

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held in the Board Room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, on the 24th day of April, 2012, at 5:00 p.m.

Present:

Oliver H. Bennett, Chairman

Willie C. Randall, Vice Chairman

Richard L. Hubbard

Larry LeMond

Absent:

Laurence J. Trala

The meeting was called to order by the Chairman.

2. Review of Proposed VDOT Six Year Plan

Mr. Tony Gibson of the Virginia Department of Transportation shared with the Board the following powerpoint presentation:

Northampton County Secondary Six Year Program 2013 – 2018

April 23, 2012
Secondary Six Year Program
Working Meeting

Northampton County Secondary Six Year Program

- **Estimated Program Allocations**
- **Scheduled Advertisement Dates for County Priority Projects**
- **Route 641/Route 642 Pre-Scoping Study**

Estimated Program Allocations

Fiscal Year	Regular Construction	Unpaved Roads	Total
2013	\$39,811	\$0	\$39,811
2014	\$43,817	\$0	\$43,817
2015	\$43,817	\$0	\$43,817
2016	\$43,817	\$0	\$43,817
2017	\$43,817	\$0	\$43,817
2018	\$43,817	\$0	\$43,817
Total	\$258,896	\$0	\$258,896

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Advertisement Dates for Current Six Year Plan Projects County's #1 Priorities

#1 Priority - UPC 1850
Route 602 - Cemetery Road
From: Route 183
To: Belle Haven
Ad Date: 6/30/2017

#1 Priority - UPC 1851
Route 602 - Cemetery Road
From: Belle Haven
To: Accomack County Line
Ad Date: 6/30/2017

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Current Six Year Plan Project County's Other Priority

#2 Priority – UPC 75950
Route 618 – New Connector Roadway
From: 0.30 mile West of Route 13
To: Route 652

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Allocations, Estimates, and Expenditures for Current Six Year Plan Projects

	UPC	ALLOCATIONS	ESTIMATE	EXPENDED	REMAINING BALANCE
#1	1850	\$1,023,906	\$5,746,090 PE - \$473,310 RW - \$2,344,191 CN - \$2,927,589	\$96,042 As of 4/5/2012	(\$4,722,184)
#1	1851	\$368,365	\$476,395 PE - \$35,544 RW - \$263,531 CN - \$177,310	\$28,754 As of 3/6/2012	(\$108,030)
#2	75950	\$133,603	\$1,985,772 PE - \$496,428 RW - \$496,428 CN - \$992,916	\$0 As of 4/20/2012	(\$1,852,169)

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When the Board questioned the significant increase in estimated construction costs for priority #1, Mr. Gibson responded that new storm water management regulations affected the cost estimates.

Next Mr. Gibson discussed with the Board a pre-scoping Narrative prepared for the Rt. 641/642 project which the Board added to the Plan last year as well a proposed new road addition into the “back way” to the former sustainable technologies industrial park and Bayshore Concrete. Comments were also received from Mr. Tom Bonadeo, Cape Charles Planner, with regard to the positive impacts to the Town of improvements on Rts. 641 and 642.

Both Mr. LeMond and Mr. Randall said that they believed the top priority of the Six Year Plan should be the Rt. 641/642 project due to the economic advantages in this area rather than Rt. 602 (Cemetery Road). Mr. Bennett offered the suggestion, and Mr. Gibson agreed to investigate, the possibility of repairs to Cemetery Road which did not involve road widening to the current state standards.

It was the consensus of the Board that the following priorities be advised for public hearing:

Priority #1 – Rt. 641/642

Priority #2 – Cemetery Road (from 183 to Belle Haven)

Priority #3 – Cemetery Road (from Belle Haven to Accomack County Line)

Priority #4 – Rt. 618 – New Connector Roadway (from .3 mile west of Rt. 13 to Rt. 652)

3. Mr. Courtney Rogers of Davenport & Co., the County’s financial advisors, shared with the Board the following powerpoint presentation:

Northampton County

A Financial Perspective

April 23, 2012



Prepared by:



Overview



Northampton County, Virginia

- Davenport & Company LLC is the largest independent broker-dealer domiciled in Virginia. Our Public Finance Department is the largest in the Commonwealth. We focus primarily on Virginia, North Carolina and Maryland. We are currently working or have worked with over 100 localities within the Commonwealth.
- Davenport has been assisting Northampton County with its Financial and Capital needs since 2000.
- During the last twelve years the County has worked to satisfy pent-up capital needs.
- While the County has issued debt to construct these capital projects the County's debt ratios are within financially prudent credit limits and are comparable to peers in Virginia.

Presentation Outline



Northampton County, Virginia

- Review Key Characteristics that constitute a highly regarded, credit worthy locality
- Discuss Comparatives with Peer Virginia Counties
- Review County's Adopted Financial Policy Guidelines
- Review Northampton's Financial Trends
- Review the County's Debt Funded Capital Projects over the last dozen years
- Review Northampton's current Debt Outstanding
- Review Northampton's Debt Ratio trends
- Discuss Northampton's Debt Capacity and Debt Affordability

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Demographic Profile

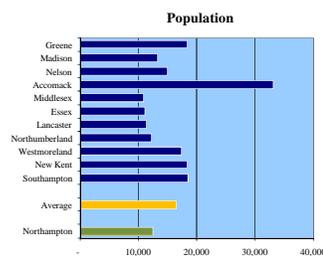


Northampton County, Virginia

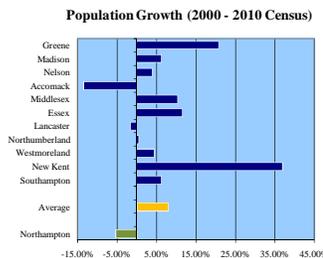
- The selected peer group has population between 10,000 and 20,000 (with the exception of Accomack) and Total Assessed Value of \$1.5 billion or more.

	<u>Population</u>
Northampton	12,389
Average	16,380
Greene	18,403
Madison	13,308
Nelson	15,020
Accomack	33,164
Middlesex	10,959
Essex	11,151
Lancaster	11,391
Northumberland	12,330
Westmoreland	17,454
New Kent	18,429
Southampton	18,570

Source: 2010 Census



Source: 2011 Audits of each locality, except Essex which is 2010 data.



Source: 2010 Census

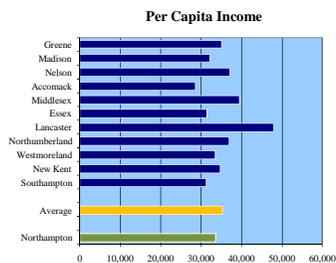
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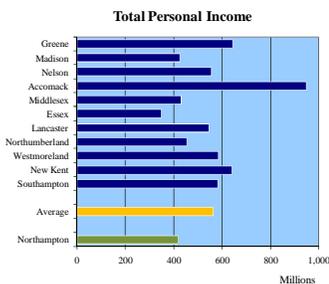
Demographic Profile



Northampton County, Virginia



Source: BEA, 2009 data (most recent available)



Source: Per capita income (BEA) times 2010 Census Population

Key Characteristics of a Highly Regarded, Credit Worthy Locality



Northampton County, Virginia

- 1st** Conservative Budgeting to produce solid financial results while keeping a competitive tax rate;
- 2nd** Maintaining Strong Reserves (i.e. no cash flow borrowing);
- 3rd** Having Prudent Debt Levels and Proactive Debt Management;
- 4th** Utilizes Multi-Year Capital Planning; and,
- 5th** Formalization of Financial Policy Guidelines involving Debt, Reserves, and other Miscellaneous Areas.

1st Characteristic – Conservative Budgeting/Solid Financial Results



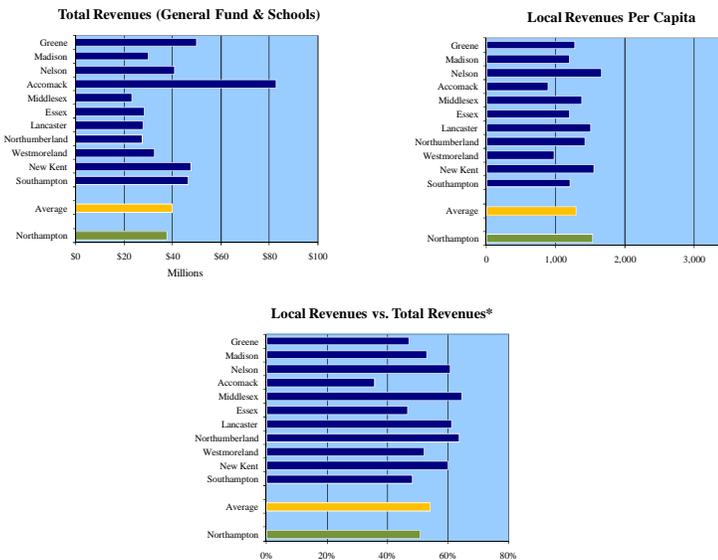
	2007	2008	2009	2010	2011	Average Annual Growth	Average Annual Growth 2005-2006
Revenues							
General property taxes	\$11,798,754	\$12,170,249	\$14,963,530	\$15,077,656	\$15,420,768	6%	8%
Other local taxes	2,934,836	3,399,129	2,906,279	2,575,860	2,366,329	-4%	-2%
Permits and fees	322,274	293,445	238,126	192,564	125,374	-12%	-18%
Fines and forfeitures	897,828	136,038	114,630	114,132	117,466	2%	22%
Revenue from use of money and property	832,703	786,364	213,130	78,806	111,289	-17%	-9%
Charges for services	239,436	273,121	560,304	604,829	625,459	32%	8%
Miscellaneous	132,274	122,907	17,302	87,554	76,049	-9%	-17%
Reverend costs	61,292	176,043	800,390	428,125	346,093	93%	16%
Intergovernmental							
Local government					436,301		
Federal	2,598,660	2,429,427	2,871,545	2,358,542	2,743,625	7%	4%
Commonwealth	5,066,851	6,721,225	5,899,290	6,236,946	6,714,004	7%	2%
Total Revenues	24,094,888	26,308,048	27,264,526	27,735,014	29,102,757	4%	5%
Expenditures							
General government administration	1,908,408	2,665,789	1,961,150	1,770,821	1,714,692	-2%	4%
Judicial administration	913,982	1,054,686	940,492	584,458	592,779	-7%	2%
Public safety	4,547,495	6,007,989	6,135,382	6,189,994	6,594,780	9%	16%
Public works	1,884,483	1,364,205	1,983,356	1,725,082	1,777,869	-1%	2%
Health and welfare	3,695,260	3,891,270	3,776,353	4,104,825	3,312,480	-2%	2%
Education	7,363,024	8,361,729	9,903,796	7,656,078	7,625,997	7%	25%
Parks, recreation, and cultural	308,779	396,876	273,887	313,905	258,761	-3%	-10%
Community development	162,063	167,771	1,347,828	1,003,195	1,849,972	3%	-1%
Debt service:							
Principal	1,519,387	1,639,477	2,366,447	2,446,876	2,523,955	13%	17%
Interest	196,022	230,345	2,039,408	1,880,090	1,784,540	-1%	20%
Bond issuance costs	87,555	0	33,423	0	0	-20%	-15%
Total Expenditures	25,765,078	29,366,937	30,761,322	27,535,324	28,035,025	2%	10%
Excess of revenues over expenditures	(1,670,190)	(3,058,889)	(3,496,796)	199,690	1,077,732	-32%	-22%
Other financial sources							
Sale of capital assets	0	12,647	263,687	0	0	-7%	-12%
Capital projects	(5,730,156)	(2,277,295)	(2,339,000)	(2,492,436)	(3,849,415)	-20%	-17%
Bond issued	1,345,428	0	1,378,350	1,390,000	0	-20%	-17%
Funds from State for Payoff of Debt	0	0	9,822,050	0	0		
Payoff of Prior Debt	0	(176,1028)	(9,822,050)	0	0		
Capital lease	394,600	582,186	820,000	792,232	896,319	-15%	72%
Transfers in	3,239,820	6,954,429	5,054,754	6,449,976	6,089,652	8%	14%
Transfers out	(3,239,820)	(6,954,429)	(5,114,493)	(6,476,083)	(6,089,652)	8%	14%
Sale of industrial park property	0	333,1860	0	0	0		
Total other financial sources	6,009,872	(91,700)	63,298	(1,049,311)	(3,743,196)	-32%	-20%
Net change in fund balance	4,339,682	(3,250,589)	(3,433,498)	(849,621)	(2,665,464)	-32%	-33%
Fund balance - beginning	8,745,667	23,085,349	19,834,760	16,401,262	15,551,641	-3%	10%
Fund balance - ending	\$23,085,349	\$19,834,760	\$16,401,262	\$15,551,641	\$12,886,177	-9%	-2%

*2009: \$9,822,050 reflects State Aid reimbursement and subsequent repayment of the note.
Prepared by: Davenport & Company LLC

1st Characteristic – Conservative Budgeting/Solid Financial Results



Northampton County, Virginia

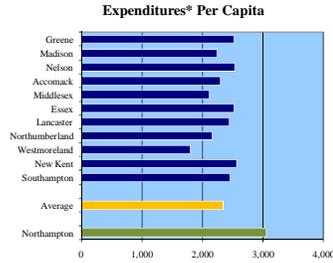
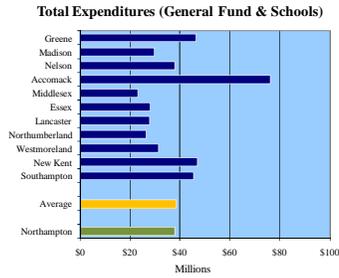


Source: 2011 Audits of each locality, except Essex which is 2010 data.
Prepared by: Davenport & Company LLC

1st Characteristic – Conservative Budgeting/Solid Financial Results



Northampton County, Virginia



Source: 2011 Audits of each locality, except Essex which is 2010 data.

*Note: Total Expenditures and Total Revenues include General Fund and Schools Operating Fund.

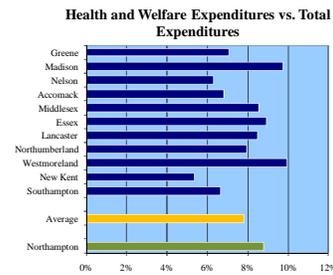
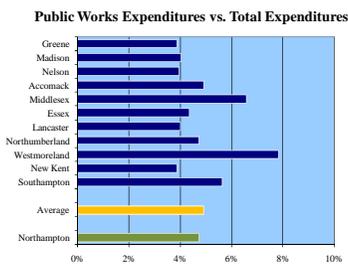
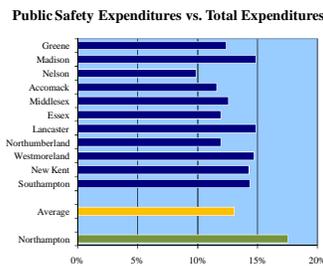
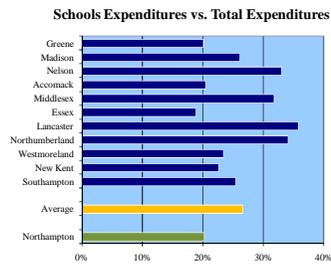
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1st Characteristic – Conservative Budgeting/Solid Financial Results



Northampton County, Virginia



Source: 2011 Audits of each locality, except Essex which is 2010 data.

Note: Total Expenditures and Total Revenues include General Fund and Schools Operating Fund. Public Safety Expenditures include Regional Jail Expenditures.

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1st Characteristic – Competitive Tax Rate



Northampton County, Virginia



FY	Real Estate Tax Rate	Change
2002	0.61	0.00
2003	0.66	0.05
2004	0.67	0.01
2005	0.65	(0.02)
2006	0.70	0.05
2007	0.70	0.00
2008	0.70	0.00
2009	0.49	(0.21)
2010	0.49	0.00
2011	0.49	0.00
2012	0.49	0.00

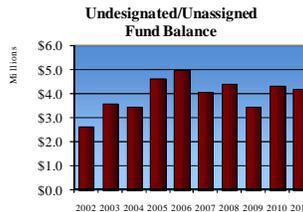
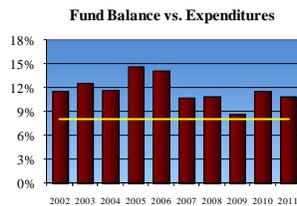
Source: County websites

2nd Characteristic – Maintaining Strong Reserves



Northampton County, Virginia

Current Policy: Unreserved fund balance in the general fund shall be measured annually at June 30th and shall be an amount equal to at least 8% of the combined budgeted expenditures of the General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund (net of interfund transfers) for the fiscal year ending on that day



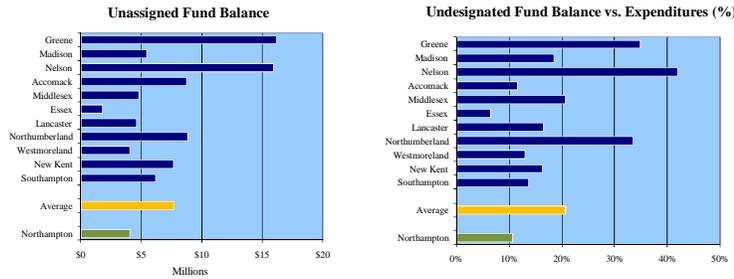
Fiscal Year	Undesignated/Unassigned Fund Balance	Total Expenditures	Ratio
2001	\$2,843,364	\$22,453,946	12.66%
2002	2,629,159	22,712,222	11.58%
2003	3,573,885	28,361,799	12.60%
2004	3,472,125	29,754,487	11.67%
2005	4,649,980	31,777,498	14.63%
2006	5,001,533	35,192,954	14.21%
2007	4,072,156	37,962,127	10.73%
2008	4,399,830	40,284,957	10.92%
2009	3,442,641	39,480,414	8.72%
2010	4,336,539	37,538,070	11.55%
2011	4,191,411	38,245,238	10.96%

Many Virginia Counties find they need 8% of Operating funds just for cash flow operations on a day to day basis with no excess for emergencies. Many add another 2% to this 8% for a total fund balance equal to 10%. As of FY11 Northampton could do this without the need to raise additional funds.

2nd Characteristic – Maintaining Strong Reserves (con't)



Northampton County, Virginia



Ample reserves allow a local government to operate without the need for cash-flow borrowing plus provide for a 'margin of safety'. In order to clarify the amount set aside for a Fiscal Reserve the County may wish to consider a policy which moves 8 to 10% of General Fund and Component Unit School Revenues to a Fiscal Reserve line item under Committed (or Restricted) Fund Balance. The remaining amount would remain as Unassigned and/or Assigned to Capital Projects.

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Why an Unassigned/Undesignated Fund Balance is important



Northampton County, Virginia

- Why is maintaining a healthy Unassigned/Undesignated Fund Balance important?
 - Provides adequate month-to-month cash flow and eliminates the need for costly cash-flow borrowing.
 - Provides funds for emergency situations (i.e. natural disaster...hurricane).
 - Provides funds for unforeseen expenditures or revenues shortfalls that occur during a Fiscal Year.
 - Provides comfort to potential lenders and the Rating Agencies as it relates to the County's financial strength / flexibility and thus allows the County to obtain competitive financing.
 - Provides the potential to generate interest earnings which limit pressure on the tax base (i.e. real estate tax rate). For every \$1 million used by the County, the County would lose between \$10,000 to \$45,000 per year of interest income. Over a 10 year period, this opportunity cost would amount to between \$115,000 and \$625,000.

	Earnings at	Earnings at
	1.00%	4.50%
<u>Lost Earnings</u>		
Per \$1 million	\$115,000	\$625,000
Estimated Lost Earnings		
@ \$3 million	\$345,000	\$1,875,000

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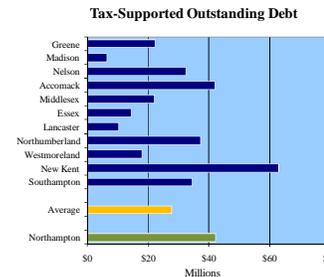
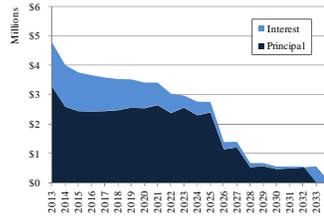
3rd Characteristic – Debt Management



Northampton County, Virginia

Fiscal Year	Total Existing Debt Service			Payout Ratio
	Principal	Interest ⁽¹⁾	Total	
2013	\$3,293,401	\$1,494,031	\$4,787,431	8.6%
2014	2,588,911	1,417,552	4,006,463	15.3%
2015	2,439,591	1,317,270	3,756,860	21.6%
2016	2,425,422	1,229,058	3,654,479	27.9%
2017	2,439,185	1,141,057	3,580,242	34.3%
2018	2,474,494	1,050,185	3,524,678	40.7%
2019	2,558,063	958,010	3,516,073	47.4%
2020	2,543,312	862,030	3,405,342	54.0%
2021	2,646,730	759,999	3,406,729	60.9%
2022	2,375,135	653,541	3,028,676	67.0%
2023	2,565,213	401,441	2,966,654	73.7%
2024	2,304,280	452,105	2,756,385	79.7%
2025	2,398,912	349,698	2,748,610	85.9%
2026	1,139,716	243,222	1,382,938	88.9%
2027	1,198,744	190,069	1,388,813	92.0%
2028	530,000	134,140	664,140	93.4%
2029	555,000	107,515	662,515	94.8%
2030	460,000	82,640	542,640	96.0%
2031	485,000	59,640	544,640	97.3%
2032	510,000	35,390	545,390	98.6%
2033	535,000	(535,000)	0	100.0%
2034	0	0	0	100.0%
TOTAL	\$38,466,107	\$12,403,592	\$50,869,699	

(1) Interest is net of Capitalized interest and Reserve Fund Earnings



'A' rated or better localities pay back at least 50% of their debt in 10 years. 'AA' rated or better are generally 60% or better.

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3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Fiscal Year	Budgetary Revenues Available for Debt Service	Existing Debt Service	Plus Estimated Future School Bus Leases	Plus School Capital Reserve Monies ⁽¹⁾	Total "Debt Service" for Budget	Funds Available/ (Deficit)	Use of Jail Reimbursement Funds
2012	\$4,040,464	\$4,830,649	\$0	\$0	4,830,649	(\$790,185)	\$790,185
2013	3,933,355	4,787,431	0	267,230	5,054,662	(1,121,307)	1,121,307
2014	3,933,355	4,006,463	89,110	926,895	5,022,468	(1,089,113)	1,089,113
2015	3,933,355	3,756,860	268,576	967,208	4,992,645	(1,059,290)	443,977
2016	3,933,355	3,654,479	315,467	964,297	4,934,244	(1,000,889)	
2017	3,933,355	3,580,242	367,637	990,254	4,938,133	(1,004,778)	
2018	3,933,355	3,524,678	430,000	987,818	4,942,497	(1,009,142)	
2019	3,933,355	3,516,073	430,000	990,719	4,936,793	(1,003,438)	
2020	3,933,355	3,405,342	430,000	1,102,120	4,937,463	(1,004,108)	
2021	3,933,355	3,406,729	430,000	1,105,578	4,942,308	(1,008,953)	
2022	3,933,355	3,028,676	430,000	1,104,336	4,563,012	(629,657)	
2023	3,933,355	2,966,654	430,000	1,003,875	4,400,530	(467,175)	
2024	3,933,355	2,756,385	430,000	1,224,587	4,410,972	(477,617)	
2025	3,933,355	2,748,610	430,000	1,224,212	4,402,822	(469,467)	
2026	3,933,355	1,382,938	430,000	1,224,087	3,037,025	896,330	
2027	3,933,355	1,388,813	430,000	1,224,212	3,043,026	890,329	
2028	3,933,355	664,140	430,000	1,224,587	2,318,727	1,614,628	
2029	3,933,355	662,515	430,000	1,225,212	2,317,727	1,615,628	
2030	3,933,355	542,640	430,000	1,343,087	2,315,727	1,617,628	
2031	3,933,355	544,640	430,000	1,343,087	2,317,727	1,615,628	
2032	3,933,355	545,390	430,000	1,343,087	2,318,477	1,614,878	
2033	3,933,355	0	430,000	1,343,087	1,773,087	2,160,268	
2034	3,933,355	0	0	1,343,087	1,343,087	2,590,268	

(1) Annual reserve contribution equal to the difference between FY12 School Debt Service and School Debt service in each fiscal year.

In order to shave the peak of debt service in 2012, it was necessary to utilize the jail reimbursement funds. It is estimated that as of June 30, 2012, there will be approximately \$2.7 million available. If funds are set aside for school projects, additional revenues will be needed for general governmental debt service.

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3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Existing General Government Debt

Fiscal Year	General Government Debt			Drop Down in Debt Service
	Principal	Interest ⁽¹⁾	Total	
2013	\$1,883,158	\$1,398,416	\$3,281,574	\$0
2014	1,924,743	1,324,637	3,249,380	32,194
2015	1,970,820	1,248,737	3,219,557	62,017
2016	1,993,896	1,167,261	3,161,157	120,418
2017	2,079,767	1,085,279	3,165,046	116,528
2018	2,169,469	999,940	3,169,409	112,165
2019	2,253,038	910,667	3,163,705	117,869
2020	2,346,512	817,864	3,164,376	117,199
2021	2,449,930	719,290	3,169,220	112,354
2022	2,173,335	616,590	2,789,925	491,649
2023	2,258,770	368,672	2,627,442	654,132
2024	2,214,280	423,605	2,637,885	643,689
2025	2,303,912	325,823	2,629,735	651,839
2026	1,039,716	224,222	1,263,938	2,017,636
2027	1,093,744	176,194	1,269,938	2,011,636
2028	420,000	125,640	545,640	2,735,934
2029	440,000	104,640	544,640	2,736,934
2030	460,000	82,640	542,640	2,738,934
2031	485,000	59,640	544,640	2,736,934
2032	510,000	35,390	545,390	2,736,184
2033	535,000	(535,000)	0	3,281,574
TOTAL	\$33,005,091	\$11,680,145	\$44,685,236	

(1) Interest is net of Capitalized Interest and Reserve Fund Earnings

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3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Existing School Debt

Fiscal Year	School ⁽¹⁾			Drop Down in Debt Service	Leases			Drop Down in Debt Service
	Principal	Interest	Total		Principal	Interest	Total	
2013	\$1,017,513	\$58,344	\$1,075,857	N/A	\$392,729	\$37,271	\$430,000	N/A
2014	346,046	70,146	416,192	\$659,665	318,121	22,770	340,891	\$89,110
2015	318,667	57,211	375,879	699,978	150,103	11,321	161,424	268,576
2016	323,667	55,122	378,790	697,067	107,859	6,675	114,533	315,467
2017	300,025	52,809	352,833	723,023	59,394	2,970	62,363	367,637
2018	305,025	50,245	355,269	720,587	0	0	0	430,000
2019	305,025	47,343	352,368	723,489	0	0	0	430,000
2020	196,800	44,167	240,967	834,890	0	0	0	430,000
2021	196,800	40,709	237,509	838,348	0	0	0	430,000
2022	201,800	36,951	238,751	837,106	0	0	0	430,000
2023	306,443	32,769	339,212	736,645	0	0	0	430,000
2024	90,000	28,500	118,500	957,357	0	0	0	430,000
2025	95,000	23,875	118,875	956,982	0	0	0	430,000
2026	100,000	19,000	119,000	956,857	0	0	0	430,000
2027	105,000	13,875	118,875	956,982	0	0	0	430,000
2028	110,000	8,500	118,500	957,357	0	0	0	430,000
2029	115,000	2,875	117,875	957,982	0	0	0	430,000
2030	0	0	0	1,075,857	0	0	0	430,000
2031	0	0	0	1,075,857	0	0	0	430,000
2032	0	0	0	1,075,857	0	0	0	430,000
2033	0	0	0	1,075,857	0	0	0	430,000
2034	0	0	0	1,075,857	0	0	0	430,000
TOTAL	\$ 4,432,810	\$ 642,441	\$ 5,075,251		\$1,028,206	\$81,006	\$1,109,212	

(1) The outstanding Literary Loan Note has been assumed to be taken out in late November 2012 with a 16 year level debt service structure.

Note: Does *not* include any future school bus leases.

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3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Debt Capacity and Debt Affordability

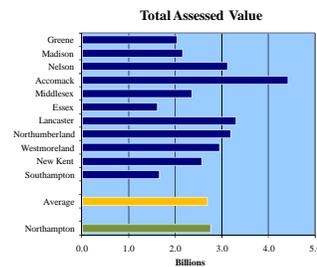
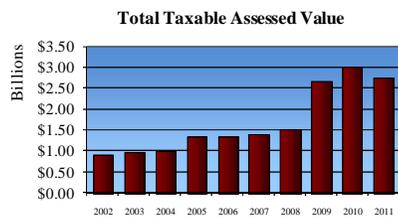
- Debt Capacity:
 - The amount of debt a locality can incur while staying within prudent financial guidelines.
 - Think of Debt Capacity as the credit card limit.

- Debt Affordability:
 - The ability of a locality to repay debt obligation with cash flow.
 - Think of Debt Affordability as the checkbook to be able to pay the credit card's monthly bill.

3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

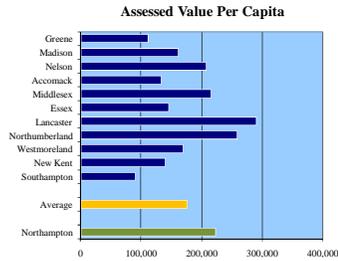


FY	Real Property				Personal Property				Total Taxable Assessed Value									
	Residential %	Commercial %	Raw Land %	Public Service %	Motor Vehicles %	Public Service %	Machinery & Tools %	Merchants' Capital %	Assessed Value	%								
2002	551,887,400	5%	571,258,300	3%	\$ 85,480,700	5%	\$ 33,957,066	2%	\$ 92,115,512	39%	\$ 91,562	5%	\$ 2,821,700	4%	\$ 1,224,200	-1%	9,812,640	6%
2003	577,957,000	6%	76,215,600	7%	85,509,700	0%	33,440,494	-2%	94,835,640	3%	463,829	359%	3,329,800	8%	135,900	7%	973,049,263	6%
2004	607,966,460	5%	76,535,700	0%	86,070,500	0%	34,864,203	2%	82,055,175	8%	134,931	-7%	4,058,200	22%	1,261,600	-4%	1,012,246,769	4%
2005	855,318,500	4%	9,047,000	0%	237,722,500	28%	44,919,633	3%	809,683,570	7%	496,898	268%	4,804,700	8%	1,049,438	-7%	1,345,035,239	33%
2006	872,805,386	2%	94,831,800	4%	232,798,500	-2%	40,121,774	-8%	112,332,279	2%	217,240	-56%	4,033,356	-36%	1,809,900	15%	1,157,510,035	7%
2007	924,544,333	6%	107,725,200	14%	224,584,800	-4%	25,334,451	-37%	18,071,322	5%	25,117	-86%	3,844,317	-5%	1,269,800	7%	1,405,396,340	4%
2008	1,041,862,452	11%	109,343,300	2%	221,184,800	-7%	23,221,600	-8%	12,123,258	3%	380,200	114%	3,375,700	-12%	148,500	12%	1,521,518,100	8%
2009	1,730,455,549	66%	83,617,300	50%	595,182,800	80%	48,255,100	80%	11,995,367	-8%	1,825,600	380%	2,495,100	-26%	1,530,600	8%	2,655,318,206	75%
2010	2,384,602,800	22%	179,176,900	8%	584,621,100	-2%	42,929,400	-10%	84,883,800	-25%	1,148,300	-37%	2,703,300	8%	0	-80%	2,999,365,600	15%
2011			2,597,386,398				52,452,600	22%	99,820,322	8%	383,300	-67%	2,703,300	0%	0	0%	2,752,745,720	-8%
Average																		
Growth Rate	33%	17%	24%	5%	0%	28%	0%	-8%	20%									

3rd Characteristic – Debt Management (con't)



Northampton County, Virginia



Source: 2011 Audits of each locality, except Essex which is 2010 data.

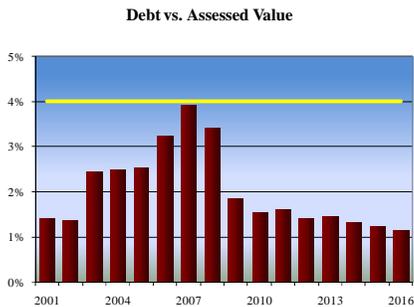
3rd Characteristic – Debt Management (con't)



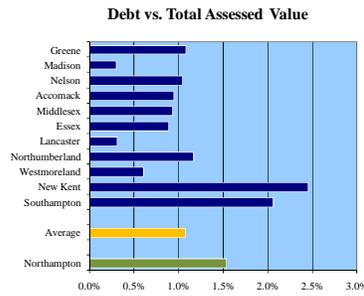
Northampton County, Virginia

Total Assessed Valuation of Taxable Property

Current Policy: Debt as a percentage of the assessed value of real estate will not exceed 4.0%.



*Pro-forma assumes 0% growth and Assessed Value.



Source: 2011 Audits of each locality, except Essex which is 2010 data.

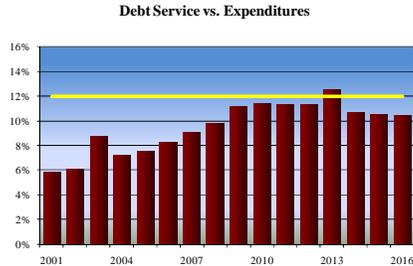
3rd Characteristic – Debt Management (con't)



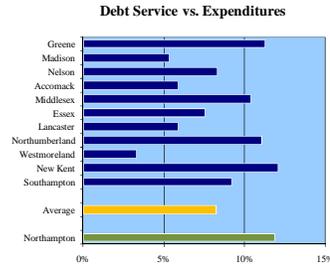
Northampton County, Virginia

Debt Service versus Total Expenditures

Current Policy: The ratio of debt service expenditures as a percentage of governmental fund expenditures, including schools, should not exceed 12%.



*Pro-forma assumes 0% growth in Expenditures.



Source: 2011 Audits of each locality, except Essex which is 2010 data.

3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Debt Capacity Available

- Of the two key debt ratios, debt service to expenditures is the limiting factor.
- Assuming a 20-year level payment issue at 5%, the County could issue up to the amounts shown below without exceeding prudent financial limits:

	Future Debt Capacity					
	2013	2014	2015	2016	2017	Total
Annual Debt Service vs. Expenditures	\$0	\$6,154,536	\$7,028,592	\$7,720,114	\$7,028,592	\$27,931,834

3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Budgetary Cash Flow Freed Up

Budgetary cash flow freed up from drop in debt service paid from ongoing revenues doesn't begin until FY 2015.

Fiscal Year	General			Total
	Government	Schools	Leases	
2013	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2015	\$9,714	\$13,131	N/A	\$22,844
2016	68,114	10,219	N/A	78,334
2017	64,225	36,176	N/A	100,401
2018	59,862	33,740	N/A	93,601
2019	65,566	36,641	N/A	102,207
2020	64,895	148,043	N/A	212,938
2021	60,051	151,500	N/A	211,551
2022	439,346	150,258	N/A	589,604
2023	601,828	49,797	N/A	651,626
2024	591,386	270,509	N/A	861,895
2025	599,536	270,134	N/A	869,670
2026	1,965,333	270,009	N/A	2,235,342
2027	1,959,332	270,134	N/A	2,229,466
2028	2,683,631	270,509	N/A	2,954,140
2029	2,684,631	271,134	N/A	2,955,765
2030	2,686,631	389,009	N/A	3,075,640
2031	2,684,631	389,009	N/A	3,073,640
2032	2,683,881	389,009	N/A	3,072,890
2033	3,229,271	389,009	N/A	3,618,280
2034	3,229,271	389,009	N/A	3,618,280
TOTAL	\$26,431,134	\$4,196,979	\$0	\$30,628,113

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3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Refinancing Certain Obligations for Debt Service Savings

- The historically low interest rate environment has presented a refinancing opportunity to the County.
- The municipal bond industry uses as a rule of thumb for refinancings a threshold of Net Present Value Savings as a percent of the refunded bond amount of at least 3%. All Virginia localities use to have to get approval from the Commonwealth's State & Local Government Board to refinance debt. They used this guideline until the requirement for approvals was removed.
- The Series 2002 Bonds issued to construct the Courthouse Facility, the Social Services building and other projects can be refinanced for cash flow savings net of issuance expenses. Lowering the interest rates from the 4.00%-5.00% range to the 0.50% to 3.50% range with an estimated savings to the County of over \$900,000, or over 10% of the \$8.525 million of bonds to be refinanced. The estimated cash flow savings are over \$55,000 per year for the remaining 20 years of the bond issue.
- In addition we are also exploring the possibility of refinancing the 2005, 2006 and 2007 Bonds which constructed the Jail and County Administration building amongst other projects. Lowering the interest rates from 3.84% to 4.40% down to the 0.50% to 3.10% range gives an estimated savings to the County of roughly \$1.8 million, or approximately 7% of the \$24.2 million of bonds to be refinanced. The estimated cash flow savings level at around \$180,000 per year until 2024.
- Concurrently this 'frees up' debt capacity for potential future projects.

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3rd Characteristic – Debt Management (con't)



Northampton County, Virginia

Potential Refunding Opportunity: Lease Revenue Bonds

Refunding Statistics

Summary of Bonds Refunded				
Series	Coupon Range	Par Refunded	Call Provision	Final Maturity
2002	4.00%-5.00%	\$8,525,000	2/1/2013 at 101%	2/1/2033
2005	3.84%	\$7,830,000	6/15/2012 at 101%	6/1/2025
2006	4.24%	\$8,611,000	6/15/2012 at 102%	6/1/2025
2007	4.40%	\$7,775,616	6/1/2013 at 102%	6/1/2027
		\$32,741,616		

Summary of Refunding Results

Series	Gross Savings*	Present Value Savings (\$)*	Present Value Savings (%)*	All-in True Interest Cost	Negative Arbitrage
2002	\$1,189,519	\$920,636	10.80%	3.40%	\$124,046
2005	\$772,236	\$568,122	7.26%	2.56%	\$0
2006	\$1,018,319	\$762,750	8.86%	2.55%	\$0
2007	\$649,038	\$453,054	5.83%	2.88%	\$172,424
Total	\$3,629,113	\$2,704,561	8.26%	2.93%	\$296,470

*Net of estimated cost of issuance.

Annual Savings

Fiscal Year	Prior Debt Service	Refunding Debt Service	Savings
6/30/2012	\$3,183,049	\$2,939,535	\$243,514
6/30/2013	3,180,925	2,948,750	232,175
6/30/2014	3,178,616	2,944,763	233,853
6/30/2015	3,182,615	2,947,547	235,068
6/30/2016	3,185,544	2,943,938	241,607
6/30/2017	3,188,372	2,953,322	235,050
6/30/2018	3,180,940	2,945,219	235,721
6/30/2019	3,179,690	2,939,266	240,424
6/30/2020	3,182,423	2,939,609	242,813
6/30/2021	2,800,632	2,563,731	236,900
6/30/2022	2,791,811	2,551,881	239,929
6/30/2023	2,649,369	2,411,506	237,863
6/30/2024	2,643,907	2,405,300	238,607
6/30/2025	1,280,798	1,181,384	99,414
6/30/2026	1,286,799	1,187,581	99,217
6/30/2028	562,500	504,025	58,475
6/30/2029	561,500	504,038	57,463
6/30/2030	559,500	503,025	56,475
6/30/2031	561,500	505,859	55,641
6/30/2032	562,250	507,413	54,837
6/30/2033	561,750	507,684	54,066
Total	\$45,464,488	\$41,835,376	\$3,629,113

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4th Characteristic – Multi-Year Capital Planning



Northampton County, Virginia

- 1st Develop a multi-year capital plan (typically 5 years);
- 2nd Identify projects and individually review various sources of funding (e.g. cash, proffers, low interest loans, grants, debt funding, etc.);
- 3rd Combine the expected cash flows of projects by year to create a Capital Sources and Uses; and,
- 4th Review resulting debt funding from both a *Debt Capacity* and *Debt Availability* perspective.
 - Debt Capacity reviews whether the locality is responsibly issuing debt.
 - Debt Availability looks at how the locality's cash flow budget is affected.

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4th Characteristic – Multi-Year Capital Planning; Debt Funded Projects



Northampton County, Virginia

- 1998 Sustained Technology Industrial Park (\$2,404,000) – A referendum was passed that allowed General Obligation Bonds to be issued for the project. Prior to Davenport’s involvement with the County these bonds were sold publicly. AAA bond insurance was procured with no underlying rating on the County. Interest rates ranged from 4.3% to 5.3%. There was no underlying rating. The remaining amount of bonds (\$1,690,000) were paid off in Fiscal 2008 with proceeds of the sale of the park .
- 1999 and 2001 Qualified Zone Academy Bonds (\$2,529,060) – issued for school projects. These bonds are principal pay back only and can have interest earnings which help reduce the original principal amount.
- 2002 IDA Lease Revenue Financing (\$9,556,726) – General District and Circuit Court Facilities; Solid Waste Convenience Centers, Sheriff’s Dept. Annex, Social Services Building, School Buses, and Jail Engineering Costs. The bonds were sold publicly nationally, regionally and locally using AA bond insurance with no underlying rating on the County (AAA bond insurance was not an option). Interest rates ranged from 1.7% to 5.05%.
- 2003 and 2006 Qualified Zone Academy Bonds (\$4,328,096) – issued for school projects. These bonds are principal pay back only and can have interest earnings which help reduce the original principal amount.

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4th Characteristic – Multi-Year Capital Planning; Debt Funded Projects



Northampton County, Virginia

- 2005/2006/2007 IDA Lease Revenue Financing (\$26,864,099) – Local Portion of Regional Jail Construction, Transfer Station/Convenience Centers, Landfill Closure, Sheriff’s office, County Administration Renovation, and J&DR Court Services. The bonds were offered to local and regional banks via Bank Qualified Bonds. Bank Qualified Bonds allow banks to receive a tax-deduction if they purchase these types of bonds. Some of this tax-break is typically passed on to the issuer via lower interest rates. It was estimated that the savings at the time was 50 basis points or ½ of 1%. This private placement method also saved the County over a public sale in that the costs of issuance were less, no formal rating required, no Debt Service Reserve Fund was required, and it took less staff time to issue. At that time the Bank Qualified limit was \$10 million per calendar year. The County issued the maximum amounts in late 2005 and early 2006. In early 2006 the final amount needed to complete the projects was still unknown. Another advantage of this method of financing was that since the last issuance was in early 2007 the County was able to finalize it’s project costs and not borrow too much or to little for the project. Interest rates were 3.84%, 4.24% and 4.40% respectively for the long-term bonds. Due to the practice of banks at that time to not extend fixed rates for long term bonds beyond 10 years these rates set for 10 years following each bonds’ settlement date. The bonds can be prepaid (in whole or in part) or refinance the interest rate beginning in 2011, 2012 and 2013 respectively. At the respective reset dates the County will be borrowing again at 10 year rates instead of higher 20 year rates.

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4th Characteristic – Multi-Year Capital Planning; Debt Funded Projects



Northampton County, Virginia

- 2007/2008/2009 School Bus Leases (\$1,208,928) – The Schools procured this Equipment Purchase Agreement for School Buses with a private placement.
- 2008 Equipment Purchase Agreement (\$703,446 Schools and \$116,554 for General Government) – The County procured this Equipment Purchase Agreement for Two Modular Units and Sheriff’s vehicles with a private placement.
- 2009 Literary Loan Note (\$1,390,000) – issued for the High School rehabilitation project. The note was recently renewed at a rate of 3.03% until January 1, 2013. The Commonwealth has frozen the Literary Loan program in FY 10 and 11. It is not known when the Commonwealth will again direct funds to the program. The current wait list has approximately \$130 million of projects which await funding. Currently the County is 8th on the list with \$50.8 million of projects ahead of it. Once received the repayment is level principal payments over 20 years at 3%. For repayment purposes we have assumed payback begins in 2014.
- 2010 Capital Leases - \$106,219 General Fund Equipment Lease issued December 2010 and \$426,964 School Bus Equipment Lease Purchase Agreement issued November 2010.

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4th Characteristic – Multi-Year Capital Planning; Debt Funded Projects



Projects Funded Since 1998	Northampton County, Virginia			Total
	Economic Dev.	Schools	Gen. Gov't.	
1998 Sustained Technology Industrial Park ⁽¹⁾	2,404,000			
1999/2001 QZABs		2,519,060		
2002 Lease Revenue Financing General District Court and Circuit Court Facilities Solid Waste Convenience Centers School Buses Sheriff's Department Annex Social Services Building Engineering Costs for Jail Facilities Total Construction Funds			9,556,726	
2003 QZAB for School Projects		2,113,667		
2006 QZAB for School Projects		2,214,429		
2005/2006/2007 Bank Qualified Lease Financing Local portion of Jail Construction Transfer Station/Convenience Centers Landfill Closure County Administration Renovation Sheriff's Office J&DR Court Services Total Construction Funds			26,864,099	
2008 Equipment Purchase Agreement		703,446	116,554	
2007/2008/2009 Bus Leases		1,208,928		
2009 Literary Loan Note for School Projects		1,378,350		
2010 Capital Leases		426,964	106,219	
Total Construction Funds Since 1998	2,404,000	10,564,844	36,643,598	49,612,442

(1) Debt paid off in FY 2008 with sale proceeds.

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5th Characteristic – Formalizing Financial Policy Guidelines



Northampton County, Virginia

- Fiscal Policy Guidelines are the basis for sound financial management. These formally adopted guidelines set the framework for budgets and debt management now and into the future.
- Fiscal Policy Guidelines examples include:
 - “The County will maintain annual tax-supported debt service, including leases, as a percent of the County’s General Fund, Debt Service Fund and School Component Unit expenditures at a level of not to exceed 12%.”
 - This is the County’s current policy.
 - “The County will maintain total tax-supported debt, including leases, as a percent of total taxable Assessed Value of the County at a level not to exceed 4%.”
 - Note the County currently only uses a percentage of Real Estate Assessed Value; the majority of Virginia rated localities use total taxable Assessed Value which includes Personal Property.

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5th Characteristic – Formalizing Financial Policy Guidelines (con’t)



Northampton County, Virginia

- “The County intends to maintain its 10 year tax-supported debt and lease payout ratio at or above 60% at the end of each adopted five year CIP. The payout ratio shall be no less than 55% in any one year during that period. “
 - The County currently does not have this policy in place.
- “Unreserved fund balance in the general fund shall be measured annually at June 30th and shall be an amount equal to at least 8% of the combined budgeted expenditures of the General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund (net of interfund transfers) for the fiscal year ending on that day.”
 - This is the County’s current policy.
- A portion of the annual General Fund cash flow shall be used for one time capital projects. The long term goal of designating annual cash for capital is 5.00% of General Fund revenues.
 - The County currently does not have this policy.

A history of adherence to Adopted Financial Policy Guidelines related to budgeting, reserve levels and debt levels is viewed as a credit positive.

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Closing Observations



Northampton County, Virginia

- While the County has issued debt to construct a number of capital projects over the last twelve years the County's debt ratios are within financially prudent credit limits.
- The County should consider reviewing financial policy guidelines few years to ensure future continued financial integrity.
- The County's undesignated fund balance guideline of 8% is a floor not a target. The County might consider moving the fund balance policy up to 10% to provide for emergencies.

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Northampton County, Virginia

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Prepared by: Davenport & Company LLC

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Both Mr. Randall and Mr. LeMond asked the County Administrator to revisit the issue of semi-annual tax billings.

At this time, the Chairman called for a brief recess. After the recess, the Chairman reconvened the meeting.

It was the consensus of the Board to pursue permanent financing for the outstanding Literary Loan note as well as a re-financing of the existing debt obligations (Series 2002, 2005, 2006 and 2007 Bonds) to realize savings as presented in the powerpoint material.

At this time, the Board focused on the draft Fiscal Year 2013 County budget as presented by the County Administrator:

MEMORANDUM

TO: Board of Supervisors
FROM: Katie H. Nunez, County Administrator
DATE: April 19, 2012
RE: Discussion of Preliminary Draft FY2013 Budget

I want to take this opportunity to provide an overview of the budget to date as Finance Director Leslie Lewis and I work to develop a draft budget for your consideration. Please note that we do not have a balanced budget and need to discuss with the Board the options to consider to bring us to a balanced budget consideration. This includes review of our projected revenue, requested expenditures (including items that we are not recommending for funding), the School Budget and possible consideration of tax rate increases.

The last three annual budgets have been extremely difficult to develop as the national, state and local economies have been hard hit which has significantly impacted our local revenues. In particular, the trend over these past budget years has been a continual shift of expenses from the federal and state level to the local level, thus resulting in a decrease of local aid. Legislation passed by the General Assembly in this year's session continues that trend, specifically in the area of the Virginia Retirement System.

State Budget Items

- 1) Continuation of "Flexible" Reductions in Aid to Localities (shown in the Non-Categorical Section – "Account # 42710"): For Fiscal Year 2009 & 2010, the state

imposed reductions in aid of \$50 million for each year (approximately \$192,000 impact annually to us over the last two years). Each locality was provided the choice of imposing the reductions directly to the local departments (Constitutional officers, registrar, social services, etc) or to make a payment directly to the state or some combination of the two. We chose to make a payment directly to the state by funding this as a line item in our budget. With the inclusion of this program in the state budget for Fiscal Year 2011 & 2012 at an increased level of \$60 million of reduction in aid, we will be required to include this within our budget process. For FY2011, we budgeted \$226,391 and for FY2012, we are budgeting \$224,927 that we will pay to the state under this program. This program is scheduled to continue in FY2013 and we have included the same number from this year's budget as an expense in the FY2013 budget.

- 2) Funding for Constitutional Officers: We have level funded the Compensation Board revenue for constitutional officers and are awaiting a detailed budget breakdown from the state now that they have adopted their budget as of 4/19/2012.
- 3) Virginia Retirement System: The state has mandated that all local government employees pay the 5% Employee Contribution for Virginia Retirement. Historically, localities have been picking up that expense; 2 years ago, the state passed legislation that allowed each locality to make the determine if they would like to alter that responsibility for any new hires (after 7/1/2010) and our county voted to require new hires contribute 5% of the VRS compensation. As part of the new legislation that is mandating this change for all existing and new employees, the state has required that an offsetting 5% pay increase be provided to all employees who are impacted by this legislative change. The governor has now included language that would allow a phased-in implementation to occur within the next five years and has also provided some flexibility relative to the locality %age contribution. At this point, the County budget includes a full implementation (or worst-cost scenario) to implement this legislative change within the FY2013 budget. It is not a dollar-for-dollar swap between removing the Employer Funded 5% VRS contribution and inserting a 5% Pay Increase since the pay increase must include Medicare & FICA costs that were not part of the VRS funding. At this point, while the impact has been included in our draft budget, it has not been fully funded and we need to discuss this more fully with the Board.

Please note that the School Board has included a different approach to address this legislation at this time and we will need to discuss that as well.

- 4) Diversion of County Generated Fines to the State Treasury: Legislation passed that will require the transmittal of all county & town generated fines to the state treasury and they will then transmit back to the locality 70% of the annual total and the state will retain 30% to create a funding source for the Literary Loan Fund. At this time, the state has assumed that all of the fines are deposited with the county and has not taken into consideration that the town generated fines are deposited directly with the towns and the county is not a beneficiary of those revenues.

COUNTY REVENUES

1. Local Revenue Discussion: Leslie/Katie will review our draft revenue estimates in greater detail during the meeting. Enclosed is a summary and detailed report of revenues for your review.

DEBT SCHEDULE

With the receipt of the remaining jail construction reimbursement costs from the state in October 2011 (FY2012) in the amount of \$3,116,122, this has allowed us to utilize \$790,185 as intended as part of the FY12 budget to meet our debt service payments. The balance of these reimbursement funds reside in the General Debt Service Fund as contingency and will be utilized to lessen the need for general fund tax dollars to meet our debt obligations during the peak years of debt service. In the FY2013 draft budget, we are recommending the use of \$1,001,880 from the debt service contingency be applied as revenue to meet our debt service obligations for the fiscal year. This will leave a balance of \$1,324,057 in the General Debt Service Fund contingency for use in subsequent fiscal years.

As you may recall, the Board approved \$1.4 million to repair the back wall at the high school in 2008. At that time, the Board voted to submit an application to the Literary Loan Fund to finance this project over 20 years. The Board chose to pursue this method of financing in order to lock in a low interest rate (the Literary Loan Fund bases the interest rate for each project upon the locality's Composite Index at the time of an approved application). Our application was accepted with an interest rate of 3.5% and our project sits as priority #8 on the state list; however, the state has not funded the Literary Loan since 2008. Therefore, we secured interim financing and have been paying interest only payments on the \$1.4 million. While the General Assembly has now adopted certain legislation to create a revenue source to fund the Literary Loan Fund (through the confiscation of a portion of locally generated traffic fines), it does not appear that our project will achieve permanent financing in Fiscal Year 2013 and it is in our best interest to pursue other permanent financing arrangements so that we can begin repayment of the principal loan. My office has been working with our financial advisors, Davenport & Co., to prepare financing applications to other funding sources to move this obligation into a permanent financing arrangement. We have included in the FY2013 draft budget the final "interest only" payment on the \$1.4 million note; based upon the anticipated schedule for the permanent financing, the first principal and interest payment will occur as part of the FY2014 budget.

As part of the discussions with Davenport & Co., we have been reviewing our options relative to any refinancing opportunities of our existing debt. Courtney Rogers of Davenport & Co. will be in attendance at the Board work session to discuss this further with the Board. At this time, the FY2013 draft budget retains our existing debt schedule and does not reflect any projected alterations as contained in the presentation from Davenport & Co with the exception of the interim Literary Loan financing discussed in the paragraph above.

EXPENDITURES

Attached are several spreadsheets that track the start of the budget process through the submission of departmental requested budgets and the manner of review conducted to date by

Leslie and myself to close the gap between projected revenues and requested expenditures. Please note that the budget includes the creation of an Economic Development Director position with associated expenses to operate said department. I am working on a reorganization plan that will have the ED Director oversee a department that encompasses Planning, Zoning, Building, and Code Compliance and do not believe that any additional support staff would be necessary to assist the ED Director.

Several departments have requested new positions, including the Sheriff’s Office and Public Utilities. The Sheriff is seeking a School Resource Office as well as a position to be assigned full-time to the Drug Task Force Unit. At this point, I have not recommended funding these 2 positions for the Sheriff’s Department. The Public Utilities Fund is seeking an additional person in anticipation of taking full ownership of the Bayview systems – I have included that position in the draft budget. There were other requests (increased part-time hours or conversion of a part-time position to a full-time position) that I can detail further for you; generally, these requests were not included in the draft budget.

I have included copies of the detailed requests from the Outside Agencies that we fund jointly with Accomack County, the detailed requests from the Fire Departments, and any additional requests received from any other outside agencies. In addition, I have included a spreadsheet for our discussion specific to the agencies we fund with Accomack County and how the funding formulas contained in those regional agreements have been adhered to since Accomack County has adopted their budget. We will need to discuss several of these funding requests, particularly the request from Star Transit and the ANPDC Groundwater Committee (also have enclosed a more detailed spreadsheet on their requests).

Lastly, I have included a report detailing the capital requests for all departments. In the draft budget, I am recommending the purchase of 3 Sheriff’s vehicles, replacement of 1 vehicle for the Building Department, purchase of 2 new vehicles for new positions (Economic Development Director & Public Utilities Operator), and purchase of high-capacity mower for the landfill. This recommendation includes lease-financing these items over 3 years.

(The following spreadsheets were attached to the memorandum.)

DESCRIPTION	EXPENDITURES	REVENUES	RUNNING AMOUNT TO BALANCE THE BUDGET	In NWS
Department REQUESTED - DEFICIT	\$ 3,999,131.00		\$ 3,999,131.00	
Add 5% Salary increase to offset VRS change	\$ 401,195.78		\$ 4,400,326.78	√
Delete EMS - new building	\$ (1,260,000.00)		\$ 3,140,326.78	√
Delete Cape Charles fire pumper request	\$ (100,000.00)		\$ 3,040,326.78	√

Delete Eastville Fire Department increase request	\$ (199,380.00)		\$ 2,840,946.78	✓
Delete Cheriton Fire Department request	\$ (10,139.00)		\$ 2,830,807.78	✓
Delete Nassawadox Fire Dept. request	\$ (2,640.00)		\$ 2,828,167.78	✓
Delete request for Cape Charles Public Lib. Expansion plan funding	\$ (20,000.00)		\$ 2,808,167.78	✓
Delete funding request for Cape Charles Public Lib. July 4 Fireworks	\$ (7,000.00)		\$ 2,801,167.78	✓
Delete funding request for Cape Charles Break water	\$ (75,000.00)		\$ 2,726,167.78	✓
Delete funding request for Cape Charles Computer Lab	\$ (20,000.00)		\$ 2,706,167.78	✓
Delete funding request for Cape Charles Public Beach Operations	\$ (10,000.00)		\$ 2,696,167.78	✓
Delete funding request for ES Birding : Wildlife Festival	\$ (10,000.00)		\$ 2,686,167.78	✓
Delete funding request for New Festival Development	\$ (10,000.00)		\$ 2,676,167.78	✓
Deleted increased funding request for Small Business Development Center	\$ (4,000.00)		\$ 2,672,167.78	✓
Delete request from Red Cross	\$ (2,000.00)		\$ 2,670,167.78	✓
Add 3 year financing of vehicle request	\$ 58,183.00		\$ 2,728,350.78	✓
Delete PNC fees under Treasurer	\$ (9,600.00)		\$ 2,718,750.78	✓
Delete the Board Agenda Software	\$ (3,708.00)		\$ 2,715,042.78	✓
Delete the Ipad Data Plan	\$ (2,087.28)		\$ 2,712,955.50	✓
Delete Ipad for Board	\$ (4,434.00)		\$ 2,708,521.50	✓
Delete Ecivis Software	\$ (11,000.00)		\$ 2,697,521.50	✓
Delete New Position of School Res.	\$ (45,479.00)		\$ 2,652,042.50	✓

Officer				
Delete New Position of Task force Deputy	\$ (45,479.00)		\$ 2,606,563.50	√
Delete New Car for Task Force Deputy	\$ (31,155.50)		\$ 2,575,408.00	√
Add additional line of duty cost not budgeted	\$ 1,598.00		\$ 2,577,006.00	√
Reduce Davis Disposal Contract	\$ (5,000.00)		\$ 2,572,006.00	√
Financing lease proceeds		\$ 160,135.00	\$ 2,411,871.00	√
Delete request for Ass. Director for Parks and Rec	\$ (16,730.00)		\$ 2,395,141.00	√
Reduce Parks office supplies	\$ (1,000.00)		\$ 2,394,141.00	√
Reduce Parks rec supplies	\$ (2,000.00)		\$ 2,392,141.00	√
reduction in planning professional services	\$ (12,700.00)		\$ 2,379,441.00	√
Reduction in planning office supplies	\$ (3,000.00)		\$ 2,376,441.00	√
Reduce funding for Sign maint. In compliance bud	\$ (1,000.00)		\$ 2,375,441.00	√
Reduce fuel cost across all department	\$ (10,000.00)		\$ 2,365,441.00	√
Reduce electric across all departments	\$ (30,000.00)		\$ 2,335,441.00	√
Increase bank stock revenue		\$ 5,300.00	\$ 2,330,141.00	√
Increase in Recordation tax		\$ 30,000.00	\$ 2,300,141.00	√
Increase in Food and Beverage tax		\$ 35,000.00	\$ 2,265,141.00	√
Increase in Building permit fees		\$ 13,200.00	\$ 2,251,941.00	√
Increase in fire and res contribution	\$ 1,200.00		\$ 2,253,141.00	√
Increase in Health Department fees		\$ 2,000.00	\$ 2,251,141.00	√
increase in bank investment		\$ 10,000.00	\$ 2,241,141.00	√
Increase court house security fees		\$ 15,000.00	\$ 2,226,141.00	√
Increase courthouse maint.		\$ 2,500.00	\$ 2,223,641.00	√

6. EMS - Lease of Building Rent - could be eliminated if operations are moved to middle school.

7. State budget is now complete but detailed local revenue impacts have not been released - state aid is assumed at level funding - not certain of that assumption.

8. Once final changes are made in NWS to electric, phone & fuel, need to update the outgoing transfers to the following budgets: Jail, Social Services, Public Utilities.

9. Once final changes are made in NWS to Line of Duty Act expenses, need to update the outgoing transfer to the Jail budget.

10. Establishment of School Capital Reserve - impact on Debt Service Funding.

11. Request of new position for Public Utilities Account - need to determine if this will remain in budget based upon timeline to get the Bayview Water & Sewer systems.

SCHOOL BUDGET	FY12 ACTUAL	FY13 - Starting Assumptions	School is seeking	Difference between starting assumptions and school request
Base Contribution (including any increases made as part of the budget adoption)	\$ 7,094,033.00	\$ 7,094,033.00	\$ 7,094,033.00	\$ -
Bus Lease Contribution	\$ 372,704.00	\$ 430,057.94	\$ 435,067.20	\$ 5,009.26
Requested Increase for FY13	\$ -		\$ 587,560.12	\$ 587,560.12
TOTAL OPERATING CONTRIBUTION	\$ 7,466,737.00	\$ 7,524,090.94	\$ 8,116,660.32	\$ 592,569.38
Actual Bus Leases are:	\$ 367,842.00			
Difference between our bus lease contribution and what was actually needed to fund bus lease (county overfunded by):	\$ 4,862.00			

NOTE: State budget has been finalized as of Thursday, April 19, 2012; however, detailed local revenues have not been released as of this date. We believe that the school will receive additional revenue as part of the state budget based upon a Conference Report that was released on April 13, 2012 which showed additional revenue will be forthcoming in the amount of \$240,732 to our school district. It would be our position that as any increased revenue from the state budget would reduce the local contribution request.

ITEMS FOR DISCUSSION RE:
SCHOOL BUDGET

1. School's approach to addressing the employee contribution into VRS
2. School's intent to offer a 2% bonus
3. Category appropriation vs. lump sum appropriation

Chairman Randall asked to receive the value of one cent imposed on the personal property tax rate and asked the County Administrator to revise estimates she'd provided to the Board last year on "new" sources of tax revenues including an admissions tax. Mr. Hubbard commented that he'd like to propose that the Board make a contribution to the Town of Cape Charles towards its Fourth of July Celebration. Mr. LeMond said that he would like to propose an increase in the annual contribution to the County's fire companies. The Board selected May 3rd (5:45 p.m.) as its next work session on the FY 2013 budget with the School Board also being invited to attend.

Tabled Items:

4. Offer for Townfield Meadows Lots, Etc.

Motion was made by Mr. Randall, seconded by Mr. Hubbard, that this matter be taken off

the table. All members were present with the exception of Mr. Trala and voted “yes.” The motion was unanimously passed. Ms. Nunez disclosed that her residence was located in front of two of the lots in question and that she would not be making a recommendation to the Board on this matter. Mr. Bennett indicated that he would not be voting on this issue as it may be his intention to purchase property in this subdivision if it proceeds to auction again.

Motion was made by Mr. Randall, seconded by Mr. LeMond, that the Board send the subject properties back to Mr. Elliott for delinquent tax auction and that the minimum bid be established at \$2,500 per lot and roadway. All members were present with the exception of Mr. Trala and voted “yes,” with the exception of Mr. Bennett who abstained. The motion was passed.

5. Planning Commission’s Work Plan for 2012

Motion was made by Mr. Hubbard, seconded by Mr. Randall, that this matter be taken off the table. All members were present with the exception of Mr. Trala and voted “yes.” The motion was unanimously passed.

In response to a question from the Chairman, Ms. Nunez stated that she believed the proposed project work plan covered all of the Board’s focuses and that the Board had clearly articulated its priorities at the joint work session held with the Planning Commission on April 11th. Motion was made by Mr. LeMond, seconded by Mr. Randall, that the proposed Planning Commission Work Plan for 2012 as detailed in the memorandum from the Planning Commission to the Board dated March 9, 2012 and as set out below be approved, with the attachment of the Board’s April 11th minutes. All members were present with the exception of Mr. Trala and voted “yes.” The motion was unanimously passed. Said Work Plan as adopted is set out below:

2011 Goals	Progress to Date	2012 Goals
Continue required 5-year review of Comprehensive Plan including making careful and comprehensive surveys and studies of existing conditions and trends of growth as per Virginia Code §15.2-2223.	Planning Commission has begun review of Data sections; initial phase of public input process completed; Visions for Willis Wharf & Oyster have been reviewed and updated.	Continue plan review and develop public hearing draft plan by fall.
		Review zoning ordinance following adoption of comprehensive plan revisions.
Review specific elements of the zoning ordinance to improve operations and services for business and residential development.	Several areas referenced in April 1, 2011, memo have been addressed: quarterly application schedule for submission of zoning map and text amendments; review of certain signage requirements; zoning clearance definition	Review use charts to clarify zoning clearance vs. by-right; review use charts for consideration of the type of review required; review requirements for submission of Major Special Use Permits; complete review of signage requirements.
Detailed review of signage requirements generally, as contemplated in the Economic Plan element of the Comprehensive Plan, Part 1, Section 3.5.5, implementation strategy #5.	Incomplete.	Incorporate as part of zoning ordinance review.
Development of a Capital Improvements Plan as per VA Code §15.2-2223 and the Housing Plan element of the Comprehensive Plan, Part 1, Section 4.3.2.	No action.	Develop CIP following adoption of comprehensive plan revisions.
Development of an Adequate Levels of Service policy with associated Delivery of Services Manual as per the Housing Plan element of the Comprehensive Plan, Part 1, Section 4.3.2.	No action.	Develop ALOS policy following adoption of comprehensive plan revisions.
Review of Subdivision Ordinance (BOS/PC/staff roundtable approach) to ensure compliance with adopted zoning ordinance revisions.	No action.	In short term consider revisions proposed by subdivision agent.

<p>Completion of Town Edge plans with each incorporated town which chooses to participate, in accordance with Part 1 of the Comprehensive Plan, Section 2.3.2.1.a.</p>	<p>Meetings have been held with Exmore and Cape Charles; no plans completed. Eastville's Town Edge will be discussed as a component of the Town Plan review and update being initiated. Cape Charles has given preliminary indications that they are interested in undertaking a joint planning effort for the Cape Charles Town Edge.</p>	<p>Complete Town Edge Plan for Eastville and work with Cape Charles to clarify and initiate a planning process. (see Rt. 184 item below)</p>
<p>Improvement in communication with all incorporated towns regarding planning issues in accordance with Comprehensive Plan, Part 1, Community Facilities & Services Plan, Section 6.2.3 – Intergovernmental Relations.</p>	<p>Joint meetings have been conducted with planning commissions of Exmore and Cape Charles. Towns were invited to participate on the Plan Review Stakeholder Group. Eastville Town Plan review effort is being undertaken.</p>	<p>Ongoing efforts to improve communication and coordination.</p>
<p>Stormwater Management Plan in accordance with Comprehensive Plan, Part 1, Economic Plan, Section 3.5.5; Community Facilities & Services Plan, Section 6.3.5; and Environment & Natural Resources Plan, Sections 5.4 and 5.6.</p>	<p>No progress to date. According to new state regulations, local program must in adopted by July 2014.</p>	<p>Meet with VA Dept. of Conservation & Recreation (DCR) staff to discuss revised regulations & local program requirements & assistance DCR will provide.</p>
<p>Develop an Overlay District Ordinance for Route 184.</p>	<p>Review of materials from Cape Charles has been completed.</p>	<p>Indications are that this may no longer be a priority for the town and that a joint planning effort for the area would be preferred; clarification is needed.</p>
<p>Development of standards for wind energy structures and facilities to facilitate development of such installations as per the Economic Plan element of the Comprehensive Plan, Part 1, Section 3.5.2.</p>	<p>Completed.</p>	

Review and update of vision documents for Waterfront Villages of Willis Wharf and Oyster, pursuant to the Board's direction.	Completed.	
Discussion of signage options for Towns and businesses located within Towns, as contemplated in the Economic Plan element of the Comprehensive Plan, Part 1, Section 3.5.5, implementation strategies #5 and #6.	Essentially complete.	

Closed Session

Motion was made by Mr. Randall, seconded by Mr. Hubbard, that the Board enter Closed Session in accordance with Section 2.2-3711 of the Code of Virginia of 1950, as amended:

(A) Paragraph 3: Discussion or consideration of the condition, acquisition, or use of real property for public purpose, or of the disposition of publicly held property.

Oyster right-of-way

(B) Paragraph 5: Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

(C) Paragraph 7: Consultation with legal counsel and briefings by staff members, consultants, or attorneys pertaining to actual or probable litigation, and consultation with legal counsel employed or retained by the Board of Supervisors regarding specific legal matters requiring the provision of legal advice by counsel.

Bayview Citizens for Social Justice

All members were present with the exception of Mr. Trala and voted "yes." The motion was unanimously passed.

After Closed Session, the Chairman reconvened the meeting and said that the Board had

entered the closed session for those purposes as set out in paragraphs 1, 5 and 7 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that these were the only matters of discussion during the closed session.

Motion was made by Mr. LeMond, seconded by Mr. Hubbard, that the County Administrator be authorized to extend an offer to Mr. C. A. Turner, III, on behalf of his client, as discussed in closed session for the Oyster right-of-way parcel. All members were present with the exception of Mr. Trala and voted “yes.” The motion was unanimously passed.

Recess:

Motion was made by Mr. Hubbard, seconded by Mr. Randall, that the meeting be recessed until 5:30 p.m., Monday, April 30, 2012 in the Board Room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, in order to conduct a meeting with representatives from Webster Investors and the Department of Housing and Community Development. All members were present with the exception of Mr. Trala and voted “yes.” The motion was unanimously passed.

The meeting was recessed.

_____ CHAIRMAN

_____ COUNTY ADMINISTRATOR