



VIA EMAIL

February 2, 2024

Introduction

In our capacity as Financial Advisor to Washington County, Virginia (the “County”), Davenport & Company LLC (“Davenport”) is issuing this Request for Proposals (the “RFP”) on behalf of the County and the County’s Industrial Development Authority (“IDA”) to solicit proposals for a direct bank loan evidenced by a Lease Revenue Bond (the “2024 Bond”). The 2024 Bond will be used to fund the construction of the County’s Radio Tower Project, Broadband Project, Emergency Services Building Project (together, the “Projects”), as well as other County capital projects and pay the associated costs of issuance. When appropriate, the term “County” shall also refer to the IDA. The 2024 Bond is estimated to be issued in an amount up to \$26,000,000*.

The 2024 Bond will not carry the general obligation pledge of the County or any other political subdivision of the Commonwealth of Virginia.

The County reserves the right to reject any or all proposals, to waive irregularities in any proposal, and to negotiate with any proposing institution. Requests for additional information should be directed to Davenport per the contact information contained herein.

Below please find a summary of the Projects:

Radio Project – This project will upgrade the outdated 911 radio infrastructure for the entire county. This system serves nine (9) fire departments, four (4) police departments and six (6) emergency medical service agencies. The current system is outdated and provides poor radio coverage in multiple areas. This upgrade will provide additional towers, as well as updated equipment to the County’s agencies. This will provide better radio signal coverage to responders assisting them to provide better service to the County’s approximate 55,000 citizens, as well as increase safety for responders.

Broadband Project – Construction of broadband infrastructure to the Virginia Creeper Trail and Mendota Trail. Infrastructure to include towers, fiber, LTE to provide internet and text capability on the trails.

Emergency Services Building Project – This building will provide a station for the County’s 911 Emergency Medical Service Agency and ambulances to provide services to that area of the County which is currently outsourced and will be strategically located to provide quicker response to the citizens of the area. This building will also provide a 911 dispatch area.

Financial Information

The County’s Annual Comprehensive Financial Reports and Budgets can be found on the County’s website at the following link: <https://www.washcova.com/budget-finance/>

Additional financial information is available upon request. No formal disclosure material will be prepared, although proposers should feel free to direct any questions about the County or its finances to the following individuals at Davenport:

Roland Kooch
(804) 697-2906
rkooch@investdavenport.com

Sam Stewart
(804) 697-2938
sstewart@investdavenport.com

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Key Assumptions

The following key assumptions are to be utilized in preparing your proposal:

- Issuer:* Industrial Development Authority of Washington County, Virginia
- Amount*:* Up to approximately \$26,000,000.*
- Tax Treatment:* Tax-Exempt, Non-Bank Qualified.
- Rating(s):* None applied for the 2024 Bond. Please note that the County’s Long-term Issuer Credit Rating is as follows:
- Moody’s: Aa3
S&P: AA
Fitch: AA
- Drawdown:* All proceeds drawn at Closing.
- Interest Payments*:* Semi-annually on April 1 and October 1, commencing October 1, 2024.
- Principal Payments:* Principal due annually on October 1, beginning on October 1, 2027, until final maturity.
- Final Maturity:* October 1, 2041

Principal Amortization:*

Maturity Date	2024 Bond
10/1/2024	\$ -
10/1/2025	-
10/1/2026	-
10/1/2027	720,000
10/1/2028	1,309,000
10/1/2029	1,390,000
10/1/2030	1,864,000
10/1/2031	1,951,000
10/1/2032	2,060,000
10/1/2033	2,169,000
10/1/2034	2,287,000
10/1/2035	2,411,000
10/1/2036	2,540,000
10/1/2037	2,676,000
10/1/2038	2,820,000
10/1/2039	750,000
10/1/2040	513,000
10/1/2041	540,000
Totals	\$ 26,000,000
Avg. Life (Years)*	10.4
Tax-Exempt, NBQ	_____ %

Please feel free to provide a proposal on one or more of the options above to the extent your institution is able.

*Preliminary, subject to change.



Security:

Alternative 1: Moral Obligation of the County

Under this approach, the 2024 Bond would be a limited obligation of the IDA secured by and payable solely from an assignment of certain payments to be made by the County to the IDA pursuant to a Financing Agreement between the IDA and the County. The undertaking by the County to make payments under the Financing Agreement would be subject to annual appropriation by the County's Board of Supervisors of sufficient funds for such purpose, and the Board of Supervisors will have no legal obligation to make any such appropriations.

Alternative 2: Lease Revenue Secured by a County Asset(s)

Under this approach, the 2024 Bond would be collateralized with a County asset(s) of commensurate value. The County would convey the asset(s) to the IDA under a Ground Lease for 5-10 years longer than the 2024 Bond's maturity, and the IDA would lease the asset(s) to the County under a Lease Agreement with rental payments, subject to annual appropriation by the Board of Supervisors in amounts equal to debt service on the 2024 Bond. The leases will be assigned to the Bondholders as security for the 2024 Bond. Please specify all requirements related to the collateral, including, but not limited to, title searches, title insurance, flood certificates, and loan-to-value percentage. Additionally, please specify the responsible parties for any of the requirements related to collateral as well as any costs that will be expected to be covered by the County.

The County's undertaking will NOT constitute a pledge of the full faith and credit of the Commonwealth or any of its political subdivisions, including the County and the IDA.

Interest Rate:

If possible, please provide a fixed rate quote for the entire amortization periods 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 15-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. 15-year amortization with an initial rate fixed for 10 years and a rate reset for the remaining 5 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 March 27, 2024.*

Optional Redemption:

The County is looking for maximum flexibility. Please specify the call structure that would provide the most flexibility at the lowest cost of funds (i.e. the earliest call date with the lowest prepayment penalty, if any).

*Preliminary, subject to change.

Conflict Waiver:

Sands Anderson, P.C. has been engaged to serve as Bond Counsel to the County for purposes of this financing. By submitting its proposal, each proposer represents that it understands the role of Sands Anderson, P.C., and that, if the proposer is selected as the winning proposer, the proposer will have agreed to waive any potential conflict of interest that the involvement of Sands Anderson, P.C. might present to such proposer in connection with this financing.

Documents and Opinion(s):

Sands Anderson, P.C., as Bond Counsel to the County, will be responsible for drafting the financing documents. There are no other additional legal costs anticipated to be paid by the County. Please specify any exceptions in your proposal.

Annual/Ongoing Fees:

None anticipated to be paid by the County. Please specify any exceptions.

Bank Closing Costs:

None anticipated to be paid by the County. Please specify any exceptions.

Lender's Counsel:

If your institution will involve its own legal counsel for purposes of reviewing the legal and financing documents, please provide the following:

- Name of the firm;
- Primary contact(s); and
- Not-to-exceed fee for which the County will be responsible.
- If your institution covers these costs, please clearly indicate this benefit in your submittal.

Ongoing Disclosure:

The County will provide, or make available on its website, annual audited financial statements. Please specify any additional requirements.

Direct Bank Loan:

Proposals are requested for a direct bank loan evidenced by the 2024 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 exclusively on all aspects of the financing. The successful proposer(s) will be expected to provide a letter in form satisfactory to the County and Bond Counsel regarding the qualifications of the lender 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 disclosure documents will be prepared, although the proposers should feel free to direct any questions about the County or its finances to the undersigned.

Award:

The County reserves the right to request additional information from the proposers and reserves the right to reject any or all proposals and to waive any irregularity or informality. Although the selection will be based substantially on lowest total financing cost (including both interest cost, fees and expenses), the County reserves the right to select the proposer that best meets the needs of the County. The County Board of Supervisors intends to select the successful proposer at its March 12, 2024* Meeting.



Closing*:

Closing is expected to take place no later than March 27, 2024.* The opinion of Bond Counsel will be delivered at closing.

Additionally, please specify any other terms or conditions that would impact the proposed structure of the 2024 Bond. If your institution proposes provisions that are considered customary by the bank, but are not considered customary in municipal financing, please be specific in your proposal. Examples include, but are not limited to the following:

1. Yield Maintenance
 - Adjustments related to changes outside of the County’s control (i.e., Corporate Tax Rate Structure, Capital Reserve Requirements, and/or Regulations such as Basel III).
2. Cross Default
 - Provisions tying this financing with other General Obligation and/or Lease debt, whether publicly offered or held by banking/financing institutions (held by your institution and/or others).
3. Acceleration Provisions
4. Credit Ratings
 - Provisions related to having a formal credit rating outstanding, minimum credit rating levels, and/or having this bond rated in the future.
5. “Most Favored Nation” Provisions
 - Inclusion of restrictive covenants in other documents by reference.
6. Real Estate Title Searches or Insurance

Proposals that do not contemplate these additional provisions are preferred.

Preliminary Timetable*

Date	Task
February 2	Distribute RFP to local, regional, and national Banks.
February 23	Bank Proposals due to Davenport by 1:00 pm Richmond, VA Time.
March 12 6:30pm	County Board Meeting. <ul style="list-style-type: none"> ▪ Davenport presents comparative analysis of bank proposals. ▪ County Board considers selecting winning proposer. ▪ County Board considers adopting necessary authorizing resolution(s).
March 13 12:30pm	IDA Board Meeting. <ul style="list-style-type: none"> ▪ IDA Board considers adopting authorizing resolution(s).
By March 27	<ul style="list-style-type: none"> ▪ Finalize documents and numbers. ▪ Close on direct bank loan refinancing.

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*Preliminary, subject to change.



Submission of Proposals:

By submitting a proposal for the 2024 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 funding to the County, should your banking institution be selected as the winning proposer. If this financing requires additional credit approvals after submission of your response, please clearly indicate that in your response and describe 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.

We look forward to your response by 1:00 pm Richmond, VA Time on **Friday, February 23, 2024**. Proposals should be submitted electronically to:

Roland Kooch
(804) 697-2906
rkooch@investdavenport.com

Sam Stewart
(804) 697-2938
[sstewart@investdavenport.com](mailto:ss Stewart@investdavenport.com)

In the meantime, should you have any further questions or concerns please feel free to contact me at the number above.

Sincerely,



Roland M. Kooch, Jr.
Senior Vice President
Davenport Public Finance

CC: Jason Berry, County Administrator, *Washington County, Virginia*
Tammy Copenhaver Sturgill, Director of Budget and Finance, *Washington County, Virginia*
Kendal Williams, Deputy Director of Budget and Finance, *Washington County, Virginia*
Fred Parker, Treasurer, *Washington County, Virginia*
Brandon Snodgrass, County Attorney, *Washington County, Virginia*
Dan Siegel, Bond Counsel, *Sands Anderson, P.C.*
Jesse Bausch, Bond Counsel, *Sands Anderson, P.C.*
David Rose, Senior Vice President and Manager of Public Finance, *Davenport & Company LLC*



Municipal Advisor Disclosure

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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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