

VIA EMAIL

November 8, 2023

REQUEST FOR PROPOSALS RFP 2024-120623- ACRJ: Series 2023 Revenue Note



Albemarle-Charlottesville Regional Jail Authority

Proposals Due: 11:00 a.m. Eastern Time on Wednesday, December 6, 2023

\$4,500,000 Tax-Exempt Revenue Note, Series 2023

Davenport & Company LLC (“Davenport”), in our capacity as Financial Advisor to the Albemarle-Charlottesville Regional Jail Authority (the “Authority”), is issuing this Request for Proposals (the “RFP”) on behalf of the Authority to solicit bids for a direct bank loan evidenced by the Authority’s Series 2023 Tax-Exempt Revenue Note (the “2023 Note”).

The proceeds of the Series 2023 Note will be used to (i) provide interim funding for costs relating to the design and construction of the Improvements to the Regional Jail and (ii) finance the costs of issuance associated with the Series 2023 Note.

In order to provide the Authority with the utmost flexibility, the Authority is interested in receiving proposals for two structure options:

Structure Option 1: Draw-down, non-revolving, line of credit revenue note; and,

Structure Option 2: Bond anticipation revenue note (i.e. all proceeds drawn at closing).

Further, the Authority is interested in receiving proposals for the following:

Maturity Option A: Final Maturity of January 15, 2027.

Respondents are invited to submit proposals for one or both of the structure options for the 2023 Note. Submitting a proposal for only one of the structure options **will not** preclude a bidder from receiving the award for the 2023 Note. In order to streamline proposals, **Davenport has provided a Proposal Matrix in the Appendix of this RFP.** Potential bidders are encouraged, but not required, to include the Proposal Matrix in their proposals.

*Preliminary, subject to change.

The Authority

The Authority was created as a political subdivision of the Commonwealth of Virginia jointly by Albemarle County (Aaa/AAA/AAA), the City of Charlottesville (Aaa/AAA/AAA), and Nelson County (Not Rated). The Authority has the responsibility to operate for the benefit of the Member Jurisdictions pursuant to the Service Agreement.

The Authority’s funding is provided by the Commonwealth of Virginia, the federal government, and the Member Jurisdictions. The Authority’s Fiscal Year 2022 Annual Comprehensive Financial Report, and **FY 2024 Adopted Budget**, have been included with the distribution of this RFP. Additional information regarding the Authority can be found on the Authority’s website at: <https://www.acrj.org/>

Security

The Member Jurisdictions have entered into an Amended and Restated Service Agreement dated June 9, 2022, that governs the ownership and operation of the Authority. Under the Service Agreement, the Authority annually establishes a Facilities Charge sufficient to fund the Authority’s operating and capital costs (inclusive of debt service costs). Each Member Jurisdiction pledges, subject to appropriation, their ratable share of the Facilities Charge, in accordance with percentages established annually based on estimated usage based on prior fiscal year usage, subject to annual reconciliation based on actual usage (see below for Fiscal Year 2024 allocation). If for some reason the Authority has insufficient funds to make a debt service payment, the Authority must notify the Member Jurisdictions of the shortfall, and each Member Jurisdiction agrees, subject to appropriation, to pay to the Authority its ratable share of the shortfall in debt service. A copy of the Amended and Restated Service Agreement is available upon request.

Projected FY 2024 Facilities Charge Allocation	
Albemarle	45.39%
Charlottesville	39.87%
Nelson	14.74%

The Member Jurisdictions’ audits and budgets can be found on their respective websites:

Albemarle County

Audits & Budgets: <https://www.albemarle.org/government/finance-and-budget/historical-budget-and-cafr-files>

City of Charlottesville

Audits: <https://www.charlottesville.gov/Archive.aspx?AMID=39>
Budgets: <https://www.charlottesville.gov/169/Budget>

Nelson County

Audits & Budgets: <https://www.nelsoncounty-va.gov/departments-offices/finance/budget-financial-documents/>

*Preliminary, subject to change.

Respondents with questions related to any of the financial information of the Authority, 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 disclosure material will be prepared, although proposers should feel free to direct any questions about the Authority or its finances to Davenport.

The 2023 Note

Proceeds of the 2023 Note will be used to provide interim funding for Architectural & Engineering Costs related to the design and construction of the Authority’s Jail Renovation Project. Additional information regarding the Jail Renovation Project can be found on the Authority’s website at: <https://www.acrj.org/renovationproject>

Each proposal is subject to review and approval by the Authority. The Authority reserves the right to reject any or all proposals for the 2023 Note, to waive irregularities in any proposal, and to negotiate with any proposer.

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

<i>Issuer:</i>	Albemarle-Charlottesville Regional Jail Authority.
<i>Tax Treatment:</i>	Tax-Exempt.
<i>Bank Qualification:</i>	Bank Qualified.
<i>Maximum Par Amount*:</i>	\$4,500,000
<i>Structure:</i>	Option 1: Draw-down, non-revolving, line of credit revenue note; and, Option 2: Bond anticipation revenue note (i.e. all proceeds drawn at closing).
<i>Final Maturity:</i>	Option A: Final Maturity of January 15, 2027.
<i>Interest Payment Dates:</i>	Interest payments due semi-annually on January 15 and July 15, beginning July 15, 2024, through Final Maturity.
<i>Security:</i>	The 2023 Note will be secured by a pledge of the Authority’s Net Revenues. The Service Agreement requires the Member Jurisdictions to consider supplemental appropriations to remedy any shortfall in debt service payments in accordance with their Facilities Charge Allocation. The Member Jurisdictions will consider support agreements to further memorialize such undertaking if requested. Any such undertaking, both in the Service Agreement and any support

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agreement, will be subject to appropriation by the Member Jurisdictions and will not constitute a debt thereof.

Interest Rate: A fixed-rate quote for the entire amortization period is **required** for the 2023 Note.

The Authority is interested in receiving rate quotes that are held firm for a closing expected to occur by Thursday, December 21, 2023. If you are unable to hold your rate proposal firm through the estimated closing date, please specify the date through which you are able to hold a firm proposal. Please also specify an indicative, floating rate and the formula by which the interest rate would be locked for the closing date.

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

Optional Redemption: The Authority prefers maximum flexibility, but at a minimum, **requires the ability to prepay, without penalty, beginning on July 15, 2025.** Please specify the call structure that would provide the Authority with the most flexibility at the lowest cost of funds. Please also address the possibility of a partial prepayment.

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

Lender's Counsel: If Lender's Counsel is to be engaged, please specify the firm and a not-to-exceed fee in the event the fee is to be paid by the Authority.

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

Opinion(s) of Bond Counsel: Bond Counsel to the Authority, Sands Anderson PC, will provide the necessary opinion(s). By submitting a proposal, your financial institution shall waive any conflict of interest with respect to Sands Anderson PC serving as Bond Counsel to the Authority in connection with the 2023 Note.

Direct Bank Loan: Proposals are requested for one direct bank loan evidenced by the 2023 Note, by a single financial institution or a syndicate of financial institutions represented by one lead institution with which the Authority and their consultants will deal with exclusively on all aspects of the financing. The successful bidder(s) will be expected to provide

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a letter in form satisfactory to the Authority 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 offering document will be prepared, although bidders should feel free to direct any questions about the Authority or its finances to the undersigned.

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

Award: The Authority Board will make the formal award. The Authority reserves the right to reject any or all proposals and to waive any irregularity or informality. Selection will be based on total financing cost (including both interest cost and upfront fees and expenses) and other financial factors providing the best value to the Authority.

Closing: Closing is expected to take place on or before Thursday, December 21, 2023 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.

Preliminary Timetable*

Action	Date
Davenport distributes RFP (“Request for Proposals”) for interim financing to local, regional, and national lending institutions.	Wednesday, November 8, 2023
Davenport presents a resolution to member jurisdictions approving the Authority Board to seek interim financing.	Weeks of November 13, and November 20, 2023
RFP responses due to Davenport.	December 6, 2023
Davenport presents results of RFP Process for Interim Financing to Authority Board.	December 14, 2023
Close on 2023 Note.	December 21, 2023

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We look forward to your response by 11:00 a.m. Eastern Time on Wednesday, December 6th, 2023. Please email your response and refer any questions related to the financial information of the Authority or any requests for additional information to the contacts below:

Stephen Geisz
Associate Vice President
Davenport & Company LLC
Phone: (804) 697-2986
sgeisz@investdavenport.com

A.J. Allen
Analyst
Davenport & Company LLC
Phone: (804) 780-2196
ajallen@investdavenport.com

We look forward to your response.

Sincerely,



Courtney Rogers
Senior Vice President
Davenport & Company LLC

Roland Kooch
Senior Vice President
Davenport & Company LLC

cc: Colonel Martin Kumer – Superintendent, *Albemarle Charlottesville Regional Jail Authority*
Jacob Sumner – Interim CFO, *Albemarle County*
Christopher Cullinan – Finance Director, *City of Charlottesville*
Linda Staton – Finance Director, *Nelson County*
Daniel Siegel – Bond Counsel, *Sands Anderson PC*
Jesse Bausch – Bond Counsel, *Sands Anderson PC*

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Appendix – Proposal Matrix

Series 2023 Note Proposal Matrix*		Structure Option 1	Structure Option 2
		Draw-down, non-revolving, line of credit revenue note.	Bond anticipation revenue note (i.e. all proceeds drawn at closing).
Final Maturity Option A	January 1, 2027	_____ %	_____ %

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Municipal Advisor Disclaimer

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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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