

NOTICE OF INVITATION TO BID

Notice is hereby given pursuant to Section 15.2-2101 of the Code of Virginia of 1950, as amended (the "Code"), that the City of Danville, Virginia (the "City"), will accept written bids for service as conduit issuer of bonds on behalf of the City and as prime lessee/financing lessor under a master lease financing arrangement to finance or refinance projects as requested by the City. Bids should be submitted to the attention of the Mayor at the Municipal Building, 427 Patton Street, Fourth Floor, Danville, Virginia. Bids may be submitted, and are encouraged to be submitted, on any date prior to March 7, 2017, but must be received no later than the City Council meeting at 7:00 p.m. on March 7, 2017. The City Council intends to make the appointment pursuant to an ordinance to be adopted at a meeting of the City Council on March 7, 2017, in the City Council Chambers.

The City desires to undertake a program of financing the acquisition, construction, renovation, rehabilitation and equipping of various public improvement projects (each a "Project") as the City determines are necessary or beneficial from time to time.

The City desires to finance such Projects through a master lease financing arrangement. The proposed master lease financing arrangement is expected to involve the issuance of one or more series of lease revenue bonds from time to time by a conduit issuer (as further described below, the "Lessee") on behalf of the City under an agreement of trust between the Lessee and a trustee (the "Trustee"). The proceeds of such bonds will be loaned to the City to pay the costs of such Projects as well as financing and other related costs. Such bonds will be secured by the lease of certain property (as further described below, the "Property") of the City to the Lessee under a prime lease, with a term not to exceed forty (40) years, and a lease back of the Property to the City under a financing lease, with a term not to exceed thirty (30) years. Pursuant to such financing lease, the City will make certain rental payments, subject to the appropriation by the City Council, in amounts sufficient to pay principal of and premium, if any, and interest on such bonds and related costs. The Lessee will assign certain of its rights under the prime lease and the financing lease (including the right to receive the rental payments under the financing lease) to the Trustee for the benefit of the holders of such bonds.

To provide collateral security for the loan, the City intends to lease certain real property and the existing improvements thereon owned by and located in the City, which shall include (1) the Municipal Building, consisting of a four-story building (with a basement) of approximately 64,484 total square feet, with a street address of 427 Patton Street, Danville, Virginia 24541 (Tax Parcel No. 26472), and (2) the Danville Courts and Jail Buildings, consisting of a two-story building of approximately 54,169 total square feet, with a street address of 401 Patton Street, Danville, Virginia 24541 (Tax Parcel No. 24143) (collectively such leased parcels, the "Property"). The City intends to lease the Property to an entity meeting the criteria set forth below (the "Lessee") for a term not to exceed forty (40) years pursuant to the terms of a prime lease, as such prime lease may be supplemented and amended. The Lessee will agree pursuant to the terms of such prime lease to lease the Property back to the City for a term not to exceed thirty (30) years pursuant to the terms of a financing lease, as such financing lease may be supplemented and amended.

The Lessee must (1) be a political subdivision with the ability to issue and sell lease revenue bonds, the interest on which may be excludable from gross income for federal income tax purposes, (2) use the proceeds of such bonds to finance the Projects and (3) be able to act as a prime lessee/financing lessor of the Property.

A copy of the prime lease form to be used for such master lease financing arrangement is on file at the City Clerk's Office, 427 Patton Street, Danville, Virginia. Interested bidders may contact Michael Adkins, Director of Finance, 427 Patton Street, Danville, Virginia, for more information. After review of all bids received at the meeting set forth above, the City Council shall have the right to reject any and all bids, or to approve the bid that it determines to be in the best interests of the City. If any bid is accepted, the City shall adopt an ordinance in substantially the form as is on file at the City Clerk's Office. In accordance with Section 15.2-2101 of the Code, the successful bidder will be expected to reimburse the City for the cost of this advertisement. Pursuant to Section 15.2-2104 of the Code, the entity to whom the award is made shall be required to execute a bond, with good and sufficient surety, in favor of the City, in such amount as the City shall determine.

BY AUTHORITY OF THE COUNCIL
City of Danville, Virginia
Susan M. DeMasi, CMC