

County of Henry

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MEMBER OF
VAGP
NIGP

PURCHASING DEPARTMENT

REQUEST FOR PROPOSALS

#13-090510-A123

August 26, 2013

To: Area Financial Institutions

From: Tim Hall, County Administrator

Date: August 26, 2013

Subject: \$3,500,000 Industrial Development Authority of Henry County, Virginia Lease Revenue Bond (Henry County Shell Building Project), Series 2013

Henry County, Virginia (the "County") is soliciting proposals on behalf of itself, the Industrial Development Authority of Henry County, Virginia (the "Authority") and the City of Martinsville, Virginia (the "City") for a bank qualified financing in an aggregate principal amount not to exceed \$3,500,000 to finance the construction of an approximately 90,000 square foot shell building expandable to approximately 180,000 square feet which is to be located at the Patriot Centre Industrial Park on property owned and marketed for economic development purposes (the "Project").

The Project will be owned and financed by the Authority and the construction process will be administered with the collaboration and assistance of the Martinsville-Henry County Economic Development Corporation ("MHCEDC"). The Project will be leased to the County pursuant to a lease agreement (the "Lease"). The lease payments shall be made on a subject to appropriation basis, and the City shall reimburse the County for an amount equal to thirty-three percent (33%) of the rental payments due under the

Lease. Amounts payable under the Lease shall be in an amount greater than or equal to the debt service payable on the Industrial Development Authority of Henry County, Virginia \$3,500,000 Lease Revenue Bonds (Henry County Shell Building Project) Series 2013 to be issued by the IDA (the "Bonds") to finance the Project.

The Bonds are being issued as "bank qualified" ("BQ") obligations, utilizing BQ allocation designation from both the City and the County in an amount proportionate to the respective payment obligations with respect to the Lease. The Lease Bonds will be secured by the moral obligation of the County to make all Lease payments due, on a subject to appropriation basis and the parties to the financing may entertain the delivery of a deed of trust or a negative pledge agreement with respect to the Project as additional collateral for the Lease payments. It is anticipated, but not required, that the Bonds will be held by a single financial institution.

The County, the City and potentially the Project itself will be the primary underlying credit with respect to the Bonds, since payment obligations on the Lease collateralizing the debt service obligations on the Bonds shall be subject to annual appropriation by the County Board of Supervisors and the obligation to reimburse the County for a portion of the Lease payments under a support advanced shall be subject to appropriation by the City Council of the City. However, prepayment of the Bonds shall be further secured by an assignment from the County of its support agreed contract with the City, whereby the City agrees to provide payments to the County, (on a subject to appropriation basis,) in an amount equal to thirty-three percent (33%) of all rental payments due under the Lease. The MHCEDC will likewise enter an agreement with the County to reimburse the County for all amounts payable under the Lease for the first year following the issuance of the Bonds and to pay architectural, engineering, and certain other costs with respect to the Project. Any rights under that contract will be assigned to the benefit of the Bondholder as well.

Notice is hereby given that the County will accept proposals from financial institutions interested in acquiring the [\$3,500,000] Henry County Industrial Development Authority Lease Revenue Bonds (Henry County Shell Building Project) Series 2013 at 10:00 a.m., on September 5, 2013, in the Purchasing Department, on the Second Floor (Room 210) of the Henry County Administration Building, Attn: Carole Jones, PO Box 7, Collinsville, Virginia, 24078. The County reserves the right to reject all proposals and to negotiate terms and conditions with multiple parties.

**Description of Proposed Terms of the \$3,500,000 Industrial Development Authority
of Henry County, Virginia
Lease Revenue Bonds (Henry County Shell Building Project) Series 2013**

Overview of Bonds:

The \$3,500,000 Industrial Development Authority of Henry County, Virginia, Lease Revenue Bond (Henry County Shell Building Project) Series 2013 shall be the instrument evidencing the rental payment obligation under the Lease Agreement.

Timetable for Issuance of the Lease Revenue Bonds:

The Series 2013 Lease Revenue Bond shall be in the aggregate principal amount of \$3,500,000 and shall be issued no later than September, 2013.

Principal and Interest Payments:

Interest only on the Bonds shall be payable on a semi-annual or quarterly basis until maturity. Principal payments shall be due in full upon maturity of the Bonds.

Release of Bond Proceeds:

The County will entertain proposals that contemplate either periodic construction draws with interest payable on the funds advanced or the immediate disbursement and reinvestment of Bond proceeds until released in accordance with a requisition approved by the Bondholder to pay Project expenses.

Security for Repayment:

The Bonds will be repaid from and secured by the rental payments made by the County under the Lease and an assignment of all other funds payable by the City and the MHCEDC to support the Project. The moral obligation of both the County and the City stand behind the respective obligations of each such political subdivision. As additional collateral, either a Deed of Trust or a negative pledge with respect to the Project may also be available.

Term:

The Bonds shall mature no later than December 31, 2018.

Optional Prepayment:

Available at anytime, at the election of the County, upon at least 30-days notice, without penalty.

Mandatory Prepayment:

The Bonds are subject to mandatory redemption upon the transfer of the Project by the IDA to a new owner or the replacement of the County as the tenant of the facility.

Closing Date:

On or before September 30, 2013.

Use of Funds:

Construct the Project and pay costs of issuance.

Bond Counsel Opinion and Opinion as to Bank Qualification:

LeClair Ryan, A Professional Corporation
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23218-2499
Katja H. Hill
(804) 783-7543

Proposal Requirements:

Proposals must be received in the Purchasing Department by 10:00 a.m., on September 5, 2013.

Closing and transfer of funds must take place as specified.

Proposals must acknowledge the closing dates, specify the interest rates for the Bonds, acknowledge the County's right to early prepayment and specify all other fees and charges to which the transaction is subject, if any. The County does not anticipate incurring any responsibility for the out of pocket costs and expenses incurred by the institution that purchases the Bonds.

Area Financial Institutions

August 26, 2013

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Questions:

County of Henry, Virginia
Tim Hall, County Administrator
(276) 634-4601

M-HCEDC
Mark Heath, President, CEO
(276) 403-5940

LeClair Ryan, A Professional Corporation
Katja H. Hill
(804) 783-7543

cc: Darrell Jones, Finance Director
Scott Grindstaff, Treasurer
County Board of Supervisors

**Visit the County's website at <http://www.henrycountyva.gov/Archives.html> to view
Audit Reports for Years Ending June 30, 2011 and June 30, 2012.**