

VIA EMAIL

August 2, 2016

**Draft Request for Proposals
RFP#16-081611-A180**



**Up to \$10 million* Tax Exempt, Bank Qualified
Lease Revenue Bond, Series 2016
Proposals Due: 11:00 a.m. Eastern Time on Tuesday, August 16, 2016**

In our capacity as Financial Advisor to Henry 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 the purchase of the Lease Revenue Bond, Series 2016 (the “2016 Bond”) to be issued by the Industrial Development Authority of Henry County (the “Authority”) on behalf of the County. Proceeds from the 2016 Bond will be used to finance a portion of the costs of construction of a new Meadow View Elementary School (the “New School”) and the related costs of issuance.

The 2016 Bond will be secured by a Lease Agreement between the Authority and the County, along with the County’s Moral Obligation pledge. Additionally, the 2016 Bond will be collateralized by a Ground Lease on one or more existing school facilities (the “Existing School(s)"). The Lease and Ground Lease will be for a term longer than the Final Maturity of the 2016 Bond.

Proposals may be submitted electronically to the Henry County Purchasing Office at the following e-mail address: purchase@co.henry.va.us. Please note that proposals submitted by e-mail must contain an electronic signature.

Proposals may also be submitted to the Henry County Purchasing Office in hard copy format at the following address:

Purchasing Department, Room 210
Attn: Carole Jones, Chief Purchasing Agent
Henry County Administration Building
P.O. Box 7 (Postal Service)
3300 Kings Mountain Road (UPS or FedEx)
Collinsville, VA 24078-0007

**Preliminary, subject to change.*

The 2016 Bond

The County would like to receive proposals for the 2016 Bond for Tax Exempt, Bank Qualified financing of up to 10,000,000*. No proposal for less than the requested amount for the financing will be considered.

The County's historical audited financials and adopted budgets can be found on the County's website at the following link: <http://www.henrycountyva.gov/budget—audit-reports>

Respondents having 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.

Your response to the RFP would be greatly appreciated. The following key assumptions should be utilized in preparing your proposals.

Key Assumptions

Issuer: Industrial Development Authority of Henry County, Virginia.

Maximum Par Amount:* **\$10,000,000**

Tax Treatment: **Tax-Exempt.**

Bank Qualification: **Bank Qualified.**

Security: The 2016 Bond will be secured by a Lease Agreement between the Authority and the County, along with a resolution of Moral Obligation to pay debt service, subject to and contingent upon the appropriation of funds thereof, by the Henry County Board of Supervisors. The County's obligation to pay rent under the Lease Agreement will be subject to and contingent upon annual appropriation by the Board of Supervisors of the County.

Additionally, payment of the 2016 Bond will initially be collateralized by a Ground Lease on one or more Existing Schools. The Lease and Ground Lease will be for a term longer than the Final Maturity of the 2016 Bond, February 1, 2036.

Rating: None applied for on this financing.

Interest Payment Dates: Interest due semi-annually on February 1 and August 1, beginning on August 1, 2017, until Final Maturity.

**Preliminary, subject to change.*

Principal Payment Dates: Principal due annually on February 1, beginning on February 1, 2018, until Final Maturity.

Final Maturity: February 1, 2036 (Approximately 20 years).

Interest Rate: Please provide a firm fixed rate that will be held through closing, which is expected to occur on or before Friday, October 7, 2016. To the extent possible, the County desires the longest fixed rate offered by potential lenders.

A 20-year rate is preferred. If a 20-year fixed rate cannot be provided, please indicate the longest fixed rate available for a 20 year amortization and the basis on which the rate will be reset.

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

Preliminary Amortization:* A preliminary amortization for the 2016 Bond is shown below.

Principal is expected to be adjusted based on final interest rate to produce level annual debt service payments starting in Fiscal Year 2027, which ends 6/30/2027, through Fiscal Year 2036.

Date	2016 Bond
2/1/2018	\$125,000
2/1/2019	130,000
2/1/2020	240,000
2/1/2021	330,000
2/1/2022	415,000
2/1/2023	440,000
2/1/2024	470,000
2/1/2025	505,000
2/1/2026	535,000
2/1/2027	590,000
2/1/2028	605,000
2/1/2029	625,000
2/1/2030	645,000
2/1/2031	665,000
2/1/2032	690,000
2/1/2033	710,000
2/1/2034	735,000
2/1/2035	760,000
2/1/2036	785,000
Total	\$10,000,000

*Preliminary, subject to change.

<i>Optional Redemption:</i>	The County is looking for 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.
<i>Drawdown:</i>	All at closing.
<i>Bank Closing Costs:</i>	None anticipated to be paid by the County. Please specify any exceptions. If your bank requires a bank counsel, please provide a not-to-exceed fee quote.
<i>Annual/Ongoing Fees:</i>	None anticipated to be paid by the County. Please specify any exceptions.
<i>Opinion(s) of Bond Counsel:</i>	Bond Counsel to the County, LeClairRyan, will provide the necessary opinion(s).
<i>Ongoing Disclosure:</i>	The County will provide annual audited financial statements. Please specify any additional requirements.
<i>Direct Bank Loan:</i>	Proposals are requested for a direct bank loan evidenced by the 2016 Bond, 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 its Bond Counsel regarding the qualifications of the buyer and stating that the 2016 Bond is being purchased for its own account as evidence of the loan 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.
<i>Submission of Proposals:</i>	By submitting a bid for the 2016 Bond, we are anticipating that the financing has received final or near final credit approval by your banking institution and that your banking institution is ready and able to provide the financing for the 2016 Bond should it receive an award. If this financing requires additional credit approvals after submission of your response, please clearly indicate in your response the process by which these additional approvals will be obtained, the timing of receiving these approvals, and any additional information that will need to be provided by the County.

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.

Closing: Closing is expected to take place on or before Friday, October 7, 2016.

Additionally, 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.

Preliminary Timetable*

<u>Date</u>	<u>Action</u>
Tuesday, August 2	Davenport distributes RFP to local, regional, and national banking institutions.
Tuesday, August 16	RFP responses due back to the County at 11:00 a.m. Eastern Time.
Tuesday, August 23	<u>Meeting of the Henry County Board of Supervisors.</u> Davenport presents results of the RFP process to the Board. No formal approval will be given at this time.
August 17 – September 26	Davenport and County Staff review RFP responses, evaluate bank proposals, and develop a recommendation.
Tuesday, September 27	<u>Meeting of the Henry County Board of Supervisors.</u> The Board of Supervisors considers formal approval of winning bidder and financing documents.
TBD	<u>Meeting of the Henry County Industrial Development Authority.</u> Davenport provides recommendation for financing provider. Authority considers formal approval of financing documents.
Thursday, October 6	<u>Meeting of the Henry County School Board.</u> Davenport provides recommendation for financing provider. School Board considers formal approval of financing documents and collateral.
On/Before Friday, October 7	Close on the 2016 Bond.

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We look forward to your response by 11:00 a.m. Eastern Time on Tuesday, August 16, 2016. Please submit your response to the Henry County Purchasing Department by e-mail or in hard copy format as specified on Page 1 of the RFP.

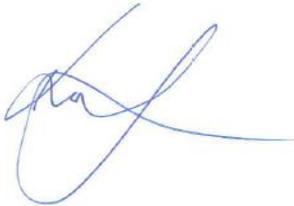
Please refer any questions related to the financial information of the County or any requests for additional information to the contacts below:

Kyle Laux
Davenport & Company LLC
Phone: (804) 697-2906
klaux@investdavenport.com

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

We look forward to your response.

Sincerely,



Kyle Laux
Senior Vice President
Davenport & Company LLC

cc: Tim Hall – County Administrator, *Henry County, Virginia*
Darrell Jones – Director of Finance, *Henry County, Virginia*
Dr. Jared Cotton – Superintendent, *Henry County Public Schools*
Carole Jones – Chief Purchasing Agent, *Henry County, Virginia*
John Selbach – Bond Counsel, *LeClairRyan*
Katja Hill – Bond Counsel, *LeClairRyan*
David Rose – Senior Vice President, Manager of Public Finance, *Davenport & Company LLC*
Jake Bates – Analyst, *Davenport & Company LLC*

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