

PITTSYLVANIA COUNTY
VIRGINIA

Connie Gibson
Purchasing Manager
P.O. Box 426
Chatham, Virginia 24531
Connie.gibson@pittgov.org



1 Center Street, Chatham, Virginia
Phone (434) 432-7744
Fax (434) 432-7746
Website: www.pittsylvaniacountyva.gov

November 20, 2017

RE: RFP #20171110 – Master Lease Financing Program

The following questions shall serve as Addendum #1. Please acknowledge receipts of this addendum when submitting your bid.

Dear Vendor:

- 1.) Tax status – RFP states it could be tax-exempt or taxable; if tax-exempt, would you anticipate having enough future tax-exempt projects to utilize the remaining funds? **No, the projects have not been completely defined but most, if not all, of the future projects will be taxable.**
- 2.) Per RFP, there are only \$2.025MM in identified projects. Please provide as much detail as possible regarding the purpose of the remaining \$3MM commitment. **Projects for the remaining \$3MM are undetermined at this time.**
- 3.) Specifically, are there already planned project beyond what was stated in the RFP? **Projects for the remaining \$3 million are undetermined at this time.**
- 4.) Could you provide proposed terms or a draft of the prime lease from County to IDA as outlined in the security section of the RFP? **Sample lease is provided below.**
- 5.) Could you provide any additional detail regarding the potential/preferred collateral (i.e. lease revenue, tenants, locations, terms or leases, etc.)? **We are planning to use the Human Services Building located at 220 H.G. McGee Drive, Chatham, VA 24531 as the primary source of collateral. We currently have 2 tenants: the Department of Social Services and the Department of Health. DSS pays an annual rent of \$35,252 and the Health Dept. pays an annual rent of \$80,204. The assessed value of this building totals \$4,245,700. The original building was built in 2000 with annexes done in 2007 and 2009. The total square footage is 28,908. In addition, to the extent necessary, we would also be willing to use any properties that would be purchased with these funds as collateral as well.**

Sincerely,

Connie Gibson
Purchasing Manager

This document has been prepared by
and, after recording, please return to:

J. Vaden Hunt, Esq.
County of Pittsylvania
P.O. Box 426
Chatham, Virginia 24531

Tax Parcel Number[s]: [_____]

RECORDER'S NOTE: THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PITTSYLVANIA, VIRGINIA, AND THE COUNTY OF PITTSYLVANIA, VIRGINIA, ARE EXEMPT FROM RECORDATION TAXES PURSUANT TO SECTION 58.1-811(E) OF THE CODE OF VIRGINIA OF 1950, AS AMENDED, AND CLERK'S FEES PURSUANT TO SECTION 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED.

DEED AND AGREEMENT OF PRIME LEASE

THIS DEED AND AGREEMENT OF PRIME LEASE dated as of [_____, 20__] (the "Effective Date"), by and between **THE COUNTY OF PITTSYLVANIA, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "County"), as lessor and, for indexing purposes, grantor, and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PITTSYLVANIA, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), as lessee and, for indexing purposes, grantee, provides:

W I T N E S S E T H:

WHEREAS, the County is the fee simple owner of certain land located in the County, as more fully described in Exhibit A (such land and all improvements now or hereafter existing thereon, the "Property");

WHEREAS, the Authority and [_____] (the "Trustee") have entered into an Agreement of Trust dated as of [_____, 20__] (as supplemented and amended, the "Agreement of Trust"), to provide the terms for the issuance of one or more series of the Authority's public facility lease revenue bonds to provide funds to finance or refinance one or more Projects (as defined in the Agreement of Trust) as requested and approved by the County; and

WHEREAS, the County desires to lease the Property to the Authority to secure the bonds issued to finance and refinance such Projects, and the County will then lease the Property back from the Authority pursuant to a Deed and Agreement of Financing Lease dated as of [_____, 20__] (as supplemented and amended, the "Financing Lease"), between the Authority and the County, and the Authority desires to enter into this Prime Lease with the County in order to accomplish the undertaking of such Projects;

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

Section 1. Lease of Property. The County hereby demises and leases to the Authority, and the Authority hereby leases from the County, the Property.

Section 2. Term. The term of this Prime Lease shall commence on the Effective Date and shall expire on [_____, 20__], unless such term is terminated earlier as hereinafter provided.

Section 3. Rental. The Authority shall pay to the County, on the Effective Date, the sum of \$10.00, such sum representing the full amount of rent to be paid for the term of this Prime Lease.

Section 4. Purpose. The Authority shall use the Property solely for the purpose of leasing the Property to the County pursuant to the Financing Lease, as well as for such purposes as may be incidental thereto; provided, however, that if (a) any default by the County occurs under the Financing Lease and such default is not cured within any applicable notice and cure period or (b) the Financing Lease is terminated and not reinstated, then the Authority shall be entitled to use the Property for any lawful use for the remaining term of this Prime Lease.

Section 5. Title to Property. The County represents and warrants that it is the owner in fee simple of the Property as it exists on the date hereof. The Authority acknowledges and agrees that the County shall at all times retain fee simple title to the Property and at no time shall fee simple title reside in the Authority.

Section 6. Assignment and Sublease. The Authority may assign its rights under this Prime Lease or sublet the Property without the consent of the County only (a) in connection with any entering into, and assignment of its rights under, the Financing Lease or (b) if the Financing Lease is terminated because either an Event of Default or an Event of Non-Appropriation (as each term is defined in the Financing Lease) has occurred and is continuing.

Section 7. Fees and Expenses. The County shall pay all reasonable expenses of the Authority arising out of the transactions contemplated by the Financing Lease and this Prime Lease.

Section 8. Termination. (a) Upon the earlier of (i) the payment of all outstanding Basic Rent and Additional Rent (as each term is defined and as provided for in the Financing Lease) or (ii) the expiration of the term hereof, the leasehold estate of the Authority hereunder shall terminate. The Authority agrees upon such termination to surrender the Property to the County and, upon the request of the County, to execute appropriate instruments evidencing such termination.

(b) The County shall not have the right to exclude the Authority from the Property or take possession of the Property (other than pursuant to the Financing Lease) or to terminate this Prime Lease prior to the expiration of its term upon any default by the Authority of its obligations hereunder. However, in the event of a default by the Authority hereunder, the County may maintain an action for specific performance.

Section 9. Quiet Enjoyment. Subject to the provisions of this Prime Lease, the Authority at all times during the term of this Prime Lease shall peaceably and quietly have, hold and enjoy the entire leasehold estate created hereunder.

Section 10. Amendments to Release Property. In the event that the County elects to prepay Basic Rent from the Net Proceeds (as defined in the Financing Lease) received from (a) any insurance recovery obtained pursuant to Section [] of the Financing Lease or (b) any condemnation, eminent domain, or loss of title award obtained pursuant to Section [] of the Financing Lease, Exhibit A hereto may be amended, at the option of the County, to release any portion of the Property from the terms of this Prime Lease so long as the Trustee receives evidence that the removal of such portion leaves the remaining Property with an insured value at least equal to 90% of the principal amount of the Outstanding Bonds (as defined in the Agreement of Trust).

Section 11. Amendments Generally. Other than as provided for in Section 10 above, no modification, waiver, amendment, discharge or change of this Prime Lease shall be valid unless the same is in writing and consented to by the Authority, the County and the Trustee. Notwithstanding any other provision hereof, this Prime Lease shall not be supplemented, amended or modified prior to the payment of all Outstanding Bonds except in accordance with Article [] of the Agreement of Trust.

Section 12. Notices. All notices to be given under this Prime Lease shall be in writing and shall be deemed to have been given when delivered in person or when mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the County, at 1 Center Street, P.O. Box 426, Chatham, Virginia 24531 (Attention: County Administrator), and (b) if to the Authority, c/o of the County Attorney's Office, at 1 Center Street, P.O. Box 426, Chatham, Virginia 24531 (Attention: Chairman). The County and the Authority may, by notice given hereunder, designate any future or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 13. Severability. If any provision of this Prime Lease shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 14. Limited Liability. Notwithstanding any provision of this Prime Lease to the contrary, the obligations of the Authority under this Prime Lease are not general obligations of the Authority, but are limited obligations payable solely from proceeds of the Bonds. No director, officer, employee or agent of the Authority shall be personally liable on any of the Authority's obligations hereunder. No officer, employee or agent of the County shall be personally liable on any of the County's obligations hereunder.

Section 15. Successors and Assigns. This Prime Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 16. Counterparts. This Prime Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

Section 17. Governing Law. This Prime Lease shall be governed by and construed and enforced in accordance with the applicable laws of the Commonwealth of Virginia, without regard to its conflict of law principles.

Section 18. No Merger. The reversionary and leasehold estates in and to the Property created by this Prime Lease shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the County, any lessee or any third party, unless the person holding both of such estates shall expressly elect in writing for them to merge.

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Description of the Property

[To be Determined]