

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

PARTICIPATION COMMITTEE
Wood Haven Road Project

MINUTES

A Virtual Special Meeting of the WVRIFA Participation Committee for the Wood Haven Road Project was held on Wednesday, April 29, 2020 at 10:00 a.m. remotely via Zoom.

***NOTE:** The Virtual Special April 29, 2020 Meetings of the WVRIFA Participation Committee and the WVRIFA Board of Directors were held simultaneously (jointly) since several items on both agendas were the same.*

1. CALL MEETING TO ORDER

Chairman Cowell called the meeting to order at 10:00 a.m.

2. ROLL CALL

Chairman Cowell welcomed those in attendance and asked Virginia Mullen to call the roll. Ms. Mullen noted that a quorum was established.

Participation Committee Members Attendance: James Taliaferro, City of Salem (participated remotely from City of Salem); Bob Cowell, City of Roanoke (participated remotely from City of Roanoke); and Dan O'Donnell, Roanoke County (participated remotely from Roanoke County).

Staff Attended Virtually: John Hull, WVRIFA Director; Beth Doughty, WVRIFA Assistant Director; Sam Darby, WVRIFA Counsel; Sherry Dean and Virginia Mullen, WVRIFA Finance/Administrative Staff.

Others Attended Virtually: Gary Larrowe, Botetourt County; Ken McFadyen, Botetourt County; Michael Burnette, Franklin County; Jill Loope, Roanoke County; Melinda Payne, City of Salem; Barry Thompson, Town of Vinton; Kyle Laux, Davenport & Co; David Rose, Davenport & Co; and Matt Miller, Roanoke Valley-Alleghany Regional Commission.

3. APPROVAL OF THE CONSENT AGENDA ITEMS

The following consent agenda items were distributed earlier: (A) February 21, 2020 Participation Committee Minutes and (B) Financial Reports Ending March 31, 2020.

Motion: by James Taliaferro to approve items A&B under the Consent Agenda, as distributed. The motion was seconded by Bob Cowell.

ADMINISTERED BY:

Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

WVRIFA Participation Committee Action: Roll Call Vote – Ayes 3 (O'Donnell, Cowell, Taliaferro); Nays 0; and Abstentions 0. Motion carried unanimously.

4. **PUBLIC COMMENT PERIOD**

There were no comments.

5. **CONSIDERATION OF INTENT TO AWARD FOR THE INNOVATION DRIVE CONSTRUCTION PROJECT**

John Hull reported that Innovation Drive Construction Project was advertised in February 2020. Bowman Excavating was the sole bidder on the project with total bid price at \$372,500.00 and proposed a fourteen-week construction schedule.

Motion: by Dan O'Donnell to recommend to the WVRIFA Board the approval of the intent to award the Innovation Drive Construction Project. The motion was seconded by James Taliaferro.

WVRIFA Participation Committee Action: Roll Call Vote – Ayes 3 (O'Donnell, Cowell, Taliaferro); Nays 0; and Abstentions 0. Motion carried unanimously.

6. **PRESENTATION ON POTENTIAL WVRIFA BOND REFINANCING**

Chairman Cowell noted that the presentation on the potential WVRIFA Bond Refinancing was previously distributed with the agenda and invited Mr. Kyle Laux, Davenport & Co to present. Mr. Laux reported that the presentation has informational purpose and no action is required at this time. Mr. Laux noted that the proposals are due May 6, 2020. The intent is that Davenport would present the results of the RFP process and present a recommendation to the Authority at the May WVRIFA Board Meeting. (The Presentation is attached to the Minutes.)

7. **PROJECT UPDATES**

John Hull reported that the rezoning application of the former Bower parcel has been filed. As discussed previously the rezoning was necessary to incorporate the 2.02 acre parcel into the development plan and it provides number of benefits such as preservation of several hundred feet of wetlands and natural buffer. There are two public hearings scheduled ahead: May 5, 2020 with the Planning Commission and May 26, 2020 with the Roanoke County Board of Supervisors. Mr. Hull reported that the water/sewer construction project is essentially complete, all that is left is seeding, final clean up and equipment removal. Mr. Hull also reported that the development of the phase 1 grading plans are underway, and he anticipates advertising the project in June or July.

8. **OTHER BUSINESS**

No other business was discussed.

ADMINISTERED BY:


Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

9. **ADJOURNMENT OF THE WVRIFA PARTICIPATION COMMITTEE MEETING**

Motion: by Dan O'Donnell to adjourn the WVRIFA Participation Committee Meeting. The motion was seconded by James Taliaferro.

WVRIFA Participation Committee Action: Roll Call Vote – Ayes 3 (O'Donnell, Cowell, Taliaferro); Nays 0; and Abstentions 0. Motion carried unanimously.

The WVRIFA Participation Committee Meeting adjourned at 10:46 a.m.



Virginia Mullen, Recording Secretary
WVRIFA Participation Committee

ADMINISTERED BY:

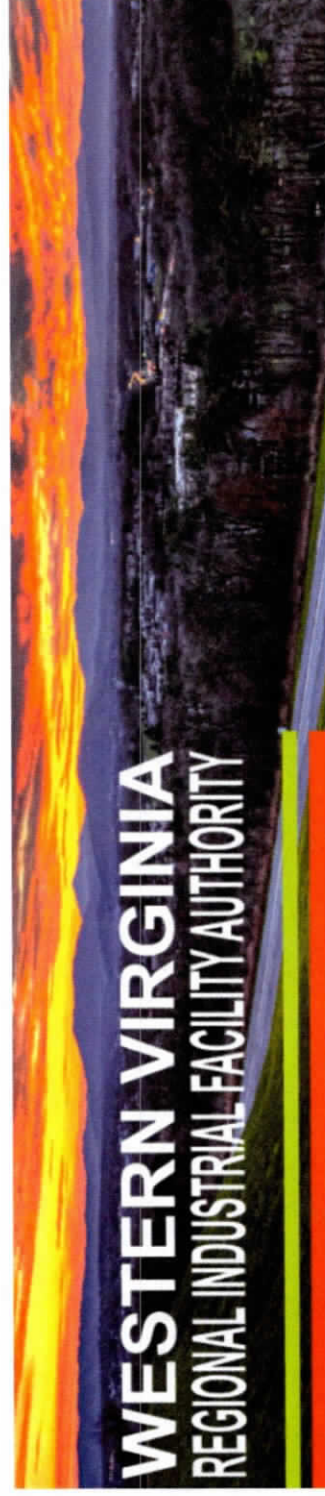
Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

Potential Refinancing Opportunity

Roanoke Regional Partnership/Western Virginia Regional Industrial Facility Authority

April 17, 2020

DRAFT – WORKING PAPERS – FOR DISCUSSION PURPOSES ONLY



Background



- Davenport & Company LLC (“Davenport”) serves as Financial Advisor to the Western Virginia Regional Industrial Facility Authority (the “Authority”).
- In 2016, Davenport and Sands Anderson PC (“Sands Anderson”), the Authority’s Bond Counsel, assisted the Authority in researching potential financing mechanisms for the Woodhaven Road Project (the “Project”).
- As detailed further on the next page, Davenport assisted the Authority in obtaining \$10 million of Phase One financing in 2016 for the Project through a competitive bank solicitation process.
- The Authority issued the \$10 million Series 2016 Taxable Revenue Bond (the “2016 Bond”) through a Direct Bank Loan from Atlantic Union Bank (*formerly Union Bank & Trust*).
- Despite the recent volatility in financial markets, interest rates remain at historically low levels.
- Davenport believes the Authority may have the opportunity to refinance the 2016 Bond for debt service savings (the “Refinancing Opportunity”).

The Refinancing Opportunity



- In Summer 2016 Davenport distributed a Request for Proposals (“RFP”) on the Authority’s behalf to solicit competitive proposals from local, regional, and national Banking Institutions for Phase One Financing.
- The Authority Board and the elected bodies of the 3 participating member jurisdictions – the City of Roanoke, the City of Salem, and Roanoke County – chose to issue the 2016 Bond through a Direct Bank Loan from Atlantic Union Bank.
- The 2016 Bond was issued by the Authority with the backing of each of the 3 participating local governments.
- Each locality entered into a support agreement with the Authority and pledged to pay a proportionate share of debt service on the 2016 Bond:
 - City of Roanoke – General Obligation Pledge to pay its proportionate share (44.2%) of debt service.
 - City of Salem – General Obligation Pledge to pay its proportionate share (11.6%) of debt service.
 - Roanoke County – Moral Obligation Pledge to pay its proportionate share (44.2%) of debt service.
- Additionally, the Roanoke County Government Center was offered as collateral for the Roanoke County portion.

■ The Refinancing undertaken by the Authority and local participants would maintain the security structure described above.

■ The debt service savings achieved by a Refinancing, if any, would be shared proportionally by the local participants.

The Refinancing Opportunity (cont.)



- The Authority issued the \$10 million 2016 Bond in October 2016.
- The 2016 Bond was issued with a final maturity on January 15, 2037. There are 17 years remaining until final maturity in FY 2037.
- The 2016 Bond has an interest rate of 3.70%, which is fixed through final maturity in FY 2037.

■ The 2016 Bond can be refinanced or paid off at any time without penalty.

■ Given the historically low interest rate environment, the Authority may be able to complete a refinancing that reduces the interest rate on the 2016 Bond and achieves debt service savings over the life of the loan.

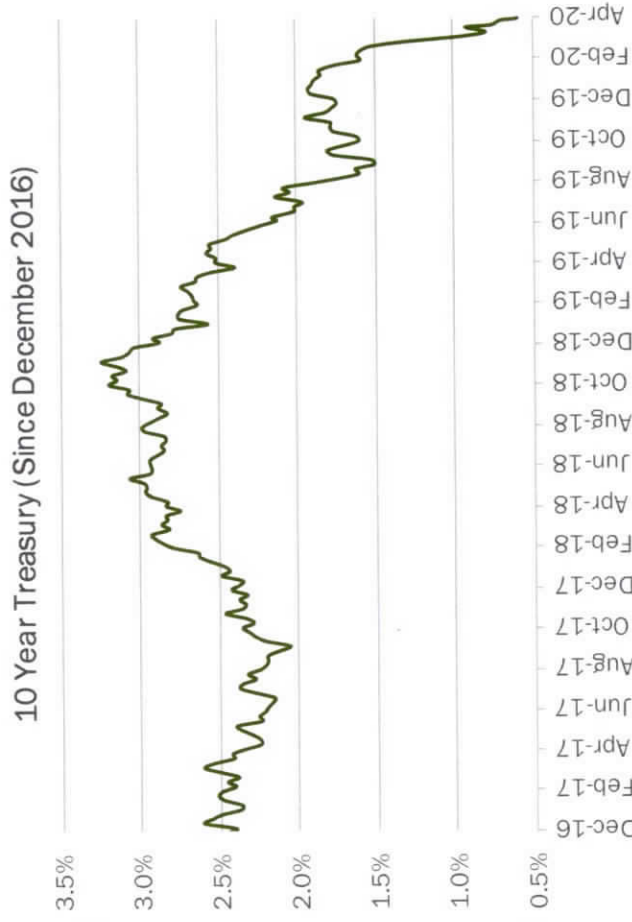
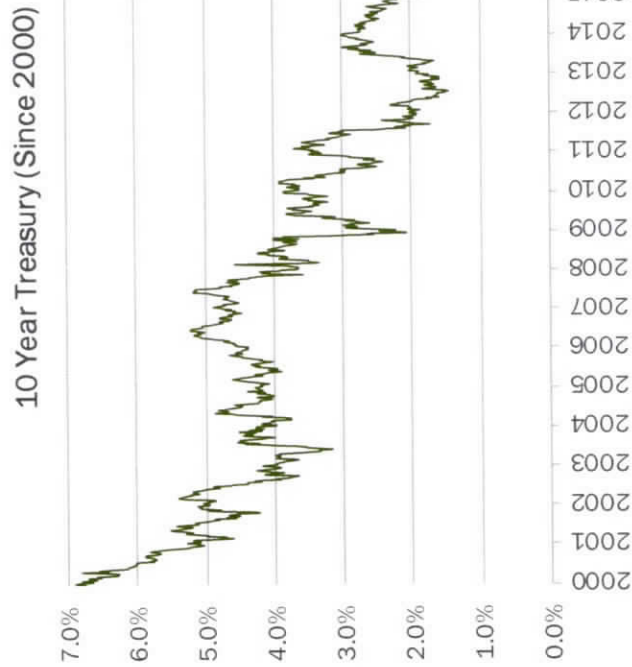
- Davenport recommends that the Authority pursue the Refinancing Opportunity through a potential Direct Bank Loan using the same competitive RFP process utilized for the 2016 Bond.
- This presentation details a Proposed Timetable of events required to complete a potential Refinancing

Remaining Debt Service on the 2016 Bond

Refinancing Candidate - 2016 Bond

Fiscal Year	Interest Rate	Principal	Interest	Total Payments
2021	-	-	\$370,000	\$370,000
2022	-	-	370,000	370,000
2023	3.70%	\$510,000	370,000	880,000
2024	3.70%	530,000	351,130	881,130
2025	3.70%	550,000	331,520	881,520
2026	3.70%	570,000	311,170	881,170
2027	3.70%	590,000	290,080	880,080
2028	3.70%	610,000	268,250	878,250
2029	3.70%	635,000	245,680	880,680
2030	3.70%	660,000	222,185	882,185
2031	3.70%	680,000	197,765	877,765
2032	3.70%	710,000	172,605	882,605
2033	3.70%	735,000	146,335	881,335
2034	3.70%	760,000	119,140	879,140
2035	3.70%	790,000	91,020	881,020
2036	3.70%	820,000	61,790	881,790
2037	3.70%	850,000	31,450	881,450
Total		\$10,000,000	\$3,950,120	\$13,950,120

Taxable Interest Rate Trends



Long term interest rates have continued to decline and remain at historic lows.

Note: Graphs show data for the 10 Year US Treasury through Friday, April 3, 2020.

Recommended Refinancing Process



- Despite recent volatility in the public market for municipal bonds, commercial banks have continued to provide competitive bids for governmental loans with strong credit standing/credit ratings like those of the three participating jurisdictions.
- Davenport recommends that the Authority pursue a competitively bid Direct Bank Loan process which would allow the refinancing to be bid to local, regional, and national banking institutions. The results of the bidding would be known before the Authority would take any formal action to move forward with the transaction.
- While it is impossible to predict the ultimate interest rate(s) provided through a competitive direct bank loan bidding process, a reduction of the interest rate by roughly 50 bps (i.e. $\frac{1}{2}$ of 1%) would exceed the industry standard 3% savings threshold (this translates to roughly \$350,000 in net savings).
- In addition, the savings could be targeted in FY2021 to help offset the financial challenges caused by the on-going COVID19 crisis.
- No transaction costs would be borne by the Authority unless a successful refinancing transaction occurs.

Proposed Refinancing Timetable



- Early April

Davenport identifies the opportunity to refinance the Western Virginia Regional Industrial Facility Authority (the "Authority") outstanding 2016 Bond through a competitive Request for Proposals (RFP) process.

Note: By moving forward with the RFP process, neither the Authority nor the member jurisdictions are obligated to move forward with a refinancing. No costs for professional services will be incurred if a successful refinancing is not completed.

- Monday, April 13

Davenport distributes the RFP to local, regional, and national banking institutions to solicit competitive financing proposals for the Refinancing Opportunity.

Proposed Refinancing Timetable (cont.)



➤ Friday, April 17

Meeting of the Western Virginia RIFA Board.

Davenport presents the Refinancing Opportunity and Plan of Finance to the Authority Board.

➤ Friday, May 1

Davenport receives bank proposals for the Refinancing Opportunity.

Note: Davenport will ask banks to hold interest rate proposals firm through mid-June, to the extent that they are able, in order to accommodate the schedules and dates for potential approval by Roanoke County, the City of Roanoke, and the City of Salem.

➤ Week of May 4

Davenport and Authority staff review refinancing proposals and develop a recommendation of the winning lender.

Proposed Refinancing Timetable (cont.)



➤ Friday, May 15

Meeting of the Western Virginia RIFA Board.

- Davenport presents results of the RFP process and recommendation to the Authority Board.
- The Board authorizes the Refinancing and selects the winning bidder.

At the late May meetings of Roanoke City Council, Salem City Council, and Roanoke County Board of Supervisors, Davenport will present results of the RFP process and preliminary results of the Refinancing Opportunity.

➤ Monday, May 18

Meeting of the Roanoke City Council.

- RFP results presented. No action requested at this time. City Council will be asked to authorize the Refinancing at its meeting on Monday, June 1.

➤ Tuesday, May 26

Meeting of the Salem City Council.

- RFP results presented. No action requested at this time. City Council will be asked to authorize the Refinancing at its meeting on Monday, June 8.

➤ Tuesday, May 26

Meeting of the Roanoke County Board of Supervisors.

- RFP results presented. No action requested at this time. The Board of Supervisors will be asked to authorize the Refinancing at its meeting on Tuesday, June 9.

Proposed Refinancing Timetable (cont.)



At the early June meetings of the Roanoke City Council, Salem City Council, and Roanoke County Board of Supervisors, the City Councils and Board of Supervisors will consider authorizing the Refinancing.

- Monday, June 1
 - Meeting of the Roanoke City Council.
 - City Council considers authorizing the Refinancing.

- Monday, June 8
 - Meeting of the Salem City Council.
 - City Council considers authorizing the Refinancing.

- Tuesday, June 9
 - Meeting of the Roanoke County Board of Supervisors.
 - The Board of Supervisors considers authorizing the Refinancing.

- By Tuesday, June 16
 - Close on the Refinancing.

Municipal Advisor Disclaimer



The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not-for-profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

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.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

01.13.14 JU | GM | KL | DR