

- 1. Call to Order**
- 2. Approval of Minutes of May 20, 2013***
- 3. Presentation of request from Washington & Lee University (W&L) to finance up to \$41,250,000 in revenue bonds for campus improvements**
 - a. Application attached***
- 4. Public Hearing on the W&L request**
 - a. Attached: Public Hearing Notice***
 - b. Attached: IDA Resolution authorizing the issuance of up to \$41,250,000 educational facilities revenue bonds for Washington & Lee University***
- 5. Consideration of resolution approving the financing for the W&L project**
- 6. Adjourn**

Note: The Secretary has in his possession three years of W&L financial statement, the trust indenture documents, and the loan agreement (the latter two have been fully reviewed by the City Attorney, Larry Mann.) If you would like to review these documents, please contact Jon Ellestad at 462-3700.

MINUTES

The following are the Minutes of the May 20, 2013 Industrial Development Authority (IDA) meeting held at City Hall, 300 E Washington St, Lexington, VA in the Community Meeting Room.

Presiding: T. Jon Ellestad, Secretary; followed by Jim Joyner, Vice-Chair (newly-elected)

Members: Jim Joyner
Anna-Lisa Fitzgerald
Eric Bond
John DeVogt
Dan Vance

Staff: Larry Mann, City Attorney

Applicant: Steve Grist, Attorney for Robert E. Lee Properties, LLC

Public: 1

CALL TO ORDER: In the absence of all other officers, Secretary Ellestad called the meeting to order at 5:30 pm.

ELECTIONS: Mr. Ellestad explained that the Vice-Chair and Treasurer had been replaced on the Authority and asked for nominations. **Mr. Vance moved that Mr. Joyner be nominated as the Vice-Chair. Mr. DeVogt seconded the nomination. Motion carried unanimously.**

Mr. Joyner, Vice-Chair took over the meeting.

Mr. Vance moved (seconded by Mr. Fitzgerald) to nominate Mr. Bond as Treasurer. The motion was approved unanimously.

CONSIDERATION OF THE SUBORDINATION AGREEMENT BETWEEN THE IDA AND ROBERT E. LEE PROPERTIES, LLC: Mr. Ellestad provided a brief history of the financial incentives agreement between the City, the IDA, and the developer. City Attorney Mann reported that this issue had been presented to City Council, which supported the agreement. Attorney Grist then explained that the banks loaning the developer the funds in order to renovate the building insisted on being in the first position on the debt. He indicated that the IDA would still be protected because the final value of the property would be greater than the bank loan. **A motion was made by Mr. Vance to approve the subordination agreement, which was seconded by Mr. DeVogt, and approved unanimously.**

The IDA also asked that Mr. Benincasa provide them a tour of the property.

The meeting adjourned at 5:50 pm.

Respectfully submitted,

T. Jon Ellestad, Secretary of the IDA

INDUSTRIAL DEVELOPMENT AUTHORITY
CITY OF LEXINGTON, VIRGINIA
300 East Washington Street
Lexington, VA 24450

APPLICATION FOR BOND FINANCING

Instructions:

This application must be completed and returned to the Authority's Office (with a proposed inducement resolution and resolution of the City Council) no later than thirty (30) working days prior to a hearing before the Authority, which time limitations may be waived by majority vote of the IDA polled by telephone. The Industrial Development Authority meets on an "as needed" basis.

Return to:

The Industrial Development Authority of the City of Lexington, Virginia
ATTN: City Manager
Post Office Box 922
300 East Washington Street
Lexington, VA 24450

A. APPLICATION INFORMATION

1. Date: May 28, 2013
2. Legal name of applicant and, if a corporation, state of incorporation
The Washington and Lee University
3. Address and location of principal office
204 West Washington Street
Lexington, VA 24450
4. Telephone Number:
540-458-8942
5. Names and Addresses of Officers, or of Principals if not a corporation
Kenneth P. Ruscio, President
Steven G. McAllister, Treasurer and Vice President for Finance
James D. Farrar, Jr., Secretary

6. To whom correspondence shall be directed and addressed:

Steven G. McAllister, Treasurer and Vice President for Finance
Washington and Lee University
204 West Washington Street
Lexington, VA 24450

7. Provide background regarding applicant, including history and type(s) of business.

The Washington and Lee University is a private, not-for-profit-sectarian, and coeducational institution of higher learning. Its offerings include undergraduate programs in liberal arts, science and business and a graduate program in law. The University traces its origin to 1749. The University's enrollment is geographically diverse and represents forty-eight states and over twenty-five foreign countries.

B. STATEMENT OF BENEFITS TO CITY OF LEXINGTON AND THE COMMONWEALTH OF VIRGINIA

1. State what new employment opportunities will be created as a result of this project:

It is estimated that these projects will support an average of 85 full-time equivalent year-round jobs during the project period. The projects are intended to upgrade and enhance the first-year experience which we believe translates into higher selectivity of students. The three years of capital projects will continue to enhance, equip and improve University facilities which serves to help to attract the very best faculty and staff. Over the last twenty years, the University has grown the employee base by an average rate of 1.66% per year which translates into 233 new full-time positions at the University during the timeframe. Similar projects in the past have yielded opportunities for expansion of employment at the University. The University has already added a Project Manager and an Engineer in preparation for these projects.

2. Estimate the local taxes projected to be paid as a result of this project:
\$760,000 (\$91,000 in Lexington Building Permits and \$669,000 in Virginia Sales Taxes)

3. State what potential benefits will accrue to the local economy, including non-monetary benefits:

Remodeling the undergraduate housing and re-landscaping the surrounding areas that now sits at the borders of campus will build upon the beauty and historical context of the campus to allow for a more contemporary approach to managing and programming for first year students. In addition, with the extension of air conditioning to Graham-Lees, the University may be able to increase participation and programs that are run on the campus in the summer months. The three years of annual capital projects will be utilized to help maintain and enhance existing facilities while also equipping areas at the University with the most up to date technologies and equipment for departments. Significant work on these projects will be completed by local contractors.

4. Explain how financial assistance of the Authority will encourage or induce applicant to locate or remain in the City of Lexington and the Commonwealth of Virginia:

The University is committed to remaining an important element in the City of Lexington. The Authority provides a means for the University to access the debt markets in an efficient manner.

C. IDENTIFICATION AND DESCRIPTION OF PROPOSED PROJECT

1. Brief description of proposed project or equipment and type of business or industry to be conducted:

Remodeling of First-Year housing on borders of campus (\$24 million), three years of annual capital projects (\$11 million) and refunding of eligible bonds from 2006 VCBA debt issue (\$6.25 million)

2. General location of proposed project or equipment:

Housing projects will be on the northeast corner of Institutional overlay, three years of annual capital projects will be scattered across campus.

3. Present owner of the property: The Washington and Lee University

If applicant is owner, give date of purchase: Founded in 1749, located in Lexington in 1782

If applicant is not the present owner of the property, indicate the following: N/A

Option of purchase: N/A

Date of option: N/A

Expiration date of option: N/A

Contract to purchase: N/A

Date of contract: N/A

4. Indicate 1) the acreage of the proposed site, 2) if there are existing buildings, 3) present use of the site, and 4) present zoning:

1) The main campus is approximately 325 acres. Projects will occur throughout the campus. For housing projects, Gaines Hall occupies 1.4 acres; Graham-Lees Hall 0.7825 acres.

2) For housing projects existing buildings are Graham-Lees Hall and Gaines Hall, balance of projects among other existing buildings as projects are currently contemplated.

3) Graham-Lees (64,035 square feet) houses 258 students and RAs and Gaines Hall (71,000 square feet) houses 223 students and RAs.

4) All property is zoned as part of Institutional Overlay and there has been no identification of needed zoning changes to complete the projects.

5. Indicate the type of building or facility to be constructed. (Describe construction, square footage, amount for each operation such as manufacturing, storage, office, etc.)

Remodeling and renovations envision updated/new mechanical, electrical systems and plumbing systems supporting new bathroom locations, air conditioning installation in Graham-Lees, new bathrooms and private showers, all new finishes and fixtures, state-of-the-art fire alarm and suppression systems, new IT infrastructure, increase in bed capacity routinely to 486 with "overflow" use of some spaces providing a total peak capacity of 519. No anticipated change in square footage-Graham Lees 64,034 square feet and Gaines Hall 71,000 square feet.

6. Does the project contemplate additions and/or renovations to existing buildings?

Current undergraduate housing will be renovated; redevelopment of area between Graham-Lees, Gaines and land currently occupied by Gilliam Hall and two single-family residences into a first-year "neighborhood" envisions transformation of area to a multi-functional space. Many of the capital projects included in the three years of annual capital projects will involve renovations, enhancements and improvements to current buildings.

7. Is rezoning required? If yes, state classification to be requested:

None anticipated.

8. Estimated Cost of Total Project:

Project:	
Landscaping	\$ 1,179,000
Buildings	23,884,500
Equipment	5,955,000
Engineering and architecture	2,365,000
Out-of-Pocket/Soft Costs	1,616,500
Refunding Debt	6,250,000
Costs of financing:	
Bond counsel	45,000
Other counsel (Underwriter counsel)	28,500
Out-of-pocket costs	25,000
Underwriting costs	139,000
TOTAL COST:	\$ 41,487,500

9. Method of financing. Indicate type of bonds (industrial, pollution control, medical, or other).

Industrial Development Authority bonds	\$ 41,250,000
Equity	106,250
Land	0
Other (Interest Earnings on Proceeds)	131,250

TOTAL COSTS: \$ 41,487,500

10. If any space in the project is to be leased to third parties, indicate total square footage of the project, amount to be leased to each tenant and proposed use of each tenant.

None Planned.

11. Proposed Virginia Bond Counsel, address, telephone number, and contact person

Kutak Rock LLP
1111 East Main Street
Richmond, VA 23219

Chuck Shimer (w) 804-343-5221 (fax) 804-783-6192
chuck.shimer@kutakrock.com

12. Bond offering (private or public)

Public

13. If private placement, state name of lending institution(s).

N/A

14. Underwriter and/or Investment Banker to be used, if any, and address, telephone number, and contact person for same:

Wells Fargo Securities, Tripp Robinson, Director
Higher Education and Nonprofit
301 South College Street, 4th Floor
Charlotte, NC 28202

15. Does proposed Bond Counsel have errors and omissions insurance coverage?

Yes.

16. In accordance with the Code of Virginia, as amended, Section 15.2-4907, the following FISCAL IMPACT STATEMENT must be completed:

1.	Maximum amount of financing sought:	\$ 41,250,000
2.	Estimated taxable value of the facility's real property to be constructed in the municipality	\$ 0
3.	Estimated real property tax per year using present tax rates	\$ 0
4.	Estimated personal property tax per year using present tax rates	\$ 0
5.	Estimated merchant's capital tax	\$ 0
6(a)	Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality.	\$ 11,339,000 over 3 years
(b)	Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality.	\$ 2,660,000 over 3 years
(c)	Estimated dollar value of services that will be Purchased from Virginia companies within the locality.	\$ 17,010,000 over 3 years
(d)	Estimated dollar value of services that will be Purchased from non-Virginia companies within the locality.	\$ 3,991,000 over 3 years
7.	Estimated number of regular employees on a year round basis.	85 on average
8.	Average annual salary per employee	\$62,500

 Authority Chairman

 Name of Authority

If one or more of the above questions do not apply to the facility indicate by writing N/A (not applicable on the appropriate line)

Attach to application copies of annual reports, balance sheets, and profit-loss statement for preceding three (3) years of operation.

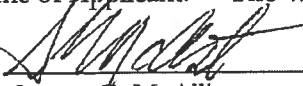
If the applicant is a new or recently formed business entity, without recent financial statements, the applicant should furnish a statement of financial condition as required by the application for each principal shareholder, partner, or other principal of the applicant. If the applicant is a subsidiary corporation without its own financial statements, financial statements of the parent corporation or consolidated financial statements may be submitted in lieu of financial statements for the applicant. If the obligations of the applicant will be guaranteed by any person or business entity, then financial statements of such guarantor should also be included with the application. Pro-forma financial statements, if available, should be submitted with the application. Since the application will become a part of the public records of the Authority, in the event the applicant does not desire financial records not otherwise available to the public to be included in the public record, please so indicate so such records may be returned to the applicant.

The applicant hereby agrees to defray all costs of the bond financing, including, but not limited to any necessary costs of the Authority and legal fees.

Upon bond closing, the applicant agrees to provide the Authority with two bound volumes of the bond documents (one of the Authority's Secretary and one for the Authority's Counsel).

The applicant will advise the Authority in writing of any material changes to the information contained in this application.

Name of Applicant: The Washington and Lee University

By: 
Steven G. McAllister

Title: Vice President for Finance

Date: May 29, 2013

Attachment A

Project Overview

There are three types of projects considered for this debt issue. The first relates to projects associated with renovation of First Year Housing (renovation of Graham-Lees Dorms and Gaines Hall).

The second type will cull \$11 million of projects from the next three years of Annual Capital Projects. These projects range from small renovations to investments in technology to infrastructure improvements to furniture and fixtures replacements.

The third category is refunding of \$6.25 million of 2006 debt.

First year Housing Improvements		
A	Landscaping	\$ 1,179,000
B	Buildings	17,244,500
C	Equipment	1,595,000
D	Engineering and architecture	2,365,000
E	Owner's Expense/Soft Costs	<u>1,616,500</u>
	Subtotal	\$ 24,000,000
3 Years Annual Capital Expenditures * (See below for descriptions of types of projects)		
F	Facility Renewals	\$ 4,750,000
G	ITS Replacements and Upgrades	3,000,000
H	Equipment and Furnishings	1,510,000
I	Vehicle Replacements	150,000
J	Campus Landscaping	375,000
K	Enterprise Systems Upgrades	680,000
L	Athletic Field& Facility Improvements	<u>535,000</u>
	Subtotal	\$ 11,000,000
M	Refunding 2006 Debt	<u>\$ 6,250,000</u>
	GRAND TOTAL	<u>\$41,250,000</u>

Facility Renewals – These projects would include exterior replacements such as roof and gutters and exterior painting. It would also include a host of interior refurbishment ranging from fire panel upgrade to carpet/flooring replacement to updated electrical service to bathroom fixture upgrades and replacements to interior painting. The list of projects would primarily result from the use of a facilities maintenance indicator that has been developed through software that tracks the individual building components and life cycles and then allows the University to identify the most pressing needs on an annual basis.

ITS Replacements and Upgrades – This subset includes the annual replacement cycle of desktop machines and devices across the campus, wiring upgrades to provide greater ability to transmit higher volumes of data through the campus and to individual offices and classrooms, expanded capture of classroom activity through the Tegrity system, conversion of the University's phone system from a switched equipment facility to Voice Over IP, and pilot projects to test new and innovative technologies that might be deployed over time into the classroom environment.

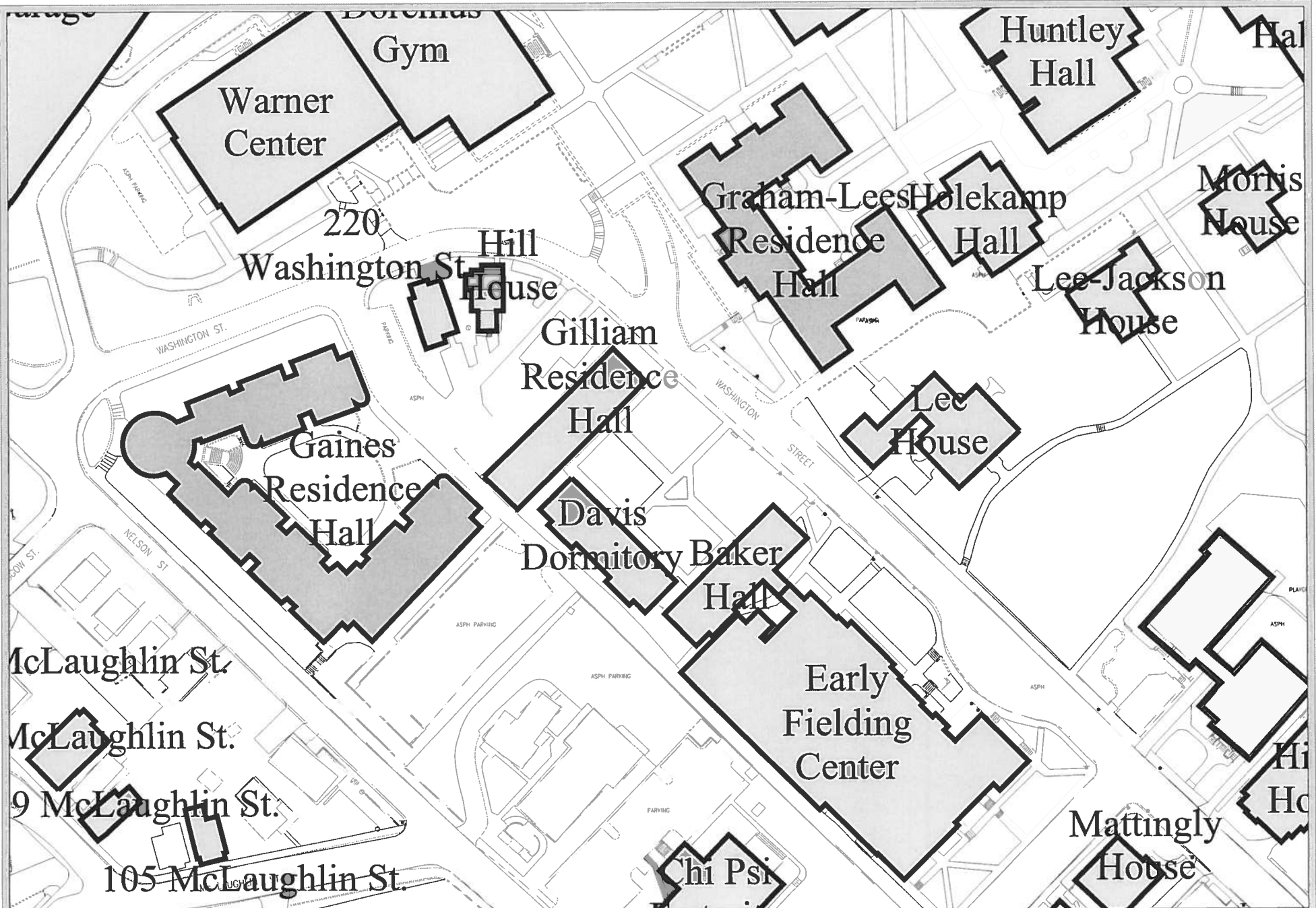
Equipment and Furnishings – This group includes the replacement and refurbishment of furniture in facilities that would be identified under the renewals program. In addition it would also include start up equipment for new faculty in the sciences as well as other disciplines across the campus. The University will also invest in significant upgrades to the systems utilized in the Journalism program to continue to allow students to gain experience in the use of multimedia technologies for reporting. Finally, the University routinely invests funds to update and upgrade various systems and equipment throughout the University. These may range from transformer replacements to boiler refractor replacements to air handling equipment.

Vehicle Replacements – The University owns a fleet of approximately 100 vehicles. This program would allow the University to replace five or six of these vehicles over the coming three years.

Campus Landscaping – These projects include sidewalk repairs and replacements throughout the campus, expanded plantings in selected areas and implementation of certain landscape improvements that were identified for the University in a study on the campus landscape completed by Siteworks in 2010.

Enterprise Systems Upgrades – Periodically the University has a set of projects related to upgrades to University Systems. Over the next three years, we anticipate a major upgrade and migration for the Blackboard system (University card system), migration to the SQL platform of the University's primary enterprise software system and other more localized systems that require integration into the University's data warehousing solutions.

Athletic Facility and Field Improvements – The largest of these projects is an upgrade to the turf field at Wilson Field to replace the turf that has failed under warranty. In addition we will be improving the infield at Cap'n Dick Smith Field and working to improve the quality of practice fields throughout the campus. Beyond these, we have certain repairs and replacements that must be made in Doremus/Warner until such time as these facilities receive a full and complete renovation.



First Year Residence Halls

Washington and Lee University

This map was prepared in accordance with National Map Accuracy Standards, using Virginia State Plane 1983 coordinates, South Zone, and North American Datum 1983 (NAD83).

*The data in this drawing is based on the best available information. Absolute accuracy is not guaranteed. Field verification recommended for exact dimensions.



Facilities Management/Project support
204 W Washington St. Lexington, Va. 24450
29 May 2013



**NOTICE OF PUBLIC HEARING ON PROPOSED BOND FINANCING BY THE
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA**

Notice is hereby given that the Industrial Development Authority of the City of Lexington, Virginia (the "Authority"), whose address is 300 East Washington Street, Lexington, Virginia 24450, will hold a public hearing on the application and plan of financing of The Washington and Lee University (the "University"), a non-profit Virginia nonstock corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and having its address at 204 West Washington Street, Lexington, Virginia 24450.

The University has requested the Authority to issue revenue bonds in an aggregate principal amount not to exceed \$41,250,000 (the "Bonds"), pursuant to the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code of Virginia of 1950, as amended (the "Act"), to assist the University in (a) financing any or all of the following capital improvements, renovations or replacements, all located on the University's campus in the City of Lexington, Virginia (the "City"): (i) renovation of existing buildings and landscape improvements (Gaines Hall, Graham-Lee Dorms and the adjoining courtyard) providing housing for first year students; and (ii) projects pursuant to the University's Annual Capital Plan, including but not limited to: small-scale renovations and improvement of buildings, including mechanical system replacement and improvements, roof replacements, flooring replacements; technology replacements and upgrades including the upgrade to a Voice over IP phone system, annual computer cycle replacements and upgrades to network equipment; equipment and furnishings including science equipment for new faculty hires and classroom technology upgrades; vehicle replacements; campus landscaping including sidewalk replacements and upgrades associated with campus landscape master plan; and athletic field and facility improvements including replacement of the Wilson Field turf and upgrades to the baseball field; (b) refunding all or a portion of outstanding bonds issued to benefit the University which financed the following capital improvements, renovations or replacements located on the University's campus in the City and County of Rockbridge, Virginia: (i) remodeling the Co-op building; (ii) capital improvements pursuant to the University's Annual Capital Plan, including renovation and improvement of buildings, mechanical system replacements and improvements, computing system replacements and enhancements and maintenance and upgrade of health and safety systems; and (iii) capital improvement projects in connection with creation of an energy performance program, including water conservation, lighting system improvements and various boiler enhancements; and (c) paying costs of issuance of the Bonds.

As required by the Act, the issuance of the Bonds as requested by the University will not constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the Bonds, or the interest thereon, or other costs incidental thereto, except from the revenues and monies pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth nor any political subdivision thereof, including the Authority and the City, will be pledged to the payment of principal of such Bonds or the interest thereon or other costs incidental thereto.

The public hearing, which may be continued or adjourned, will be held at 5:30 p.m. on Thursday, June 20, 2013, before the Authority at the Community Meeting Room located on the first floor of City Hall, 300 East Washington Street, Lexington, Virginia 24450. Any person interested in the issuance of the Bonds or in the capital improvements, renovations or replacements to be financed or refinanced may appear at the hearing and present his or her views or may send written comments before such hearing to the Authority, c/o the Chairman of the Authority, 300 East Washington Street, Lexington, Virginia 24450.

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

**RESOLUTION AUTHORIZING THE ISSUANCE OF EDUCATIONAL
FACILITIES REVENUE BONDS (WASHINGTON AND LEE UNIVERSITY),
SERIES 2013, BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
CITY OF LEXINGTON, VIRGINIA AND RELATED MATTERS**

WHEREAS, the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) is duly organized under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”), which authorizes the Authority to issue bonds and to loan bond proceeds for the purposes of financing or refinancing facilities for use by organizations (other than those organized and operated exclusively for religious purposes) which are described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and are exempt from federal income taxation pursuant to Section 501(a) of the Code, including facilities for private, accredited and nonprofit institutions of collegiate education in the Commonwealth of Virginia whose primary purpose is to provide collegiate education and not to provide religious training or theological education;

WHEREAS, The Washington and Lee University (the “University”) is a nonprofit Virginia non-stock corporation, described in Section 501(c)(3) of the Code and exempt from taxation pursuant to Section 501(a) of the Code, and a private, accredited and nonprofit institution of higher education whose primary purpose is to provide collegiate education and not to provide religious training or theological education;

WHEREAS, the University has requested that the Authority issue its Educational Facilities Revenue Bonds (Washington and Lee University), Series 2013 (the “Bonds”), in an aggregate principal amount not to exceed \$41,250,000, and to loan the proceeds of such Bonds to the University to assist the University in (a) financing the cost of any or all of the following capital improvements, renovations or replacements located on the University's campus in the City of Lexington, Virginia (the “City”): (i) renovation of existing buildings providing student housing and related landscape improvements (Gaines Hall, Graham-Lee Dorms and the adjoining courtyard); and (ii) projects pursuant to the University’s Annual Capital Plan, including but not limited to: small-scale renovations and improvement of buildings, including mechanical system replacement and improvements, roof replacements, flooring replacements; technology replacements and upgrades including the upgrade to a Voice over IP phone system, annual computer cycle replacements and upgrades to network equipment; equipment and furnishings including science equipment for new faculty hires and classroom technology upgrades; vehicle replacements; campus landscaping including sidewalk replacements and upgrades associated with its campus landscape master plan; and athletic field and facility improvements (collectively, the “Series 2013 Project”); (b) subject to market conditions and achieving sufficient present value debt service savings, refinancing, by defeasing and redeeming all or a portion of certain outstanding bonds issued to benefit the University which financed, the following capital improvements, renovations or replacements located on the University’s campus: (i) remodeling the Co-op building; (ii) capital improvements pursuant to the University’s Annual Capital Plan, including renovation and improvement of buildings, mechanical system replacements and improvements, computing system replacements and enhancements and maintenance and upgrade of health and safety systems; and (iii) capital improvement projects in connection with creation of an energy performance program, including water conservation, lighting system improvements and various boiler enhancements

(collectively, the "2006 Project"); and (c) paying costs of issuance of the Bonds and any defeasance and redemption of such outstanding bonds;

WHEREAS, a public hearing with respect to the issuance of the Bonds, as required by the Act and the Code, has been held by the Authority at this meeting, and the Authority has determined that issuance of the Bonds for the benefit of the University will benefit the inhabitants of the City, increase their commerce, and promote their safety, health, welfare, convenience and prosperity;

WHEREAS, the Bonds will be issued pursuant to the terms of an Indenture of Trust, to be dated as of July 1, 2013 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), and the proceeds of the Bonds will be loaned by the Authority to the University pursuant to a Loan Agreement, to be dated as of July 1, 2013 (the "Loan Agreement"), between the Authority and the University, and pursuant to the Loan Agreement, the University will evidence its obligation to repay the loan from the Authority, in amounts necessary to pay when due the principal and interest coming due on the Bonds, by issuance of the University's promissory note (the "Note") to the Authority;

WHEREAS, at the request of the University the Bonds will be sold by Wells Fargo Bank, National Association (in such capacity, the "Underwriter") pursuant to a Bond Purchase Agreement, to be dated the date of the sale of the Bonds (the "Bond Purchase Agreement"), among the Authority, the University and the Underwriter;

WHEREAS, the foregoing arrangements for issuance of the Bonds will be reflected in the Indenture, the Bonds, the Loan Agreement, the Note and the Bond Purchase Agreement (together, the "Bond Documents");

WHEREAS, the Bonds will be offered for sale pursuant to a Preliminary Official Statement to be dated the date of its release (the "Preliminary Official Statement"), and a final Official Statement to be dated the date of the sale of the Bonds reflecting the final terms thereof in accordance with the Bond Purchase Agreement (the "Official Statement"), which describe the Bonds, the security therefor, the Authority, the University and the projects to be financed or refinanced; and

WHEREAS, the forms of the Bond Documents and the Preliminary Official Statement have been presented to this meeting and filed with the Authority's records;

NOW, THEREFORE, after careful consideration and in furtherance of the public purposes for which the Authority was created, **BE IT RESOLVED, THAT:**

1. **Determination and Agreement to Issue.** The foregoing recitals are approved by the Authority and are incorporated in, and deemed a part of, this Resolution. The Authority determines that issuance of the Bonds in accordance with the terms of the Bond Documents and all actions of the Authority contemplated thereunder will be in furtherance of the purposes for which the Authority was organized. In order to assist the University in financing the Series 2013 Project and refinancing the 2006 Project, the Authority hereby agrees to undertake the issuance of the Bonds, and to loan the proceeds thereof to the University upon terms and conditions described in the Bond Documents.

2. Undertaking of Project and Reimbursement. It having been represented to the Authority that it is necessary to proceed immediately with planning and financing the Series 2013 Project, and subject to market conditions refinancing the 2006 Project, the Authority hereby agrees that the University may proceed with plans for, and enter into contracts involving, financing the Series 2013 Project and refinancing the 2006 Project, and take such other steps as it may deem appropriate in connection therewith, provided, however, that nothing herein shall be deemed to authorize the University to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Series 2013 Project or the 2006 Project. The Authority agrees that the University may be reimbursed from the proceeds of the Bonds for all expenditures and costs including issuance costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act, the Code and other applicable state and federal laws.

3. Authorization and Issuance. The Authority hereby authorizes issuance of the Bonds substantially upon the terms set forth therein and in the Indenture, provided (i) the Bonds shall be in an aggregate principal amount not to exceed \$41,250,000; (ii) the Bonds shall have a true interest cost (including any original issue premium or discount) not to exceed 5.0% per annum; (iii) the Bonds shall mature not later than January 1, 2052; and (iv) no redemption premium shall exceed 2.0% of the principal amount of Bonds subject to redemption. The Chairman and Vice Chairman of the Authority, either of whom may act, are each authorized to approve the final terms of the Bonds as shall be acceptable to the University, subject to the foregoing parameters, which approval shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The principal of, premium, if any, and interest on the Bonds shall be limited obligations of the Authority payable solely from the security described in the Indenture including, without limitations, assignment by the Authority of the Note to the Trustee. The principal of, premium, if any, and interest on the Bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or any political subdivision thereof, including the Authority and the City. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the City, shall be obligated to pay the principal of, premium, if any, or interest on the Bonds or other costs incident thereto except from the security therefor described in the Indenture, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the City, will be pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto. No covenant, condition or agreement contained in the Bonds, the Bond Documents or any other financing instrument executed and delivered in connection therewith shall be deemed to be a covenant, condition or agreement of any past, present or future director, officer, employee or agent of the Authority in his or her individual capacity, and no officer of the Authority executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

4. Approval, Execution and Delivery of Documents. The Bond Documents to which the Authority is a party are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions, completions or omissions (including, without limitation, changes of the dates thereof and other changes necessary to reflect the final terms of the Bonds within the parameters described in Paragraph 3 above) as may be approved by the Chairman or the Vice Chairman of the Authority, whose approval shall be evidenced conclusively by the

execution and delivery of the Bonds and such documents containing such changes, insertions, completions or omissions. The execution of the Bonds and their delivery against payment therefor, the amount of such payment to be disbursed in accordance with the terms of the Indenture, are authorized and directed. The execution and delivery of, and the performance by the Authority of its obligations under, the Bond Documents to which it is a party are authorized and directed. The Chairman and the Vice Chairman of the Authority are each authorized and directed to execute, on behalf of the Authority, the Indenture, the Bonds, the Loan Agreement and the Bond Purchase Agreement, and, if required or requested, the Secretary or any Assistant Secretary of the Authority is authorized and directed to affix the seal of the Authority to the Indenture, the Bonds, the Loan Agreement and the Bond Purchase Agreement and to attest such seal. The signatures of the Chairman or Vice Chairman and the Secretary or any Assistant Secretary and the seal of the Authority on the Bonds may be by facsimile.

5. Preliminary Official Statement. The Preliminary Official Statement in substantially the form presented to this meeting, with such completions, omissions, additions and changes as shall be approved by the University and the Underwriter, is approved and distribution thereof is authorized. Distribution of the Preliminary Official Statement shall constitute conclusive evidence that it has been deemed final by the Authority as of its date, except for the omission of such pricing and other information permitted to be omitted for purposes of federal Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”); provided that except for information contained therein regarding the Authority under the headings “THE AUTHORITY” and “LITIGATION” the Authority makes no representation or warranty as to the accuracy, adequacy or completeness of the Preliminary Official Statement

6. Official Statement. After the sale of the Bonds, the Preliminary Official Statement revised to reflect the terms of the Bonds in accordance with the Bond Purchase Agreement shall constitute the final Official Statement. The Chairman and Vice Chairman of the Authority are authorized to execute and deliver to the Underwriter the Official Statement. The Underwriter is authorized to distribute the Official Statement, and distribution of the Official Statement shall be conclusive evidence that it has been deemed final by the Authority as of its date, within the meaning of Rule 15c2-12; provided that except for information contained therein regarding the Authority under the headings “THE AUTHORITY” and “LITIGATION” the Authority makes no representation or warranty as to the accuracy, adequacy or completeness of the Official Statement.

7. Other Documents. Each officer of the Authority is authorized and directed to execute and deliver on behalf of the Authority such instruments, documents or certificates, including, without limitation, Internal Revenue Service Form 8038 and a tax compliance certificate or agreement, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bond Documents or such other instruments, documents or certificates. All of the foregoing previously done or performed by such officers of the Authority are in all respects approved, ratified and confirmed.

8. Bond Counsel. At the request of the University, the Authority hereby approves Kutak Rock LLP, Richmond, Virginia, as Bond Counsel to supervise the proceedings and approve the issuance of the Bonds.

9. **Recommendation of City Council Approval.** The Authority hereby recommends that the City Council of the City (the "City Council") approve the issuance of the Bonds within 60 days hereof and directs the Chairman and the Secretary-Treasurer of the Authority to file with the City Council this Resolution, the Fiscal Impact Statement and a summary statement of the comments made at the public hearing. The issuance of the Bonds shall be contingent upon the approval of the issuance of the Bonds by the City Council.

10. **Payment of Costs and Indemnification of Authority.** All fees, costs and expenses in connection with the financing of the Project and the issuance of the Bonds, including the Authority's fees (as provided in the Loan Agreement) and the other fees and expenses of the Authority and its legal counsel, shall be paid from the proceeds of the Bonds or from funds provided by the University. The University hereby agrees to indemnify and save harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Series 2013 Project or the 2006 Project, the application submitted by the University or the issuance of the Bonds.

11. **Other Actions.** All other actions heretofore or hereafter taken by the directors or officers of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the financing or refinancing of the Series 2013 Project and the 2006 Project are hereby ratified, approved and confirmed.

12. **Effective Date.** This Resolution shall take effect immediately upon its adoption.

Adopted: June 20, 2013

T. Jon Ellestad, Secretary
Industrial Development Authority
Lexington, VA

Seal

4847-9930-4212.2

CERTIFICATE OF VOTES

The following is a record of the roll-call vote by the Industrial Development Authority of the City of Lexington, Virginia (the "Authority^{9*}"), on a resolution entitled, "**RESOLUTION AUTHORIZING THE ISSUANCE OF EDUCATIONAL FACILITIES REVENUE BONDS (WASHINGTON AND LEE UNIVERSITY), SERIES 2013, BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA AND RELATED MATTERS.**", approved at the public meeting of the Industrial Development Authority of the City of Lexington, Virginia, duly held on June 20, 2013, after the holding of a public hearing thereon by the Authority, at which public hearing and meeting at least a quorum of the Authority was present:

	AYE	NAY	ABSTAIN	ABSENT
Eric Bond				
John DeVogt				
Anna Lisa Fitzgerald				
Derrick Homer				
James Joyner				
Michael Murphy				
Dan Vance				

T. Jon Ellestad, Secretary
Industrial Development Authority
Lexington, VA

Seal