

VIA EMAIL

April 24, 2020

REQUEST FOR PROPOSALS

Industrial Development Authority of Madison County, Virginia
Proposals Due: 11:00 a.m. Eastern Time on Tuesday, May 19, 2020

\$16,600,000* Tax-Exempt Lease Revenue Public Improvement Financing, Series 2020A
\$1,750,000* Tax-Exempt Lease Revenue Refunding Bond, Series 2020B
\$6,700,000* Taxable OR Tax-Exempt Lease Revenue Refunding Bond, Series 2020C

In our capacity as Financial Advisor to Madison County, Virginia (the “County”), Davenport & Company LLC (“Davenport”) is issuing this Request for Proposals (the “RFP”) on behalf of the County to solicit bids for one or more direct bank loans as evidenced by:

- The Tax-Exempt Lease Revenue Public Improvement Financing, Series 2020A (the “**2020A Financing**”). The County is requesting proposals for the 2020A Financing in the form of a permanent bond (the “**2020A Bond**”) and in the form of short-term interim financing (the “**2020A Note**”);
- The Tax-Exempt Lease Revenue Refunding Bond, Series 2020B (the “**2020B Bond**”); and
- The Taxable or Tax-Exempt Lease Revenue Refunding Bond, Series 2020C (the “**2020C Bond**”) and, together with the 2020A Financing and 2020B Bond, the “**2020 Financings**”). The tax treatment of the 2020C Bond is to be determined. Please provide a proposal for a potential taxable 2020C issuance and a potential tax-exempt 2020C issuance.

The 2020 Financings will be issued on behalf of the County by the Industrial Development Authority of Madison County, Virginia (the “Authority”). As detailed further herein, the 2020 Financings will be secured by the Moral Obligation pledge of the County’s Board of Supervisors, a Lease Agreement between the Authority and the County, a Ground Lease on one or more County buildings, and an Assignment Agreement that would assign the leases to the lender as collateral (or a comparable lease financing structure).

Respondents are invited to submit proposals for all of the 2020 Financings or any combination of the 2020A Bond, 2020A Note, 2020B Bond, and 2020C Bond. The 2020 Financings may be awarded to one or more banks. Declining to provide a proposal for one of the 2020 Financings **will not** preclude a bidder from receiving the award for the others.

*Preliminary, subject to change.

The 2020 Financings

Proceeds of the 2020 Financings will be used for the following purposes:

2020A Financing - either the 2020A Bond or 2020A Note: The 2020A Financing is being issued in a principal amount not to exceed \$16,600,000* in order to (a) provide new money financing for County capital projects and (b) pay for the costs of issuance of the 2020A Financing. The capital project costs are summarized below:

Cost	Amount
School Project (Estimate)	\$9,067,955
Admin Center Project (Estimate)	1,282,000
Radio Project (Estimate)	5,860,415
Total	\$16,210,370

If the County issues the 2020A Financing in the form of the 2020A Note, the County may wish to (a) draw all proceeds of the 2020A Note at closing or (b) structure the 2020A Note as a drawdown loan with proceeds drawn only as needed including a minimum required draw at closing. ***Please submit proposals for one or both structures.***

2020B Bond: The 2020B Bond is being issued in a principal amount not to exceed \$1,750,000* in order to (a) currently refund the outstanding principal balance of the County’s Public Improvement Refunding Bond, Series 2017 and (b) pay for the costs of issuance of the 2020B Bond.

2020C Bond: The 2020C Bond is being issued in a principal amount not to exceed \$6,700,000* in order to (a) currently refund the outstanding principal balance of the County’s Public Facility Lease Revenue Bond, Series 2013 and (b) pay for the costs of issuance of the 2020C Bond.

County Financial Information

The County’s Comprehensive Annual Financial Reports and Budgets can be found on the County’s website at the following links:

- <https://www.madisonco.virginia.gov/finance/page/final-audits>
- <https://www.madisonco.virginia.gov/finance/page/annual-budgets>

Respondents with questions related to any of the financial information of the County, or who would like to request any additional information, are asked to contact the undersigned, who will work to facilitate a timely response. No formal offering material will be prepared, although proposers should feel free to direct any questions about the County or its finances to Davenport.

Each proposal is subject to review and approval by the County Board of Supervisors. The County reserves the right to reject any or all proposals for the 2020 Financings, to waive irregularities in any proposal, and to negotiate with any proposer.

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The following key assumptions should be utilized in preparing your proposals.

Issuer: Industrial Development Authority of Madison County, Virginia.

Obligor: Madison County, Virginia.

Tax Treatment: **2020A Financing** and **2020B Bond**– Tax-Exempt, Non-Bank Qualified.

2020C Bond – Please provide a proposal for both a potential Taxable 2020C issuance and a potential Tax-Exempt 2020C issuance.

Security: Each of the 2020 Financings will be secured by the Moral Obligation pledge of the County’s Board of Supervisors, a Lease Agreement between the Authority and the County, a Ground Lease on a County building(s), and an Assignment Agreement that would assign the leases to the lender as collateral or a comparable lease financing structure. The 2020 Financings are expected to be collateralized by the following buildings:

2020A Financing – Madison Primary School (estimated insured value of approximately \$18.0 million upon completion of the School Project). Madison Primary School has an insured value of \$8,955,200. The School Project will consist of renovations to Madison Primary School that will cost approximately \$9 million and add an estimated \$9 million to the value of the school.

2020B Bond – County-owned building to be determined. The 2020B Bond may be jointly secured with the 2020C Bond if both are awarded to the same lender.

2020C Bond – Wetsel Middle School (insured value of \$14,164,640) or Madison High School (insured value of \$15,280,000) as selected by the County.

If the 2020A Financing, 2020B Bond, and 2020C Bond are issued to the same lender, the County reserves the ability to jointly collateralize all three 2020 Financings with Madison Primary School, Wetsel Middle School, or Madison High School (as selected by the County).

If the 2020B Bond and 2020C Bond are issued to the same lender, the County reserves the ability to jointly collateralize the 2020B Bond and 2020C Bond with either Wetsel Middle School or Madison High School (as selected by the County).

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<i>Security (cont.):</i>	The 2020 Financings will not be a general obligation of the County.
<i>Rating:</i>	None applied for on this financing.
<i>Not-to-Exceed Par Amount*:</i>	<u>2020A Financing</u> – \$16,600,000 <u>2020B Bond</u> – \$1,750,000 <u>2020C Bond</u> – \$6,700,000
<i>Interest Payments:</i>	Interest due semi-annually on February 1 and August 1, commencing on February 1, 2021, until Final Maturity.
<i>Principal Payment Dates:</i>	<u>2020A Note</u> – All principal due in a balloon payment at Final Maturity. <u>2020A Bond</u> – Principal due annually on February 1, commencing February 1, 2022, until Final Maturity. <u>2020B Bond</u> – Principal due annually on February 1, commencing February 1, 2021, until Final Maturity. <u>2020C Bond</u> – Principal due annually on February 1, commencing February 1, 2021, until Final Maturity.
<i>Final Maturity:</i>	<u>2020A Note (3 Year Option)</u> – February 1, 2023 (3 Years) <u>2020A Note (4 Year Option)</u> – February 1, 2024 (4 Years) <u>2020A Bond</u> – February 1, 2041 (21 Years) <u>2020B Bond</u> – February 1, 2033 (13 Years) <u>2020C Bond</u> – February 1, 2033 (13 Years)

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*Preliminary Amortization**: Preliminary amortizations for the 2020 Financings are shown below. No proposal for less than the requested funding amount will be considered.

Payment Date	Tax-Exempt New Money 2020A Bond		Tax-Exempt Refunding 2020B Bond		Taxable OR Tax-Exempt Refunding 2020C Bond
	Amortization 1	Amortization 2	Amortization 1	Amortization 2	
2/1/2021	-	-	\$31,000	\$131,000	\$193,000
2/1/2022	\$295,000	\$393,000	73,000	113,000	431,000
2/1/2023	307,000	406,000	75,000	116,000	444,000
2/1/2024	319,000	448,000	105,000	120,000	486,000
2/1/2025	331,000	462,000	108,000	124,000	502,000
2/1/2026	344,000	478,000	112,000	128,000	518,000
2/1/2027	378,000	514,000	116,000	132,000	536,000
2/1/2028	391,000	531,000	120,000	136,000	553,000
2/1/2029	1,056,000	549,000	190,000	140,000	570,000
2/1/2030	1,087,000	565,000	196,000	145,000	588,000
2/1/2031	1,120,000	586,000	202,000	150,000	607,000
2/1/2032	1,155,000	606,000	208,000	155,000	626,000
2/1/2033	1,190,000	624,000	214,000	160,000	646,000
2/1/2034	1,227,000	1,321,000	-	-	-
2/1/2035	1,264,000	1,368,000	-	-	-
2/1/2036	1,304,000	1,382,000	-	-	-
2/1/2037	911,000	1,218,000	-	-	-
2/1/2038	937,000	1,244,000	-	-	-
2/1/2039	965,000	1,272,000	-	-	-
2/1/2040	994,000	1,301,000	-	-	-
2/1/2041	1,025,000	1,332,000	-	-	-
Total	16,600,000	16,600,000	1,750,000	1,750,000	6,700,000
Average Life	13.0 Years	13.5 Years	8.1 Years	7.0 Years	7.3 Years

Interest Rate: If possible, please provide a fixed rate quote for the entire amortization period shown above. If you are unable to commit to a fixed rate over the entire amortization period, please provide a fixed rate quote for the longest time period possible and specify all pertinent details relating to the rate reset, including the applicable index on which your quote will be based. For example, to the extent that you are willing to commit to a 21-year amortization but cannot provide a fixed rate for the entire period, please specify the initial rate and its duration as well as the rate reset information (e.g. 21-year amortization with an initial rate fixed for 15 years and a rate reset for the remaining 6 years).

Interest will be calculated using a 30/360-day count.

The County is interested in receiving rate quotes that are held through closing, which is expected to occur by Friday, June 26, 2020.

Please specify any gross-up or other interest rate adjustments.

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Optional Redemption: The County prefers maximum flexibility. Please specify the call structure that would provide the County with the most flexibility at the lowest cost of funds. Please also address the possibility of a partial prepayment.

Drawdown: **2020A Note – Drawdown Option 1 (Preferred)**: Structured as a drawdown line of credit loan with proceeds drawn only as needed, including a minimum initial drawdown.

2020A Note – Drawdown Option 2 (Alternative): All proceeds drawn at closing.

Please provide a proposal for one or both drawdown structures for the 2020A Note. The County would prefer to issue the 2020A Note in the form of a drawdown line of credit loan.

2020A Bond, 2020B Bond, and 2020C Bond – All drawn at closing.

Proposal Matrix:

Series	Amortization 1	Amortization 2	Series	Drawdown 1 Line of Credit	Drawdown 2 All at Closing
Tax-Exempt 2020A Bond	____%	____%	Tax-Exempt 2020A Note (3 Year)	____%	____%
Tax-Exempt 2020B Bond	____%	____%	Tax-Exempt 2020A Note (4 Year)	____%	____%
Tax-Exempt 2020C Bond	____%				
Taxable 2020C Bond	____%				

Bank Closing Costs: None anticipated to be paid by the County. Please specify any exceptions.

Annual/Ongoing Fees: None anticipated to be paid by the County. Please specify any exceptions.

Opinion(s) of Bond Counsel: Bond Counsel to the County, Sands Anderson PC, will provide the necessary opinion(s).

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Ongoing Disclosure: The County will provide annual audited financial statements. Please specify any additional requirements.

Direct Bank Loan: Proposals are requested for a direct bank loan(s) evidenced by the 2020 Financings, by a single financial institution or a syndicate of financial institutions represented by one lead institution with which the County and their consultants will deal with exclusively on all aspects of the financing. The successful bidder(s) will be expected to provide a letter in form satisfactory to the County and Bond Counsel regarding the qualifications of the lender(s) and stating that the loan is being made for its own account, with the present intent to hold the loan to maturity and with no intention of sale or distribution. No formal offering document will be prepared, although bidders should feel free to direct any questions about the County or its finances to the undersigned.

Award: The County Board of Supervisors will make the formal award. The County reserves the right to reject any or all proposals and to waive any irregularity or informality in any proposal.

Closing: Closing is expected to take place by Friday, June 26, 2020 and will be facilitated by Sands Anderson PC.

Please specify any other terms or conditions that would impact the proposed structure of the financing agreement. A preliminary timetable for action is shown below.

<u><i>Date</i></u>	<u><i>Action</i></u>
Friday, April 24	Davenport distributes RFP to local, regional, and national banks.
Tuesday, May 19	RFP responses due back to Davenport at 11:00 a.m. Eastern Time.
Tuesday, May 26	<u>Meeting of the County Board of Supervisors.</u> Davenport presents results of the RFP process to the Board of Supervisors. The Board of Supervisors authorizes the 2020 Financings.
Late May / Early June	<u>Meeting of the Industrial Development Authority.</u> The Authority authorizes the 2020 Financings.
By Friday, June 26	Close on the 2020 Financings.

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DAVENPORT & COMPANY

We look forward to your response by 11:00 a.m. Eastern Time on Tuesday, May 19, 2020. Responses can be e-mailed to our office as follows:

Griffin Moore
Vice President
Davenport & Company LLC
Phone: (804) 697-2901
Email: gmoore@investdavenport.com

Jesse Uriss
Analyst
Davenport & Company LLC
Phone: (804) 697-2911
Email: juriss@investdavenport.com

In the meantime, should you have any further questions or concerns, please feel free to call the numbers above. We look forward to your response.

Sincerely,



Griffin Moore
Vice President
Davenport & Company LLC

cc: Jack Hobbs – County Administrator, *Madison County, Virginia*
Mary Jane Costello – Director of Finance/Asst. County Administrator, *Madison County, Virginia*
Dan Siegel – Bond Counsel, *Sands Anderson PC*
Jesse Bausch – Bond Counsel, *Sands Anderson PC*
David Rose – Senior Vice President, Manager of Public Finance, *Davenport & Company LLC*
Kyle Laux – Senior Vice President, *Davenport & Company LLC*

*Preliminary, subject to change.

Municipal Advisor Disclaimer

The enclosed information relates to an existing or potential municipal advisor engagement.

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When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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