VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held at the site of the Administration Renovation Project at 16404 Courthouse Road, Eastville, Virginia, on the 25th day of April, 2011, at 4:00 p.m.

Present:

Willie C. Randall, Chairman	Samuel J. Long, Jr., Vice Chairman
H. Spencer Murray	Oliver H. Bennett
Laurence J. Trala	Richard Tankard

1. The meeting was called to order by the Chairman. Supervisors Long, Randall, Tankard and Trala were present for the tour of the administration renovation project site. Supervisor Bennett had seen the project site earlier in the day.

2. The meeting was recessed just prior to 5:00 p.m. and was then reconvened at the auditorium of the former Northampton Middle School, 7247 Young Street, Machipongo, Virginia. Supervisors Murray and Bennett joined the group at that time.

3. County Administrator Katherine H. Nunez, shared with the Board the following memorandum concerning continued discussion of the Fiscal Year 2012 County Budget.

TO: Board of Supervisors
FROM: Katie H. Nunez, County Administrator
DATE: April 20, 2011
RE: Continued Discussion of the FY12 Budget

At the April 12, 2011 Board meeting, I provided you a draft budget for your review. The budget reflected the School Board's requested budget which included the increased funding for the continuation of the school bus replacement program and a requested increase for school operations. In addition, the budget reflected various increases and decreases for each department. I indicated that the budget presented at that meeting did not contain the review of the Regional Outside Agencies' funding requests compared to adopted funding from Accomack

County nor analysis of a combined Health Insurance plan between the County & the School.

1. The FY12 Contributions to Other Agencies Spreadsheet is enclosed for your review. The spreadsheet lists each agency and indicates the funding percentage breakdown according to any regional agreements that created these agencies, shows the amount requested to each County for FY12 and what Accomack County has approved as part of their FY12 budget. The last two columns show what our funding should be in accordance with the funding percentage breakdown and if that is over or under what was requested by the agency.

As you will note, there are 3 agencies that were not funded by Accomack at the requested level: ANPDC Groundwater Committee; ES Community Services Board; and ES Public Library. At this time, we have included the requested amount from these three agencies (as well as for all of the other agencies on that spreadsheet) in the County Administrator Recommended Budget. Does the Board wish to retain the requested amount or do you wish to follow the funding formula and reduce the amount budgeted for those three agencies?

There is one additional agency that is not funded in compliance with the regional agreement: the ES Tourism Commission. Because we fund the Tourism Commission from the 3% Transient Occupancy Tax in compliance with the Code of Virginia, we are required to dedicate those funds for tourism purposes only. This funding disparity between the two counties has been occurring since 2008 when we received the legislation regarding our transient occupancy tax to charge the maximum allowed. Please note that the funds generated from the first 3% of this tax must go for tourism purposes which I believe the Tall Ships Initiative fits that definition (within that 3%, we allocate 75% of that total revenue to the Tourism Commission for operational purposes and the remaining 25% of that revenue is dedicated for our Tourism Infrastructure Grant Program). I am not advocating a reduction of our contribution to the ES Tourism Commission to fund the Tall Ships Initiative but we could redirect a portion of the funds generated from the 3% Transient Occupancy Tax or from the additional 2% of that tax to fund some or all of the funding the Board may wish to provide for the Tall Ships Initiative. Currently, the additional 2% is split equally between the General Fund as revenue and revenue for the Purchase of Development Rights Program.

There are two agencies (ES Area Agency on Aging and ES Community College) that have been funded per their request but note that the funding formula indicates that their request is not sufficient. Do you wish to correct this?

2. Health Insurance Plan: As part of the Board's initiative to examine shared services with the school, you requested staff to examine the cost and feasibility of a shared health insurance plan between the two entities. We have received the information necessary from our Health Insurance Consultant to conduct said analysis and would like to meet with the Board to review this information in depth and then schedule a joint meeting with the School Board to discuss and decide a course of action.

Based upon our review, we believe that the funds currently included in the FY12 budget for both the School and County are sufficient to address a combined plan concept. There are pros and cons to a combined plan vs. stand alone plans for the County and the School which we believe requires a dedicated meeting to review in sufficient detail. However, this issue does not need to be resolved before we go to public hearing on the FY12 budget; we will need to make a decision on this matter by mid-June. Staff has provided the analysis to our counterparts at the school, including 2 School Board members who are part of the monthly shared staff meeting, so that they can bring this matter up to the full School Board in advance of a joint meeting.

3. Enclosed are two spreadsheets that outline approaches to balance the budget, assuming the Board supports and endorses the County Administrator's recommended budget as presented in the documents from the 4/12/2011 meeting. In each option presented, there are five items that have been altered to reflect the most current information regarding the FY12 budget that have been incorporated in the County Administrator's recommended budget regardless of what decision the Board makes to get to a balanced budget.

At the last meeting, the CA Recommended budget showed a deficit of $202,602.19 which included the full school request but not funding for a 1% COLA for County staff. When we included the five items of change (increases to specific revenue streams or reduction to specific expenditure items) which amounts to a net improvement of $29,214.90; the deficit is reduced to a new total of $173,387.19. From there, each option moves in a different direction.

Option A includes the addition of funding to provide for a 1% COLA for County Staff ($74,032); a request to the Board to increase the solid waste tipping fee by $1 per ton (current tipping fee rate is $61 per ton) to offset increase in permitting fees by the state and restoration of Board salaries to the FY10 level ($12,000). To balance all of this, it would require a 1¢ increase on the real estate tax rate (currently the rate 49¢ per $100). Option A is my recommended course of action for the Board, in particular to provide the 1% COLA for County staff. Over the last 2 years, County employees have been required to contribute 100% of the increases on the health insurance premiums, subjected to furloughs ranging from 2 days to 10 days, and have received no pay increase. The impact alone on the health insurance issue has been significant. To that end, I have enclosed a spreadsheet that details the impact on the take-home pay of the employee, using a range of salaries for your review.

Option B identifies the areas to reduce or request increase in revenue streams that would balance the budget without an increase in the real estate tax rate. These items are: a request to the Board to increase the solid waste tipping fee by $1 per ton (current tipping fee rate is $61 per ton) to offset increase in permitting fees by the state; decrease PT salaries in Solid Waste; reduce the budgeted contingency fund; and reduce the increased school contribution request of $274,200 by 50%. This option does not provide funding for any COLA for county staff and assumes that the School Board would eliminate that item based upon a 50% reduction of their requested school contribution increase.

In both options, we did not include funding for IPads or agenda software for Board meetings nor for increases of Board salaries.

The last item that has not been reflected in the budget but is not contingent upon funding from the general fund is funding for the Tall Ships Initiative. We will need to discuss that item further to determine what level of financial contribution we should provide for this initiative.

Again, as stated in the first paragraph of Item #3, the presumption in developing these 2 options is the Board's concurrence with the presented CA Recommended budget at your 4-12-11 meeting. If that presumption is not accurate, we will need to discuss what areas of the budget you would like to review and propose a different level of funding.

4. School Capital Plan: The County's financial advisors, Davenport & Co., have been provided the draft school capital plan to utilize in developing several funding scenarios for your consideration. Courtney Rogers of Davenport & Co. will be attending the work session to review the attached presentation in greater detail for your input and direction on this matter.

* * * * * *

With regard to funding of bi-county agencies, Mr. Long stated that he was concerned about the reduced funding being allocated by Accomack County and suggested that Northampton's contributions should mirror those reduced amounts. Mr. Murray disagreed, indicating that Northampton should hold to the funding formula as established, regardless of the amount contributed by Accomack County.

Motion was made by Mr. Trala, seconded by Mr. Long, that the County Administrator be authorized to write to the Accomack County Board, requesting a joint meeting to discuss this issue. All members were present and voted "yes." The motion was unanimously passed. With the soon-to-be-adoption of a FY 2012 budget, it was noted that this meeting's topic would be the FY 2013 budget.

Following further discussion by the Board regarding specific funding for the Groundwater Committee, Eastern Shore Area Agency on Aging, Eastern Shore Community College, Eastern Shore Community Services Board and Eastern Shore Public Library, at the suggestion of the County Administrator, the Board agreed to preserve the proposed funding levels in the contingency fund until Board consensus can be reached.

Mr. Tankard said that he believed that a 1% cost of living adjustment could be achieved for both the school and county employees by holding level the allocations for the School's Operations & Maintenance and Technology line items. All of the Board members agreed, indicating that a cost of living adjustment was workable without the need for a tax increase. Motion was made by Mr. Long, seconded by Mr. Murray, that the County Administrator move forward with a budget for public hearing containing the following features:

1. no tax increase

2. almost-level funding of the School's O&M and Technology line items (include funds for a 1% cost of living adjustment for staff in those two departments)

3. increase in the solid waste tipping fee of $1/ton

4. adjustment in part-time salaries in solid waste (removing ½ year funding for 6th site staff)

5. no adjustment to the Board of Supervisors' salaries.

6. taking the approximately $7,700 net in increased revenues and placing same in the Board's contingency fund.

All members were present and voted "yes," with the exception of Mr. Bennett who voted "no." The motion was passed. It was noted that this plan would provide an additional approx. $107,000 to the school's in local share.

The Board recognized Mr. Courtney Rogers with Davenport & Co., who provided the following powerpoint presentation:

DAVENPORT & COMPANY LLC
EST. 1863 • MEMBER: NYSE • FINRA • SIPC

ONE JAMES CENTER
901 EAST CARY STREET
11TH FLOOR
RICHMOND, VIRGINIA 23219
(804) 697-2900

Northampton County
School Capital Funding
Plan of Finance

April 25, 2011

DRAFT

Overview

- The schools have identified $22.1 million in capital projects over the next seven years.
- The County has 5 outstanding debt issues that are refundable/restructurable between now and the next 24 months. This provides significant opportunity to layer in new debt and minimize the spike(s) in future debt service. In addition, the County will need to, in three of the five issues, reset the interest rates in the near future.
- Costs of capital projects are expected to begin rising over the next few years as the economy slowly rebounds.
- In addition, interest rates are expected to rise as the national economy continues to get stronger.

Assumptions

- $3.1 million is available for reducing capital costs.
- One penny on the real estate tax rate is equal to $248,668 for FY2012.
- Currently there is no material debt service decline until 2024 or twelve years away.
- Equipment leases and budgeted funds for the payment of the leases are not included in the analysis.
- $1.39 million Literary Loan note due January 1, 2013 @ 3.03% with SunTrust is taken out with Literary Loan for 20 years level principal at 3.00%.
- The bond issues for the Jail, Courts complex, administration building, etc. were amortized over 20 years. However, the useful life of the buildings will, most likely exceed 30 years.
- The school capital projects have been funded with a five year Bond Anticipation Note in order to move the project forward locking in the low construction costs today.
- Interest rates for both the long-term take out of the schools over 20 years as well as the restructuring of portions of existing debt has been assumed at 6.00%. The interest rate for the Bond Anticipation Note has been assumed at 4.50%. We evaluated 30-year debt structure for the school capital projects, but determined it did not significantly lower the annual cash flow payments in the early years.

Base Case- No New Capital Projects

	Existing Debt Service				Budgeted FY2012	Annual	Use of	Annual	Resulting Annual
FY	Principal	Interest	Total	Payout	Debt Service	Surplus / (Deficit)	Existing Funds	Tax Impact[1]	Surplus / (Deficit)
	$39,914,677	**$15,035,686**	**$54,950,364**				**$1,651,412**	-	
2012	$2,660,251	$1,587,797	$4,248,048	7%	$3,515,862	($732,186)	$732,186	-	$0
2013	2,784,434	1,491,742	4,276,177	14%	3,515,862	(760,315)	760,315	-	0
2014	2,203,052	1,402,561	3,605,613	19%	3,515,862	(89,751)	89,751	-	0
2015	2,238,987	1,323,527	3,562,514	25%	3,515,862	(46,652)	46,652	-	0
2016	2,297,063	1,241,307	3,538,370	31%	3,515,862	(22,508)	22,508	-	0
2017	2,344,292	1,156,181	3,500,472	36%	3,515,862	15,390	0	-	15,390
2018	2,428,994	1,067,698	3,496,692	42%	3,515,862	19,170	0	-	19,170
2019	2,507,563	975,281	3,482,844	49%	3,515,862	33,018	0	-	33,018
2020	2,482,812	879,334	3,362,145	55%	3,515,862	153,717	0	-	153,717
2021	2,576,230	777,616	3,353,846	61%	3,515,862	162,016	0	-	162,016
2022	2,434,635	671,772	3,106,407	68%	3,515,862	409,455	0	-	409,455
2023	2,619,713	571,685	3,191,397	74%	3,515,862	324,465	0	-	324,465
2024	2,353,780	468,265	2,822,045	80%	3,515,862	693,817	0	-	693,817
2025	2,443,412	367,703	2,811,115	86%	3,515,862	704,747	0	-	704,747
2026	1,109,216	263,322	1,372,538	89%	3,515,862	2,143,324	0	-	2,143,324
2027	1,163,244	212,515	1,375,759	92%	3,515,862	2,140,103	0	-	2,140,103
2028	489,500	159,180	648,680	93%	3,515,862	2,867,182	0	-	2,867,182
2029	509,500	135,400	644,900	94%	3,515,862	2,870,962	0	-	2,870,962
2030	529,500	110,620	640,120	96%	3,515,862	2,875,742	0	-	2,875,742
2031	554,500	84,840	639,340	97%	3,515,862	2,876,522	0	-	2,876,522
2032	579,500	57,810	637,310	98%	3,515,862	2,878,552	0	-	2,878,552
2033	604,500	29,530	634,030	100%	3,515,862	2,881,832	0	-	2,881,832

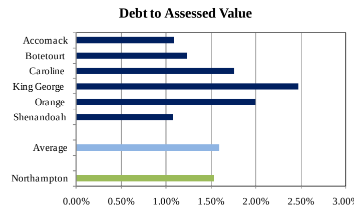
1) The value of 1¢ is estimated to be $248,668.

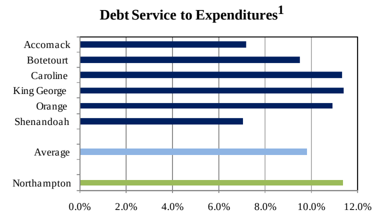
$1.65 million of the $3.1 million is used to shave the debt service impact. Assuming no additional dollars coming from the general fund for debt service the next meaningful dollars available for new projects is not until 2024.

Comparable Counties – FY 2010 Industry Standard Debt Ratios

Tax-Supported Debt Outstanding / Total Assessed Value of the County

Tax-Supported Debt Service / General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund, and School Operating Fund Expenditures





Selected counties are those with General Fund Revenues between $30 million and $60 million, and/or Total Assessed Values between $2.5 billion and $6.5 billion. These included both rated counties, such as Botetourt (Aa2/AA-/AA+) and King George (Aa2/AA-/AA-), as well as unrated counties.

1) Though this is not the formula currently used by the County, it is the formula used by most Virginia localities when presenting to the Rating Agencies. The County currently uses the formula of Tax-Supported Debt Service / General Government Expenditures.

School Capital Needs

- The Schools have identified the capital needs shown below, which totals roughly $22.1 million.
- We have assumed that the FY2012 projects will be funded with school capital reserves.
- For the Scenarios outlined on the next page, the $3.1 million of state reimbursement funds have been used to cash fund projects in FY 2013 and 2014, thus reducing the overall borrowing.

School Capital Improvements

	2012	2013	2014	2015	2016	2017	2018	Total
Uses of Funds:								
School Capital	$352,760	$604,048	$3,189,909	$1,392,634	$15,389,653	$183,400	$980,281	$22,092,686
Total	**$352,760**	**$604,048**	**$3,189,909**	**$1,392,634**	**$15,389,653**	**$183,400**	**$980,281**	**$22,092,686**
Sources of Funds:								
School Capital Reserves	$352,760							$352,760
State Reimbursement		$604,048	$2,495,952					3,100,000
Bonds or Other Equity			693,957	$1,392,634	$15,389,653	$183,400	$980,281	18,639,926
Total	**$352,760**	**$604,048**	**$3,189,909**	**$1,392,634**	**$15,389,653**	**$183,400**	**$980,281**	**$22,092,686**

Scenarios

1A. $17.8 million of School Capital is funded in early FY 2012. $3.1 million of the state reimbursement is used to reduce the borrowing for the school capital. There is no restructuring of existing debt. The $1.2 million of FY 2017-2018 projects were not accelerated, but funded over 15 years in early FY 2017.

1B. $17.8 million of School Capital is funded in early FY 2012. $3.1 million of the state reimbursement is used to reduce the borrowing for the school capital. In order to reduce the tax impact approximately $8.5 million of existing debt service is restructured. The $1.2 million of FY 2017-2018 projects were not accelerated, but funded over 15 years in early FY 2017.

2. $17.8 million of School Capital is funded in early FY 2014. $3.1 million of the state reimbursement is used to reduce the borrowing for the school capital. There is no restructuring of existing debt. The $1.2 million of FY 2017-2018 projects were not accelerated, but funded over 15 years in early FY 2017.

3A. Increase real estate taxes enough in FY2012 to fund the entire FY 2012 – FY 2018 CIP without borrowing. $3.1 million of the state reimbursement is used to reduce the tax increase for the school capital.

3B. Increase real estate taxes in FY 2012 by 5 cents and begin school capital projects when they can be entirely funded with cash. $3.1 million of the state reimbursement is used to reduce the tax increase for the school capital.

Page 6

Scenario 1A – School Capital Projects

Borrow Now – No Restructuring of Existing Debt

	Existing Debt Service		
FY	Principal	Interest	Total
	$39,914,677	**$15,035,686**	**$54,950,364**
2012	$2,660,251	$1,587,797	$4,248,048
2013	2,784,434	1,491,742	4,276,177
2014	2,203,052	1,402,561	3,605,613
2015	2,238,987	1,323,527	3,562,514
2016	2,297,063	1,241,307	3,538,370
2017	2,344,292	1,156,181	3,500,472
2018	2,428,994	1,067,698	3,496,692
2019	2,507,563	975,281	3,482,844
2020	2,482,812	879,334	3,362,145
2021	2,576,230	777,616	3,353,846
2022	2,434,635	671,772	3,106,407
2023	2,619,713	571,685	3,191,397
2024	2,353,780	468,265	2,822,045
2025	2,443,412	367,703	2,811,115
2026	1,109,216	263,322	1,372,538
2027	1,163,244	212,515	1,375,759
2028	489,500	159,180	648,680
2029	509,500	135,400	644,900
2030	529,500	110,620	640,120
2031	554,500	84,840	639,340
2032	579,500	57,810	637,310
2033	604,500	29,530	634,030

New Money		
Principal	Interest	Total
$19,050,000	**$14,421,675**	**$33,471,675**
$0	$401,288	$401,288
0	802,575	802,575
0	802,575	802,575
0	802,575	802,575
0	802,575	802,575
0	972,788	972,788
805,000	1,118,850	1,923,850
860,000	1,068,900	1,928,900
905,000	1,015,950	1,920,950
965,000	959,850	1,924,850
1,025,000	900,150	1,925,150
1,090,000	836,700	1,926,700
1,160,000	769,200	1,929,200
1,230,000	697,500	1,927,500
1,305,000	621,450	1,926,450
1,385,000	540,750	1,925,750
1,470,000	455,100	1,925,100
1,560,000	364,200	1,924,200
1,660,000	267,600	1,927,600
1,760,000	165,000	1,925,000
1,870,000	56,100	1,926,100
0	0	0

	Existing and New Money Debt Service			Payout After
FY	Principal	Interest	Total	FY 2017 Issuance
	$58,964,677	**$29,457,361**	**$88,422,039**	
2012	$2,660,251	$1,989,084	$4,649,336	
2013	2,784,434	2,294,317	5,078,752	
2014	2,203,052	2,205,136	4,408,188	
2015	2,238,987	2,126,102	4,365,089	
2016	2,297,063	2,043,882	4,340,945	
2017	2,344,292	2,128,968	4,473,260	5%
2018	3,233,994	2,186,548	5,420,542	12%
2019	3,367,563	2,044,181	5,411,744	19%
2020	3,387,812	1,895,284	5,283,095	26%
2021	3,541,230	1,737,466	5,278,696	34%
2022	3,459,635	1,571,922	5,031,557	41%
2023	3,709,713	1,408,385	5,118,097	49%
2024	3,513,780	1,237,465	4,751,245	57%
2025	3,673,412	1,065,203	4,738,615	65%
2026	2,414,216	884,772	3,298,988	70%
2027	2,548,244	753,265	3,301,509	75%
2028	1,959,500	614,280	2,573,780	79%
2029	2,069,500	499,600	2,569,100	84%
2030	2,189,500	378,220	2,567,720	89%
2031	2,314,500	249,840	2,564,340	93%
2032	2,449,500	113,910	2,563,410	99%
2033	604,500	29,530	634,030	100%

$22.1 million of school projects are funded by using the entire $3.1 million of the state reimbursement. $17.8 million is then borrowed in FY 2012, followed by $1.2 million in FY 2017.

Page 7

Scenario 1A - Resulting Impact on the Budget

Borrow Now – No Restructuring of Existing Debt

FY	New and Existing Debt Service	Budgeted FY2012 Debt Service	Cumulative Surplus / (Deficit)	Annual Tax Impact[1]	Resulting Cumulative Surplus / (Deficit)
				6 ¢	
2012	$4,649,336	$3,515,862	($1,133,474)	6 ¢	$358,534
2013	5,078,752	3,515,862	(1,204,355)	-	287,653
2014	4,408,188	3,515,862	(604,673)	-	887,335
2015	4,365,089	3,515,862	38,107	-	1,530,115
2016	4,340,945	3,515,862	705,033	-	2,197,041
2017	4,473,260	3,515,862	1,239,643	-	2,731,651
2018	5,420,542	3,515,862	826,971	-	2,318,979
2019	5,411,744	3,515,862	423,097	-	1,915,105
2020	5,283,095	3,515,862	147,871	-	1,639,879
2021	5,278,696	3,515,862	(122,955)	-	1,369,053
2022	5,031,557	3,515,862	(146,642)	-	1,345,366
2023	5,118,097	3,515,862	(256,870)	-	1,235,139
2024	4,751,245	3,515,862	(245)	-	1,491,763
2025	4,738,615	3,515,862	269,010	-	1,761,018
2026	3,298,988	3,515,862	1,977,892	-	3,469,900
2027	3,301,509	3,515,862	3,684,253	-	5,176,261
2028	2,573,780	3,515,862	6,118,343	-	7,610,351
2029	2,569,100	3,515,862	8,557,113	-	10,049,121
2030	2,567,720	3,515,862	10,997,263	-	12,489,271
2031	2,564,340	3,515,862	13,440,793	-	14,932,801
2032	2,563,410	3,515,862	15,885,253	-	17,377,261
2033	634,030	3,515,862	20,259,093	-	21,751,101

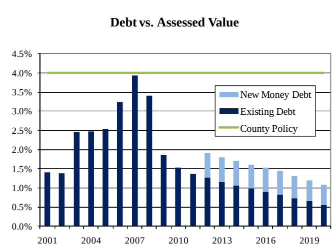
1) The value of 1¢ is estimated to be $248,668.

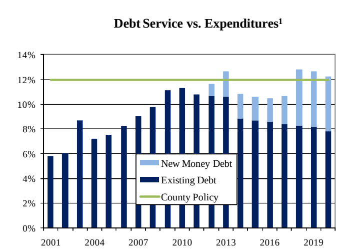
The equivalent of 6¢ would be needed in FY 2012 to fund the school projects.

Scenario 1A – Impact on Industry Standard Debt Ratios

Tax-Supported Debt Outstanding / Total Assessed Value of the County

Tax-Supported Debt Service / General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund, and School Operating Fund Expenditures





1) Though this is not the formula currently used by the County, it is the formula used by most Virginia localities when presenting to the Rating Agencies. The County currently uses the formula of Tax-Supported Debt Service / General Government Expenditures.

Scenario 1B – Restructuring

Borrow Now with Restructuring of Existing Debt

	Before Restructuring			Restructured Prior Debt 1		New Restructured Debt 1		Restructured Prior Debt 2		New Restructured Debt 2		After Restructuring			
FY	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	Difference
	$39,914,677	**$15,035,686**	**$54,950,364**	**$1,020,000**	**$59,136**	**$1,090,000**	**$1,281,550**	**$7,468,507**	**$1,979,773**	**$7,565,000**	**$6,873,875**	**$40,081,170**	**$21,152,202**	**$61,233,372**	**($6,283,009)**
2012	$2,660,251	$1,587,797	$4,248,048	$500,000	$39,168	$0	$59,950	$0	$0	$0	$0	$2,160,251	$1,608,579	$3,768,830	$479,218
2013	2,784,434	1,491,742	4,276,177	520,000	19,968	0	65,400	0	0	0	0	2,264,434	1,537,174	3,801,609	474,568
2014	2,203,052	1,402,561	3,605,613	0	0	0	65,400	0	0	0	0	2,203,052	1,467,961	3,671,013	(65,400)
2015	2,238,987	1,323,527	3,562,514	0	0	0	65,400	0	0	0	0	2,238,987	1,388,927	3,627,914	(65,400)
2016	2,297,063	1,241,307	3,538,370	0	0	0	65,400	200,000	320,114	0	416,075	2,097,063	1,402,668	3,499,731	38,639
2017	2,344,292	1,156,181	3,500,472	0	0	0	65,400	200,000	311,634	0	453,900	2,144,292	1,363,847	3,508,139	(7,667)
2018	2,428,994	1,067,698	3,496,692	0	0	0	65,400	867,469	303,154	0	453,900	1,561,525	1,283,845	2,845,369	651,323
2019	2,507,563	975,281	3,482,844	0	0	0	65,400	888,038	265,625	0	453,900	1,619,525	1,228,956	2,848,481	634,363
2020	2,482,812	879,334	3,362,145	0	0	0	65,400	957,000	227,191	0	453,900	1,525,812	1,171,443	2,697,254	664,891
2021	2,576,230	777,616	3,353,846	0	0	0	65,400	988,000	186,294	0	453,900	1,588,230	1,110,622	2,698,852	654,994
2022	2,434,635	671,772	3,106,407	0	0	0	65,400	803,000	144,083	0	453,900	1,631,635	1,046,989	2,678,624	427,783
2023	2,619,713	571,685	3,191,397	0	0	0	65,400	829,000	109,716	0	453,900	1,790,713	981,269	2,771,981	419,416
2024	2,353,780	468,265	2,822,045	0	0	0	65,400	854,000	74,246	0	453,900	1,499,780	913,319	2,413,099	408,946
2025	2,443,412	367,703	2,811,115	0	0	0	65,400	882,000	37,717	0	453,900	1,561,412	849,286	2,410,698	400,417
2026	1,109,216	263,322	1,372,538	0	0	0	65,400	0	0	400,000	453,900	1,509,216	782,622	2,291,838	(919,300)
2027	1,163,244	212,515	1,375,759	0	0	0	65,400	0	0	400,000	429,900	1,563,244	707,815	2,271,059	(895,300)
2028	489,500	159,180	648,680	0	0	155,000	65,400	0	0	970,000	405,900	1,614,500	630,480	2,244,980	(1,596,300)
2029	509,500	135,400	644,900	0	0	165,000	56,100	0	0	1,030,000	347,700	1,704,500	539,200	2,243,700	(1,598,800)
2030	529,500	110,620	640,120	0	0	175,000	46,200	0	0	1,090,000	285,900	1,794,500	442,720	2,237,220	(1,597,100)
2031	554,500	84,840	639,340	0	0	185,000	35,700	0	0	1,155,000	220,500	1,894,500	341,040	2,235,540	(1,596,200)
2032	579,500	57,810	637,310	0	0	200,000	24,600	0	0	1,225,000	151,200	2,004,500	233,610	2,238,110	(1,600,800)
2033	604,500	29,530	634,030	0	0	210,000	12,600	0	0	1,295,000	77,700	2,109,500	119,830	2,229,330	(1,595,300)

Note: The present value cost of the restructuring is approximately $800,000.

In order to shave some of the peaks in debt service a restructuring is required totaling approximately $8.5 million. This occurs over two separate restructuring transactions. The original debt issued for the courts, jails, social services and administration buildings were amortized over 20 years. The restructuring extends the payback to 25-27 years (from the original issuance) to be more in line with the useful life of the assets funded.

Page 10

Scenario 1B – School Capital Projects

Borrow Now with Restructuring of Existing Debt

	After Restructuring			New Money				After Restructuring and New Money			Payout After
FY	Principal	Interest	Total	Principal	Interest	Total	FY	Principal	Interest	Total	FY 2017 Issuance
	$40,081,170	**$21,152,202**	**$61,233,372**	**$19,050,000**	**$14,421,675**	**$33,471,675**		**$59,131,170**	**$35,573,877**	**$94,705,047**	
2012	$2,160,251	$1,608,579	$3,768,830	$0	$401,288	$401,288	2012	$2,160,251	$2,009,866	$4,170,118	
2013	2,264,434	1,537,174	3,801,609	0	802,575	802,575	2013	2,264,434	2,339,749	4,604,184	
2014	2,203,052	1,467,961	3,671,013	0	802,575	802,575	2014	2,203,052	2,270,536	4,473,588	
2015	2,238,987	1,388,927	3,627,914	0	802,575	802,575	2015	2,238,987	2,191,502	4,430,489	
2016	2,097,063	1,402,668	3,499,731	0	802,575	802,575	2016	2,097,063	2,205,243	4,302,306	
2017	2,144,292	1,363,847	3,508,139	0	972,788	972,788	2017	2,144,292	2,336,635	4,480,926	4%
2018	1,561,525	1,283,845	2,845,369	805,000	1,118,850	1,923,850	2018	2,366,525	2,402,695	4,769,219	9%
2019	1,619,525	1,228,956	2,848,481	860,000	1,068,900	1,928,900	2019	2,479,525	2,297,856	4,777,381	15%
2020	1,525,812	1,171,443	2,697,254	905,000	1,015,950	1,920,950	2020	2,430,812	2,187,393	4,618,204	20%
2021	1,588,230	1,110,622	2,698,852	965,000	959,850	1,924,850	2021	2,553,230	2,070,472	4,623,702	25%
2022	1,631,635	1,046,989	2,678,624	1,025,000	900,150	1,925,150	2022	2,656,635	1,947,139	4,603,774	30%
2023	1,790,713	981,269	2,771,981	1,090,000	836,700	1,926,700	2023	2,880,713	1,817,969	4,698,681	36%
2024	1,499,780	913,319	2,413,099	1,160,000	769,200	1,929,200	2024	2,659,780	1,682,519	4,342,299	42%
2025	1,561,412	849,286	2,410,698	1,230,000	697,500	1,927,500	2025	2,791,412	1,546,786	4,338,198	48%
2026	1,509,216	782,622	2,291,838	1,305,000	621,450	1,926,450	2026	2,814,216	1,404,072	4,218,288	54%
2027	1,563,244	707,815	2,271,059	1,385,000	540,750	1,925,750	2027	2,948,244	1,248,565	4,196,809	60%
2028	1,614,500	630,480	2,244,980	1,470,000	455,100	1,925,100	2028	3,084,500	1,085,580	4,170,080	66%
2029	1,704,500	539,200	2,243,700	1,560,000	364,200	1,924,200	2029	3,264,500	903,400	4,167,900	73%
2030	1,794,500	442,720	2,237,220	1,660,000	267,600	1,927,600	2030	3,454,500	710,320	4,164,820	80%
2031	1,894,500	341,040	2,235,540	1,760,000	165,000	1,925,000	2031	3,654,500	506,040	4,160,540	88%
2032	2,004,500	233,610	2,238,110	1,870,000	56,100	1,926,100	2032	3,874,500	289,710	4,164,210	96%
2033	2,109,500	119,830	2,229,330	0	0	0	2033	2,109,500	119,830	2,229,330	100%

$22.1 million of school projects are funded by using the entire $3.1 million of the state reimbursement and $17.8 million borrowed in FY 2012.

Page 11

Scenario 1B - Resulting Impact on the Budget

Borrow Now with Restructuring of Existing Debt

FY	New and Existing Debt Service	Budgeted FY2012 Debt Service	Cumulative Surplus / (Deficit)	Annual Tax Impact[1]	Resulting Cumulative Surplus / (Deficit)
				5 ¢	
2012	$4,170,118	$3,515,862	($654,256)	4 ¢	$340,416
2013	4,604,184	3,515,862	(747,905)	-	246,767
2014	4,473,588	3,515,862	(710,959)	-	283,713
2015	4,430,489	3,515,862	(630,915)	-	363,757
2016	4,302,306	3,515,862	(422,687)	-	571,985
2017	4,480,926	3,515,862	(393,079)	-	601,593
2018	4,769,219	3,515,862	(651,765)	-	342,907
2019	4,777,381	3,515,862	(918,612)	-	76,060
2020	4,618,204	3,515,862	(1,026,282)	1 ¢	217,058
2021	4,623,702	3,515,862	(890,782)	-	352,558
2022	4,603,774	3,515,862	(735,354)	-	507,986
2023	4,698,681	3,515,862	(674,833)	-	568,507
2024	4,342,299	3,515,862	(257,930)	-	985,410
2025	4,338,198	3,515,862	163,074	-	1,406,414
2026	4,218,288	3,515,862	703,987	-	1,947,327
2027	4,196,809	3,515,862	1,266,381	-	2,509,721
2028	4,170,080	3,515,862	1,855,503	-	3,098,843
2029	4,167,900	3,515,862	2,446,805	-	3,690,145
2030	4,164,820	3,515,862	3,041,187	-	4,284,527
2031	4,160,540	3,515,862	3,639,849	-	4,883,189
2032	4,164,210	3,515,862	4,234,841	-	5,478,181
2033	2,229,330	3,515,862	6,764,713	-	8,008,053

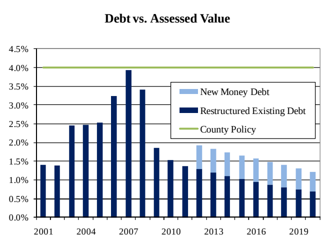
1) The value of 1¢ is estimated to be $248,668.

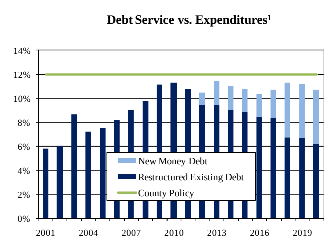
The equivalent of 4¢ would be needed in FY 2012 to fund the school projects. Thus the restructuring saves an additional 2¢ in FY 2012 over the plan with no restructuring.

Scenario 1B – Impact on Industry Standard Debt Ratios

Tax-Supported Debt Outstanding / Total Assessed Value of the County

Tax-Supported Debt Service / General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund, and School Operating Fund Expenditures





1) Though this is not the formula currently used by the County, it is the formula used by most Virginia localities when presenting to the Rating Agencies. The County currently uses the formula of Tax-Supported Debt Service / General Government Expenditures.

Scenario 2 – School Capital Projects

Borrow in FY 2014 – No Restructuring of Existing Debt

	Existing Debt Service			New Money			Existing and New Money Debt Service				Payout After
FY	Principal	Interest	Total	Principal	Interest	Total	FY	Principal	Interest	Total	FY 2017 Issuance
	$39,914,677	**$15,035,686**	**$54,950,364**	**$19,050,000**	**$13,986,900**	**$33,036,900**		**$58,964,677**	**$29,022,586**	**$87,987,264**	
2012	$2,660,251	$1,587,797	$4,248,048	$0	$0	$0	2012	$2,660,251	$1,587,797	$4,248,048	
2013	2,784,434	1,491,742	4,276,177	0	0	0	2013	2,784,434	1,491,742	4,276,177	
2014	2,203,052	1,402,561	3,605,613	0	535,050	535,050	2014	2,203,052	1,937,611	4,140,663	
2015	2,238,987	1,323,527	3,562,514	475,000	1,055,850	1,530,850	2015	2,713,987	2,379,377	5,093,364	
2016	2,297,063	1,241,307	3,538,370	505,000	1,026,450	1,531,450	2016	2,802,063	2,267,757	5,069,820	
2017	2,344,292	1,156,181	3,500,472	535,000	1,031,700	1,566,700	2017	2,879,292	2,187,881	5,067,172	6%
2018	2,428,994	1,067,698	3,496,692	620,000	1,033,500	1,653,500	2018	3,048,994	2,101,198	5,150,192	13%
2019	2,507,563	975,281	3,482,844	660,000	995,100	1,655,100	2019	3,167,563	1,970,381	5,137,944	20%
2020	2,482,812	879,334	3,362,145	695,000	954,450	1,649,450	2020	3,177,812	1,833,784	5,011,595	27%
2021	2,576,230	777,616	3,353,846	740,000	911,400	1,651,400	2021	3,316,230	1,689,016	5,005,246	34%
2022	2,434,635	671,772	3,106,407	790,000	865,500	1,655,500	2022	3,224,635	1,537,272	4,761,907	41%
2023	2,619,713	571,685	3,191,397	840,000	816,600	1,656,600	2023	3,459,713	1,388,285	4,847,997	49%
2024	2,353,780	468,265	2,822,045	890,000	764,700	1,654,700	2024	3,243,780	1,232,965	4,476,745	56%
2025	2,443,412	367,703	2,811,115	945,000	709,650	1,654,650	2025	3,388,412	1,077,353	4,465,765	63%
2026	1,109,216	263,322	1,372,538	1,005,000	651,150	1,656,150	2026	2,114,216	914,472	3,028,688	68%
2027	1,163,244	212,515	1,375,759	1,065,000	589,050	1,654,050	2027	2,228,244	801,565	3,029,809	73%
2028	489,500	159,180	648,680	1,135,000	523,050	1,658,050	2028	1,624,500	682,230	2,306,730	76%
2029	509,500	135,400	644,900	1,200,000	453,000	1,653,000	2029	1,709,500	588,400	2,297,900	80%
2030	529,500	110,620	640,120	1,275,000	378,750	1,653,750	2030	1,804,500	489,370	2,293,870	84%
2031	554,500	84,840	639,340	1,350,000	300,000	1,650,000	2031	1,904,500	384,840	2,289,340	88%
2032	579,500	57,810	637,310	1,440,000	216,300	1,656,300	2032	2,019,500	274,110	2,293,610	92%
2033	604,500	29,530	634,030	1,400,000	131,100	1,531,100	2033	2,004,500	160,630	2,165,130	97%
2034	0	0	0	1,485,000	44,550	1,529,550	2034	1,485,000	44,550	1,529,550	100%

$22.1 million of school projects are funded by using the entire $3.1 million of the state reimbursement and $17.8 million borrowed in FY 2012.

Page 14

Scenario 2 - Resulting Impact on the Budget

Borrow in FY 2014 – No Restructuring of Existing Debt

FY	New and Existing Debt Service	Budgeted FY2012 Debt Service	Cumulative Surplus / (Deficit)	Annual Tax Impact[1]	Resulting Cumulative Surplus / (Deficit)
				6 ¢	
2012	$4,248,048	$3,515,862	($732,186)	6 ¢	$759,822
2013	4,276,177	3,515,862	(493)	-	1,491,515
2014	4,140,663	3,515,862	866,714	-	2,358,722
2015	5,093,364	3,515,862	781,220	-	2,273,228
2016	5,069,820	3,515,862	719,270	-	2,211,278
2017	5,067,172	3,515,862	659,968	-	2,151,976
2018	5,150,192	3,515,862	517,646	-	2,009,654
2019	5,137,944	3,515,862	387,572	-	1,879,580
2020	5,011,595	3,515,862	383,846	-	1,875,854
2021	5,005,246	3,515,862	386,470	-	1,878,478
2022	4,761,907	3,515,862	632,433	-	2,124,441
2023	4,847,997	3,515,862	792,306	-	2,284,314
2024	4,476,745	3,515,862	1,323,430	-	2,815,438
2025	4,465,765	3,515,862	1,865,535	-	3,357,543
2026	3,028,688	3,515,862	3,844,717	-	5,336,725
2027	3,029,809	3,515,862	5,822,778	-	7,314,786
2028	2,306,730	3,515,862	8,523,918	-	10,015,926
2029	2,297,900	3,515,862	11,233,888	-	12,725,896
2030	2,293,870	3,515,862	13,947,888	-	15,439,896
2031	2,289,340	3,515,862	16,666,418	-	18,158,426
2032	2,293,610	3,515,862	19,380,678	-	20,872,686
2033	2,165,130	3,515,862	22,223,418	-	23,715,426
2034	1,529,550	3,515,862	25,701,738	-	27,193,746

1) The value of 1¢ is estimated to be $248,668.

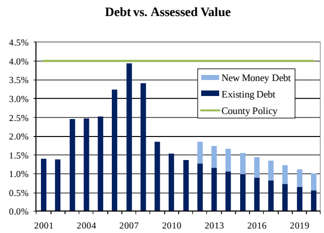
The equivalent of 6¢ would be needed in FY 2012 to fund the school projects.

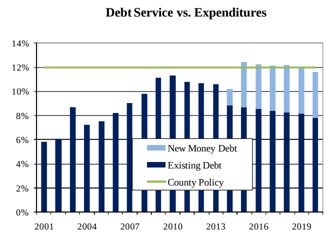
Page 15

Scenario 2 – Impact on Industry Standard Debt Ratios

Tax-Supported Debt Outstanding / Total Assessed Value of the County

Tax-Supported Debt Service / General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund, and School Operating Fund Expenditures





1) Though this is not the formula currently used by the County, it is the formula used by most Virginia localities when presenting to the Rating Agencies. The County currently uses the formula of Tax-Supported Debt Service / General Government Expenditures.

Scenario 3A - Resulting Impact on the Budget

FY	Beginning Capital Fund Balance	Use of Existing Funds	**13¢** Tax Increase in FY 2012	Capital Project Needs	Resulting Annual Surplus / (Deficit)
		$1,651,412			
2012	$3,100,000	$732,186	$3,232,684	-	$7,064,870
2013	7,064,870	760,315	3,232,684	($604,048)	10,453,820
2014	10,453,820	89,751	3,232,684	(3,189,909)	10,586,346
2015	10,586,346	46,652	3,232,684	(1,392,634)	12,473,049
2016	12,473,049	22,508	3,232,684	(15,389,653)	338,587
2017	338,587	-	3,232,684	(183,400)	3,387,871
2018	3,387,871	-	3,232,684	(980,281)	5,640,274

In order to fund the entire $22.1 million of capital projects as currently scheduled, without borrowing, a tax increase of 13¢ would be needed in FY 2012. The entire $3.1 million of state reimbursement is used to fund school capital projects.

Scenario 3B - Resulting Impact on the Budget

FY	Beginning Capital Fund Balance	Use of Existing Funds	**5¢** Tax Increase in FY 2012	Capital Project Needs	Resulting Annual Surplus / (Deficit)
		$1,651,412			
2012	$3,100,000	$732,186	$1,243,340	-	$5,075,526
2013	5,075,526	760,315	1,243,340	($604,048)	6,475,132
2014	6,475,132	89,751	1,243,340	(3,189,909)	4,618,314
2015	4,618,314	46,652	1,243,340	(1,392,634)	4,515,673
2016	4,515,673	22,508	1,243,340		5,781,520
2017	5,781,520	-	1,243,340	(183,400)	6,841,460
2018	6,841,460	-	1,243,340	(980,281)	7,104,519
2019	7,104,519	-	1,243,340	-	8,347,859
2020	8,347,859	-	1,243,340	-	9,591,199
2021	9,591,199	-	1,243,340		10,834,539
2022	10,834,539	-	1,243,340	-	12,077,879
2023	12,077,879	-	1,243,340	-	13,321,219
2024	13,321,219	-	1,243,340		14,564,559
2025	14,564,559	-	1,243,340	(15,389,653)	418,246
2026	418,246	-	1,243,340	(1,163,681)	497,905

If the County were to increase the tax rate by 5¢ in FY 2012, it wouldn't be until FY 2026 that the County would be able to fund the entire $22.1 million CIP. The entire $3.1 million of state reimbursement is used to fund school capital projects.

Page 18

Mr. Tankard said that there was still progress to be made on the School's Capital Improvement Plan and that he was not satisfied with the projected $22 million pricetag, indicating that the above presentation certainly showed the attractiveness of maintaining the existing infrastructure.

Mr. Murray stated that we support the school and understand that they have capital needs.

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

4. The County Administrator indicated that due to an advertising error on the part of The Eastern Shore News, the required second advertisement for the redistricting public hearing did not occur. The Board will have to select another date for the public hearing although if members of the public are present tonight and wish to make comments, we would be glad to receive them.

Mr. Daryl Hayslett thanked the Board for reunifying the village of Willis Wharf through this redistricting plan and hoped that it would remain intact.

Mr. Bob Claffy of Marionville agreed with the previous speaker and asked for clarification as to why five districts were selected instead of three.

Ms. Jane Cabarrus of the Northampton NAACP said that although she believed the Census figures did not accurately reflect the County's minority population, she thanked the Board for its work in trying to achieve fairness in the election process.

Mr. Tankard indicated that he thought the proposed redistricting plan was good for several reasons:

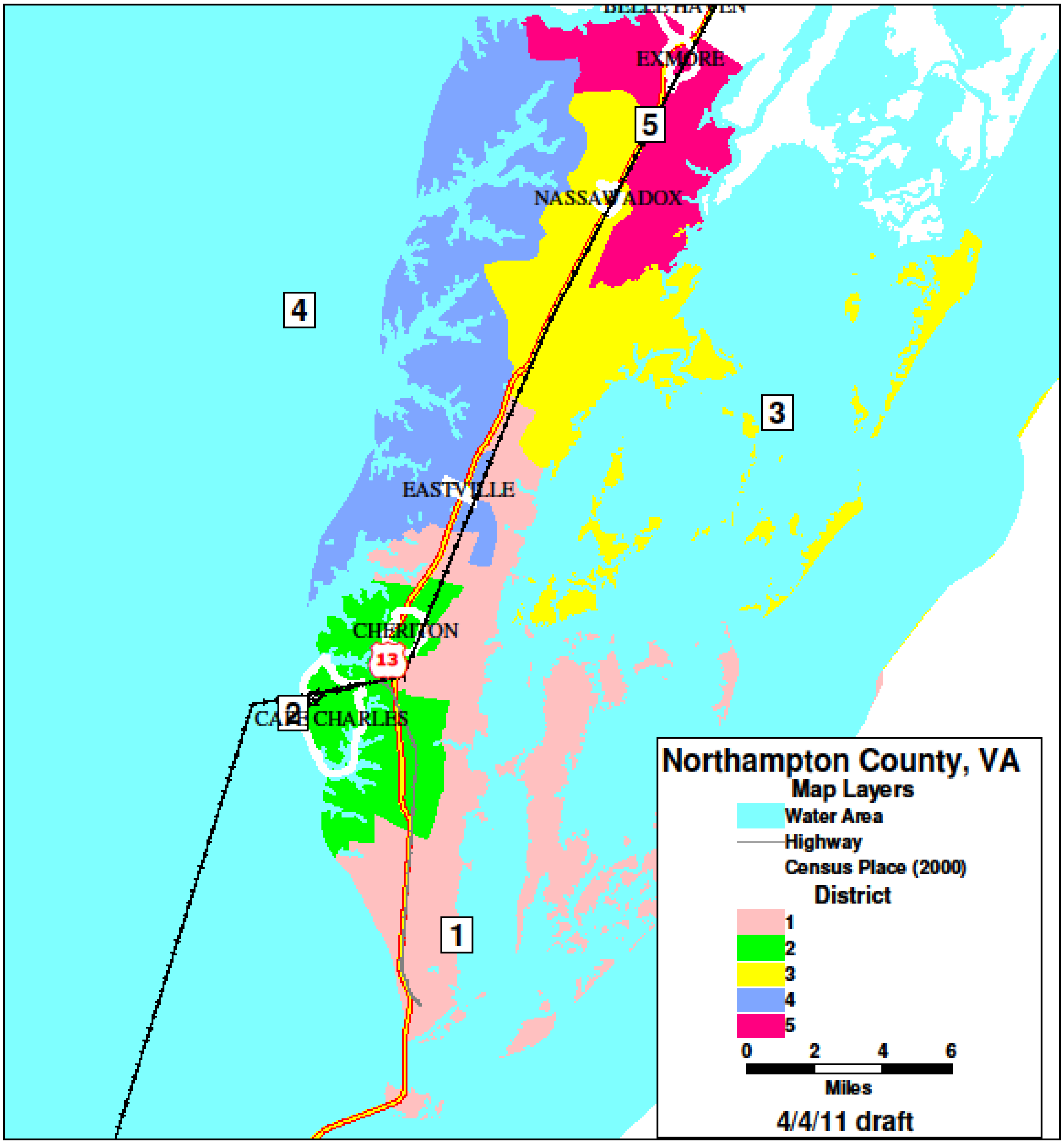
1. it consolidates Occohannock Neck
2. it places Willis Wharf in one district
3. it reduces the length of District 3
4. it places Cape Charles in one district and Cheriton in another district
5. it incorporates one town in each district
6. it reduces overall expenses associated with running the county
7. it provides better government in that with five supervisors, there is no possibility of a tie vote.

Mr. Murray said that a tremendous amount of work was done by the Board and staff, calling the redistricting process "not an easy or simple task". He stated that he supported the five-district plan, saying that "this mix is reflective of our population and the strengths of our diversity."

He did remind the Board that there was some concern expressed by members of the public in connection with not being able to vote for a supervisor in the November election if the redistricting process had moved the citizen from either district 4, 5 or 6 into district 1, 2 or 3. He noted that fifty other counties have this system of staggered term and that it was an unfortunate fact of life that some citizens may not vote on a schedule that they have been used to. The U. S. Department of Justice recognizes that this may be a consequence of redistricting.

Chairman Randall indicated that he supported the proposed plan and believed that the very strong minority-majority districts (Districts #2 and #3) will be looked upon favorably by the Justice Department.

The County Administrator informed the Board that a plan has been received this date from Norfolk State University which also creates two minority-majority districts (#1 and #3) (also the least populated districts), which map is illustrated below:


BELLE HAVEN
EXMORE
5
NASSAWADOX
4
3
EASTVILLE
CHERITON
13
2
CAPE CHARLES
1
Northampton County, VA
Map Layers
Water Area
Highway
Census Place (2000)
District
1
2
3
4
5
0 2 4 6
Miles
4/4/11 draft

There was some concern expressed over the fact that no polling places are indicated on the map.

It was the consensus of the Board that May 10th be selected as the date for the public hearing on the redistricting plan.

The Board also selected Wednesday, May 4, 2011, as the date for a joint meeting with the School Board to discuss their capital plan as well as health insurance. The meeting will commence at 5:30 p.m. in conference room #2 of the former Northampton Middle School, 7247 Young Street, Machipongo, Virginia.

Recess:

Motion was made by Mr. Murray, seconded by Mr. Bennett, that the meeting be recessed until 5:30 p.m., Wednesday, May 4, 2011 in conference room #2 of the former Northampton Middle School, 7274 Young Street, Machipongo, Virginia, for a joint meeting with the Northampton County School Board. All members were present and voted "yes." The motion was unanimously passed.

The meeting was recessed.

____________________________CHAIRMAN

___________________ COUNTY ADMINISTRATOR