

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held in the Board Chambers of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, on the 26th day of August, 2013, at 5:00 p.m.

Present:

Willie C. Randall, Chairman

Laurence J. Trala, Vice Chairman

Richard L. Hubbard

Larry LeMond

Oliver H. Bennett

The meeting was called to order by the Chairman.

Joint Meeting w/ Northampton School Board

The Northampton County School Board was present and in session. The Chairman noted that the purpose of the meeting was to hear an overview of the County's financial health as prepared by Davenport & Co., the County's financial advisors. Mr. Courtney Rogers of Davenport, shared with the Board the following powerpoint presentation:

Financial Health Update



Northampton County, Virginia

August 26, 2013

Prepared by:



OVERVIEW



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

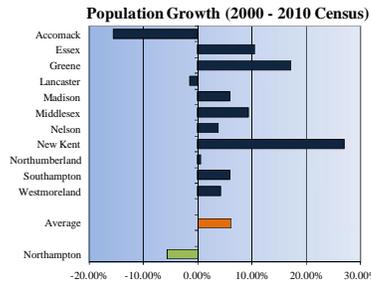
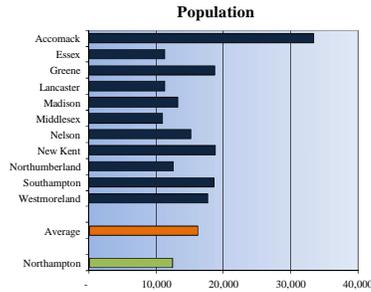
DEMOGRAPHIC PROFILE



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	12,377
Average	16,459
Accomack	33,336
Essex	11,205
Greene	18,660
Lancaster	11,282
Madison	13,169
Middlesex	10,854
Nelson	15,097
New Kent	18,822
Northumberland	12,461
Southampton	18,570
Westmoreland	17,595



Source: United States Bureau of Economic Analysis, 2011 data (most recent available).

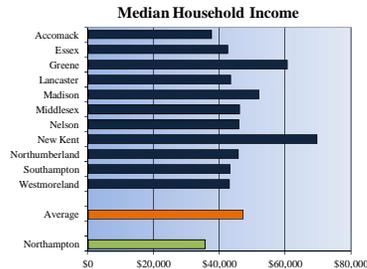
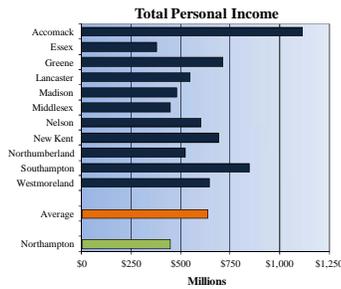
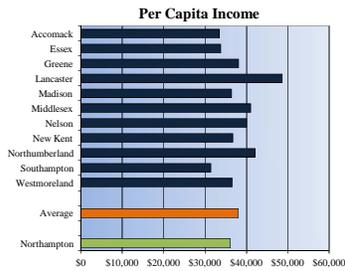
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DEMOGRAPHIC PROFILE



Northampton County, Virginia



Source: United States Bureau of Economic Analysis, 2011 data (most recent available).

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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



Northampton County, Virginia

Governmental Funds:

	2008	2009	2010	2011	2012	Annual Growth	Average Annual Growth 2008-2012
Revenues							
General property taxes	\$12,170,249	\$14,963,530	\$15,077,656	\$15,420,768	\$15,691,764	0%	6%
Other local taxes	3,199,129	2,906,279	2,575,809	2,366,329	2,492,889	1%	-4%
Permits and fees	293,445	298,126	192,564	125,374	134,793	2%	-11%
Fines and forfeitures	138,138	114,630	114,132	117,466	162,917	8%	4%
Revenue from use of money and property	786,364	213,130	78,806	111,289	128,069	3%	-17%
Charges for services	273,121	\$60,304	604,829	625,459	713,379	3%	32%
Miscellaneous	122,907	17,302	87,554	76,049	109,602	9%	-2%
Recovered costs	176,043	180,390	428,125	346,093	3,719,863	195%	403%
Intergovernmental							
Local government				436,301	472,629	2%	N/A
Federal	2,429,427	2,871,545	2,358,542	2,743,625	6,280,522	26%	32%
Commonwealth	6,721,225	6,469,299	6,316,946	6,744,014	7,241,400	14%	12%
Total Revenues	26,308,048	27,264,526	27,733,014	29,112,757	32,148,427	2%	4%
Expenditures							
General government administration	2,665,789	1,961,150	1,770,821	1,714,492	1,934,342	3%	-5%
Judicial administration	1,054,686	940,492	584,458	592,779	584,226	0%	-6%
Public safety	6,007,989	6,135,182	6,119,994	6,594,780	6,546,031	0%	2%
Public works	1,368,205	1,983,356	1,725,082	1,777,069	1,847,921	1%	7%
Health and welfare	3,891,270	3,776,353	4,014,825	3,312,480	3,129,653	-1%	-4%
Education	8,361,729	9,903,796	7,656,078	7,625,997	7,675,452	0%	-2%
Parks, recreation, and cultural	396,876	273,887	313,905	258,761	281,966	2%	-6%
Community development	1,670,771	1,347,828	1,003,195	1,849,972	1,365,772	-5%	-4%
Debt service:							
Principal	1,639,477	2,366,447	3,825,226	2,523,955	2,530,680	0%	11%
Interest	2,310,145	2,039,408	1,810,090	1,784,540	1,589,911	-2%	-6%
Bond issuance costs	0	23,842	0	0	0	0%	-1%
Total expenditures	29,366,937	30,761,322	28,913,674	28,035,025	27,486,454	0%	-1%
Excess of revenues over expenditures	(3,058,889)	(3,496,796)	(1,179,660)	1,077,732	4,661,973	67%	50%
Other financial sources							
Sale of capital assets	12,647	263,687	0	0	0		
Capital projects	(2,277,295)	(2,339,000)	(2,492,436)	(3,849,415)	(2,654,844)	-6%	3%
Bond issued	0	1,378,350	1,390,000	0	0		
Funds from State for Payoff of Debt	0	9,822,050	0	0	0		
Payoff of Prior Debt	(1,761,028)	(9,822,050)	0	0	0		
Capital lease	502,116	820,000	79,232	106,219	183,406	15%	-13%
Transfers in	(6,954,429)	(5,054,754)	(4,449,976)	(6,089,452)	(5,859,288)	-1%	-4%
Transfers out	(6,954,429)	(5,114,493)	(6,476,083)	(6,089,452)	(5,858,694)	-1%	-3%
Sale of industrial park property	2,331,860	0	0	0	0		
Total other financial sources	(191,700)	63,298	(1,049,311)	(3,743,196)	(2,670,644)	-6%	239%
Net change in fund balance	(3,250,980)	(4,433,498)	(2,227,271)	(2,665,464)	1,991,329	-32%	-32%
Fund balance- beginning	21,085,349	19,834,760	16,401,262	14,173,291	11,507,827	-4%	-10%
Fund balance- ending	\$19,834,369	\$16,401,262	\$14,173,291	\$11,507,827	\$13,499,156	2%	-6%

1ST CHARACTERISTIC – CONSERVATIVE BUDGETING/SOLID FINANCIAL RESULTS

Northampton County, Virginia

General Fund Only

	Original Budget 2012	Final Budget 2012	Actual 2012	Final vs. Actual Difference	Percent Difference
Revenues					
General property taxes	\$15,331,288	\$15,331,288	\$15,691,764	\$360,476	2.35%
Other local taxes	2,542,891	2,542,891	2,492,889	(50,002)	-1.97%
Permits and fees	163,387	163,387	134,793	(28,594)	-17.50%
Fines and forfeitures	205,942	205,942	162,917	(43,025)	-20.89%
Revenue from use of money and property	87,789	87,789	85,129	(2,660)	-3.03%
Charges for services	753,510	753,510	695,843	(57,667)	-7.65%
Miscellaneous	1,000	37,255	88,880	51,625	138.57%
Recovered costs	122,724	134,173	112,553	(21,620)	-16.11%
Intergovernmental					
Federal	40,137	54,547	308,726	254,179	465.98%
Commonwealth	3,366,370	3,427,183	3,346,655	(80,528)	-2.35%
Total Revenues	22,615,038	22,737,965	23,120,149	382,184	1.68%
Expenditures					
General government administration	\$2,131,724	\$2,119,934	\$1,934,342	(\$185,592)	-8.75%
Judicial administration	600,813	602,469	584,726	(17,743)	-2.95%
Public safety	3,454,710	3,589,857	3,374,462	(215,395)	-6.00%
Public works	1,858,970	1,868,825	1,847,921	(20,904)	-1.12%
Health and welfare	620,974	620,974	516,974	(104,000)	-16.75%
Education	7,487,873	7,675,865	7,675,452	(413)	-0.01%
Parks, recreation, and cultural	338,664	344,674	281,966	(62,708)	-18.19%
Community development	1,098,045	1,093,045	982,211	(110,834)	-10.14%
Debt service:					
Principal	165,496	165,496	116,065	(48,531)	-29.32%
Interest	12,263	12,263	4,158	(8,105)	-66.59%
Total expenditures	17,775,032	18,098,902	17,319,177	779,725	-4.31%
Excess of revenues over expenditures	4,840,006	4,639,063	5,800,972	(1,161,909)	25.05%
Other financial sources					
Capital lease	205,459	205,459	183,606	(21,853)	-10.64%
Transfers in	77,500	77,982	473,144	(395,162)	506.73%
Transfers out	(5,135,343)	(5,181,643)	(5,385,549)	203,906	3.94%
Sale of industrial park property	0	0	0	0	0%
Total other financial sources	(4,852,384)	(4,898,202)	(4,728,799)	(169,403)	-3.46%
Net change in fund balance	(12,378)	(259,139)	1,072,173	(1,331,312)	-513.74%

Source: Northampton County 2012 CAFR.

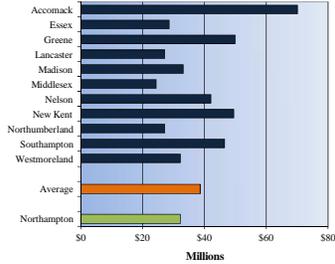
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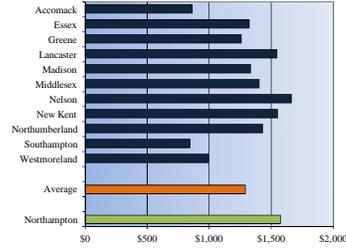
1ST CHARACTERISTIC – CONSERVATIVE BUDGETING/SOLID FINANCIAL RESULTS

Northampton County, Virginia

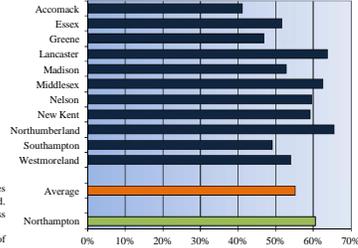
Total Revenues (General Fund & Schools)



Local Revenues Per Capita



Local Revenues vs. Total Revenues



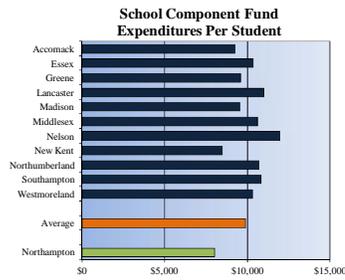
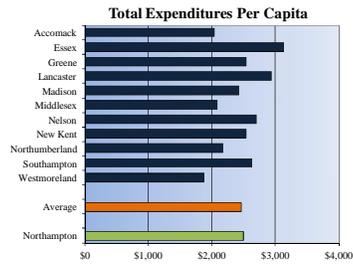
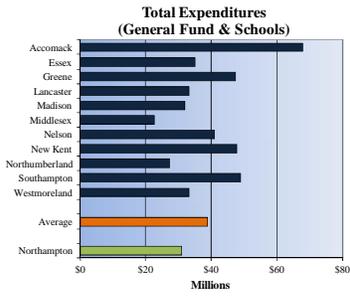
Note: Total Revenues are defined as General Fund Revenues plus School Revenues less transfer from the General Fund. Local Revenues are defined as General Fund Revenues less funds from the Commonwealth & Federal Government. Source: Individual County's 2012 CAFR with the exception of Greene County (2011 CAFR).

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1ST CHARACTERISTIC – CONSERVATIVE BUDGETING/SOLID FINANCIAL RESULTS

Northampton County, Virginia

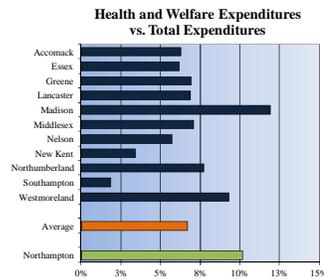
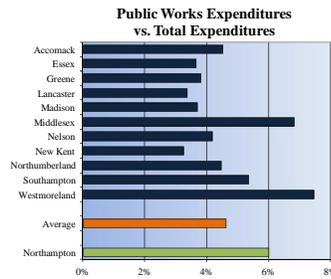
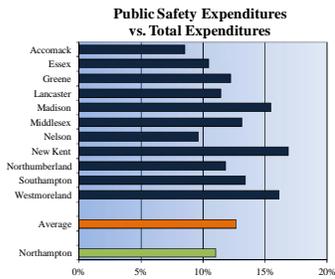


Does not include schools DS

Note: Total Expenditures are defined as General Fund Expenditures plus School Expenditures less transfer from the General Fund. School Component Fund Expenditures are inclusive of the transfer from the General Fund.
Source: Individual County's 2012 CAFR with the exception of Greene County (2011 CAFR).

1ST CHARACTERISTIC – CONSERVATIVE BUDGETING/SOLID FINANCIAL RESULTS

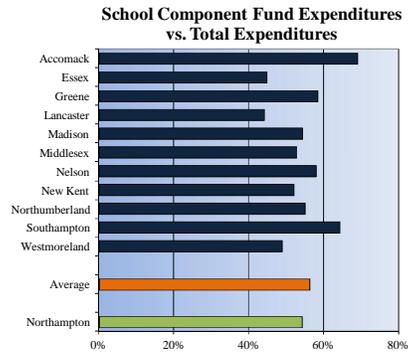
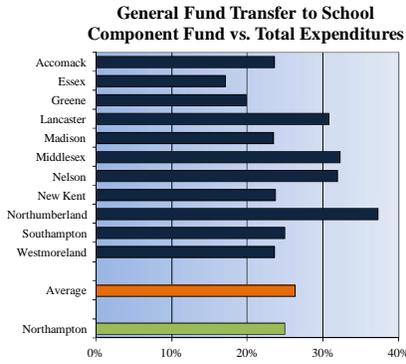
Northampton County, Virginia



Note: Total Expenditures are defined as General Fund Expenditures plus School Expenditures less transfer from the General Fund.
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1ST CHARACTERISTIC – CONSERVATIVE BUDGETING/SOLID FINANCIAL RESULTS

Northampton County, Virginia



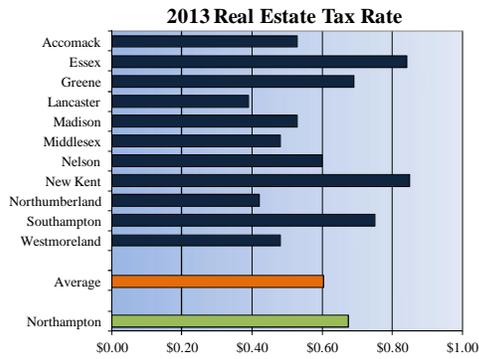
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 School Component Fund Expenditures are inclusive of the transfer from the General Fund.
 Source: Individual County's 2012 CAFR with the exception of Greene County (2011 CAFR).

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1ST CHARACTERISTIC – COMPETITIVE TAX RATE

Northampton County, Virginia



Real Estate		
CY	Tax Rate	Change
2002	\$0.66	\$0.05
2003	0.67	0.01
2004	0.65	(0.02)
2005	0.70	0.05
2006	0.70	0.00
2007	0.70	0.00
2008	0.49	(0.21)
2009	0.49	0.00
2010	0.49	0.00
2011	0.49	0.00
2012	0.54	0.05
2013	0.67	0.13

Source: County Websites.
 Note: Accomack County tax rate includes \$0.06 Emergency Medical Services tax.

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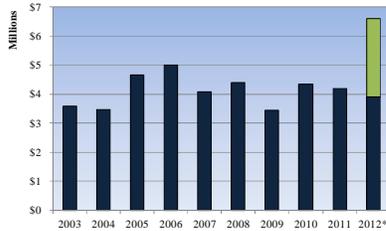
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2ND CHARACTERISTIC – MAINTAINING STRONG RESERVES

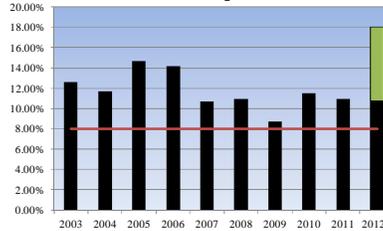


Northampton County, Virginia

Undesignated/Unassigned Fund Balance



Undesignated/Unassigned Fund Balance vs. Total Expenditures



Fiscal Year	Undesignated/Unassigned Fund Balance	Total Expenditures	Ratio
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%
2012*	6,598,399	36,560,807	18.05%

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

VRA Covenant:

When the County issued its 2012 refunding bonds through VRA, the County pledged to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for FY13 and annually thereafter through the term of the Lease with VRA. The unassigned fund balance will be measured as of June 30 of each fiscal year.

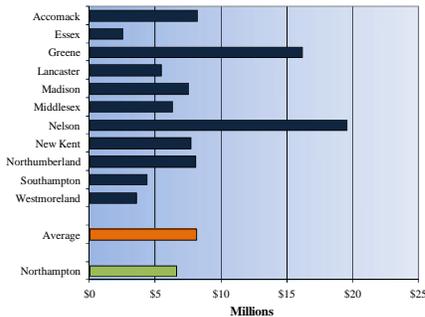
Note: Total Expenditures are defined as expenditures of the General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund (net of interfund transfers).
*In 2012 the County's unassigned fund balance included \$2,686,120 from the jail reimbursement. Without the jail reimbursement, the County's unassigned fund balance would have been only 10.70%.

2ND CHARACTERISTIC – MAINTAINING STRONG RESERVES

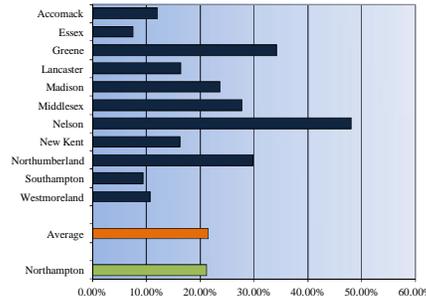


Northampton County, Virginia

Unassigned Fund Balance



Undesignated Fund Balance vs. Expenditures *(%)



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.

Note: Total Expenditures are defined as General Fund Expenditures plus School Expenditures less transfer from the General Fund.
In 2012 the County's unassigned fund balance had \$2,686,120 from the jail reimbursement. Without the jail reimbursement, the County's unassigned fund balance would have been only 10.70%.

WHY AN UNDESIGNATED/UNASSIGNED 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.

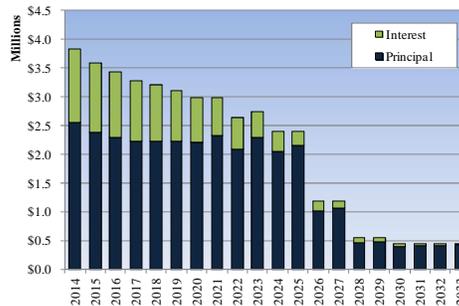
	Earnings at	Earnings at
<u>Lost Earnings</u>	<u>1.00%</u>	<u>4.50%</u>
Per \$1 million	\$115,000	\$625,000
Estimated Lost Earnings		
@ \$3 million	\$345,000	\$1,875,000

3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia

Total Existing General Fund & School Debt*				
Fiscal Year	Principal	Interest	Total	Payout Ratio
2014	\$2,554,236	\$1,277,246	\$3,831,482	8%
2015	2,384,101	1,202,655	3,586,755	16%
2016	2,303,683	1,133,935	3,437,618	23%
2017	2,222,213	1,057,397	3,279,610	30%
2018	2,232,587	971,013	3,203,600	37%
2019	2,230,025	873,032	3,103,056	44%
2020	2,216,800	768,668	2,985,468	51%
2021	2,326,800	658,550	2,985,349	58%
2022	2,096,800	551,135	2,647,935	65%
2023	2,291,443	447,607	2,739,050	72%
2024	2,060,000	343,166	2,403,166	78%
2025	2,160,000	240,524	2,400,524	85%
2026	1,025,000	166,187	1,191,187	88%
2027	1,075,000	119,621	1,194,621	92%
2028	465,000	86,926	551,926	93%
2029	485,000	67,685	552,685	95%
2030	395,000	49,850	444,850	96%
2031	410,000	35,016	445,016	97%
2032	425,000	21,652	446,652	99%
2033	440,000	7,425	447,425	100%
Total	\$31,798,686	\$10,079,289	\$41,877,975	



The ten-year payout ratio for all County debt is currently 71% which is well above the "best practice target" of 60% for AA rated localities and 50% for A rated localities.

*Note: Inclusive of Capital Leases associated with the General Government & School Funds.

3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia

General Fund County Debt				Drop Down in Debt Service	County Operating Leases				Drop Down in Debt Service
Fiscal Year	Principal	Interest	Total		Fiscal Year	Principal	Interest	Total	
2014	\$1,570,000	\$1,186,720	\$2,756,720	N/A	2014	\$139,068	\$4,792	\$143,860	N/A
2015	1,620,000	1,138,063	2,758,063	(\$1,343)	2015	113,766	2,581	116,347	\$2,640,373
2016	1,680,000	1,080,624	2,760,624	(3,904)	2016	52,401	740	53,141	2,703,579
2017	1,745,000	1,012,507	2,757,507	(788)	2017	0	0	0	2,756,720
2018	1,830,000	932,323	2,762,323	(5,603)	2018	0	0	0	2,756,720
2019	1,920,000	838,930	2,758,930	(2,210)	2019	0	0	0	2,756,720
2020	2,020,000	737,967	2,757,967	(1,247)	2020	0	0	0	2,756,720
2021	2,125,000	631,752	2,756,752	(32)	2021	0	0	0	2,756,720
2022	1,890,000	528,867	2,418,867	337,853	2022	0	0	0	2,756,720
2023	1,985,000	429,570	2,414,570	342,149	2023	0	0	0	2,756,720
2024	1,970,000	328,224	2,298,224	458,496	2024	0	0	0	2,756,720
2025	2,065,000	227,927	2,292,927	463,793	2025	0	0	0	2,756,720
2026	930,000	155,657	1,085,657	1,671,063	2026	0	0	0	2,756,720
2027	980,000	111,276	1,091,276	1,665,444	2027	0	0	0	2,756,720
2028	365,000	81,699	446,699	2,310,021	2028	0	0	0	2,756,720
2029	380,000	66,084	446,084	2,310,636	2029	0	0	0	2,756,720
2030	395,000	49,850	444,850	2,311,870	2030	0	0	0	2,756,720
2031	410,000	35,016	445,016	2,311,704	2031	0	0	0	2,756,720
2032	425,000	21,652	446,652	2,310,068	2032	0	0	0	2,756,720
2033	440,000	7,425	447,425	2,309,295	2033	0	0	0	2,756,720
Total	\$26,745,000	\$9,602,134	\$36,347,134		Total	\$305,235	\$8,113	\$313,348	

Note: Includes General Government Portion of Capital Leases and does not include any future capital leases.

Prepared by: Davenport & Company LLC

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3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia

Existing School Debt				Drop Down in Debt Service	School Operating Leases				Drop Down in Debt Service
Fiscal Year	Principal	Interest	Total		Fiscal Year	Principal	Interest	Total	
2014	\$346,046	\$60,402	\$406,448	N/A	2014	\$499,122	\$25,332	\$524,454	N/A
2015	318,667	48,691	367,358	\$39,090	2015	331,668	13,320	344,987	\$61,461
2016	323,667	45,171	368,838	37,610	2016	247,615	7,399	255,015	151,433
2017	300,025	41,525	341,550	64,899	2017	177,188	3,365	180,553	225,895
2018	305,025	37,752	342,777	63,671	2018	97,562	938	98,500	307,948
2019	310,025	34,102	344,127	62,322	2019	0	0	0	406,448
2020	196,800	30,701	227,500	178,948	2020	0	0	0	406,448
2021	201,800	26,798	228,598	177,851	2021	0	0	0	406,448
2022	206,800	22,268	229,067	177,381	2022	0	0	0	406,448
2023	306,443	18,036	324,479	81,969	2023	0	0	0	406,448
2024	90,000	14,943	104,943	301,506	2024	0	0	0	406,448
2025	95,000	12,596	107,596	298,852	2025	0	0	0	406,448
2026	95,000	10,530	105,530	300,918	2026	0	0	0	406,448
2027	95,000	8,345	103,345	303,103	2027	0	0	0	406,448
2028	100,000	5,228	105,228	301,221	2028	0	0	0	406,448
2029	105,000	1,601	106,601	299,847	2029	0	0	0	406,448
Total	\$3,395,296	\$418,689	\$3,813,984		Total	\$1,353,155	\$50,354	\$1,403,509	

Note: Does not include any capital leases issued in FY13 or any future capital leases.

Prepared by: Davenport & Company LLC

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REVENUES AVAILABLE FOR DEBT SERVICE AND CAPITAL



Northampton County, Virginia

Fiscal Year	General Fund	Use of Jail Reimbursement Funds	Social Security Rent	General Fund School Transfer	Total Non-Operating DS Revenues	GF Transfer School Bus Leases	Transfer to Capital Reserve Fund	Total Operating DS & Capital Revenues	Total Revenues Available
2014	\$2,368,080	\$230,140	\$161,000	\$407,450	\$3,166,670	\$524,454	\$777,640	\$1,302,094	\$4,468,764
2015	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2016	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2017	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2018	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2019	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2020	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2021	2,368,080	230,140	161,000	407,450	3,166,670	524,454	777,640	1,302,094	4,468,764
2022	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2023	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2024	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2025	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2026	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2027	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2028	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2029	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2030	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2031	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2032	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624
2033	2,368,080	0	161,000	407,450	2,936,530	524,454	777,640	1,302,094	4,238,624

Source: Northampton County Finance Departments

Prepared by: Davenport & Company LLC

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DEBT SERVICE AND CAPITAL EXPENDITURES



Northampton County, Virginia

Fiscal Year	General Fund County Debt Service	General Fund School Debt Service	Total Non-Operating Debt Service	Transfer to Capital Reserve Fund	Schools Operating Lease	County Operating Lease	Future Schools Operating Leases	Total Non-Operating DS & Capital Reserve	Total Debt Service
2014	2,756,720	406,448	\$3,163,168	777,640	524,454	143,860	0	\$1,445,954	\$4,609,122
2015	2,758,063	367,358	3,125,421	777,640	344,987	116,347	179,467	1,418,441	4,543,862
2016	2,760,624	368,838	3,129,462	777,640	255,015	53,141	269,439	1,355,235	4,484,697
2017	2,757,507	341,550	3,099,057	777,640	180,553	0	343,901	1,302,094	4,401,151
2018	2,762,323	342,777	3,105,100	777,640	98,500	0	425,954	1,302,094	4,407,194
2019	2,758,930	344,127	3,103,056	777,640	0	0	524,454	1,302,094	4,405,150
2020	2,757,967	227,500	2,985,468	777,640	0	0	524,454	1,302,094	4,287,561
2021	2,756,752	228,598	2,985,349	777,640	0	0	524,454	1,302,094	4,287,443
2022	2,418,867	229,067	2,647,935	777,640	0	0	524,454	1,302,094	3,950,028
2023	2,414,570	324,479	2,739,050	777,640	0	0	524,454	1,302,094	4,041,143
2024	2,298,224	104,943	2,403,166	777,640	0	0	524,454	1,302,094	3,705,260
2025	2,292,927	107,596	2,400,524	777,640	0	0	524,454	1,302,094	3,702,617
2026	1,085,657	105,530	1,191,187	777,640	0	0	524,454	1,302,094	2,493,280
2027	1,091,276	103,345	1,194,621	777,640	0	0	524,454	1,302,094	2,496,715
2028	446,699	105,228	551,926	777,640	0	0	524,454	1,302,094	1,854,020
2029	446,084	106,601	552,685	777,640	0	0	524,454	1,302,094	1,854,779
2030	444,850	0	444,850	777,640	0	0	524,454	1,302,094	1,746,943
2031	445,016	0	445,016	777,640	0	0	524,454	1,302,094	1,747,110
2032	446,652	0	446,652	777,640	0	0	524,454	1,302,094	1,748,746
2033	447,425	0	447,425	777,640	0	0	524,454	1,302,094	1,749,519

Source: Northampton County Finance Departments

Prepared by: Davenport & Company LLC

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3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia

Debt Capacity versus Debt Affordability:

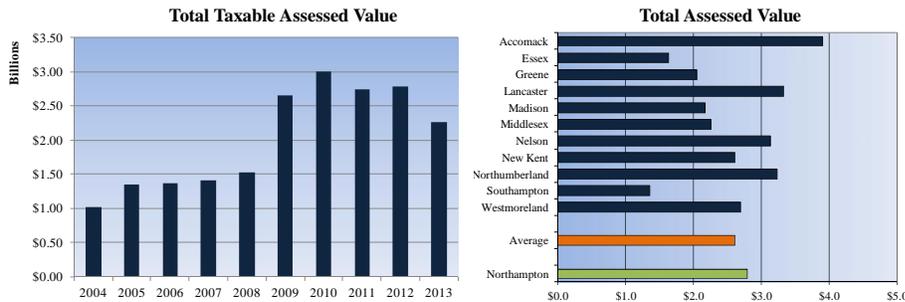
- Debt Capacity:
 - The amount of debt a locality can incur while staying within prudent financial guidelines.
 - Think of Debt Capacity as the credit card limit.

- 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



Northampton County, Virginia



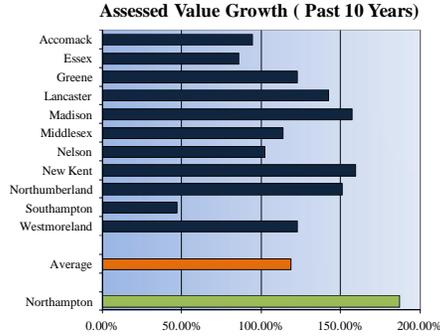
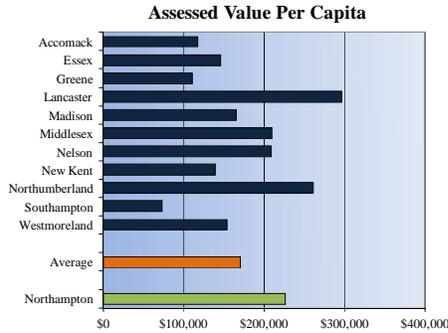
CY	Real Property				Personal Property				Total Taxable Assessed Value									
	Residential %	Commercial %	Raw Land %	Public Service %	Motor Vehicles %	Public Service %	Machinery & Tools %	Merchants' Capital %	Assessed Value	%								
2004	5607966.660	5%	576535.700	0%	5186,070,500	0%	534,164,203	2%	5102,055,175	8%	5134,931	-71%	54,058,200	22%	51,261,600	-4%	51,012,246,769	4%
2005	855,315,500	41%	9,104,700	19%	237,722,500	28%	44,915,633	31%	109,683,570	7%	496,898	268%	4,804,700	18%	1,049,438	-17%	1,345,038,239	33%
2006	872,005,386	2%	94,831,800	4%	232,798,300	-2%	40,121,774	-11%	112,332,279	2%	217,240	-56%	4,033,356	-16%	1,189,900	13%	1,357,530,035	1%
2007	924,544,333	6%	107,725,200	14%	224,584,800	-4%	25,334,451	-37%	118,071,322	5%	25,117	-88%	3,841,317	-5%	1,269,800	7%	1,405,396,340	4%
2008	1,041,162,452	13%	109,343,300	2%	221,384,100	-1%	23,221,600	-8%	121,233,258	3%	380,200	1414%	3,375,700	-12%	1,418,500	12%	1,521,519,110	8%
2009	1,730,453,549	66%	163,617,300	50%	595,142,800	169%	48,255,100	108%	111,995,167	-8%	1,825,600	380%	2,495,150	-26%	1,530,600	8%	2,655,315,266	75%
2010	2,104,602,800	22%	179,176,900	10%	584,621,300	-2%	42,929,400	-11%	84,183,800	-25%	1,148,100	-37%	2,703,300	8%	0	-100%	2,999,365,600	13%
2011	1,814,315,328	-14%	179,176,900	0%	584,621,300	0%	42,929,400	0%	112,030,400	33%	1,148,100	0%	2,837,200	5%	0	N/A	2,737,048,728	-9%
2012	1,858,006,256	2%	179,480,200	0%	580,084,700	-1%	52,452,600	22%	116,314,694	4%	383,100	-67%	2,746,500	-3%	0	N/A	2,789,468,050	2%
2013	1,439,404,600	-23%	172,302,700	-4%	484,359,100	-17%	49,322,500	-6%	120,949,189	4%	385,600	1%	2,732,317	-1%	0	N/A	2,269,456,006	-19%
Average		14%	13%	16%	4%	2%	19%	-3%	N/A	12%								

Source: Northampton County Finance Department.

3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia



Source: Individual County's 2012 CAFR with the exception of Greene County (2011 CAFR).
Assessed Value is defined as Total Taxable Assessed Value.

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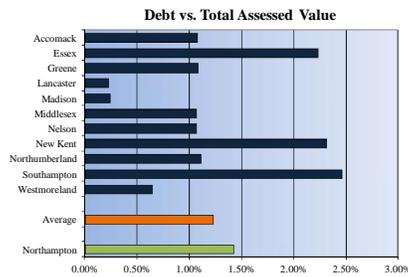
3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia

Total Assessed Valuation of Taxable Property

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



Real Estate Assessed Value is assumed to remain flat at 2013 level.

Note: Real Estate Assessed Value includes Residential, Commercial, Raw Land & Public Service Assessed Values.
Total Assessed Value is all Taxable Assessed Value (including Personal Property).

Prepared by: Davenport & Company LLC

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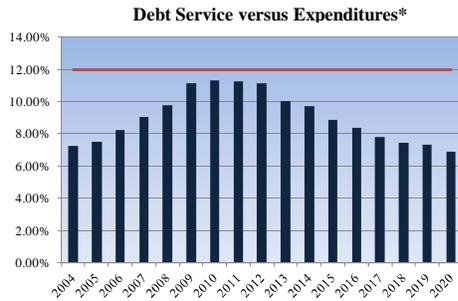
3RD CHARACTERISTIC – DEBT MANAGEMENT



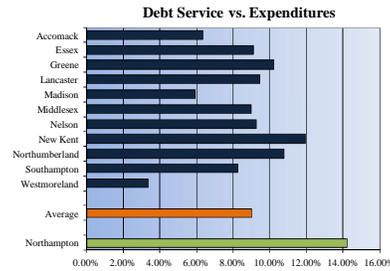
Northampton County, Virginia

Debt Service versus Total Expenditures*

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



Expenditures* assumed to grow 2% annually.



Because certain information is not available, in order to have an "apples to apples" comparison, Expenditures are defined as General Fund Expenditures plus School Expenditures less transfer from the General Fund.

*Note: Davenport has assumed Total Governmental Expenditures to be Governmental Fund Expenditures exclusive of the Capital Projects Fund plus Schools Expenditures net of transfer from General Fund.

3RD CHARACTERISTIC – DEBT MANAGEMENT



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:

Annual Debt Service vs. Expenditures	Future Debt Capacity					
	2014	2015	2016	2017	2018	Total
	\$9,765,960	\$4,004,809	\$2,752,560	\$2,825,938	\$1,764,671	\$21,113,937

3RD CHARACTERISTIC – DEBT MANAGEMENT



Northampton County, Virginia

Results of 2012 VRA Refunding

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
2002	\$2,701,011	\$1,367,502	16.04%	2.88%
2005/2006/2007	\$3,613,459	\$2,955,453	12.20%	2.16%
Total	\$6,314,470	\$4,322,955	13.20%	

*Net of estimated cost of issuance.

Annual Savings

Fiscal Year	Prior Debt Service	Refunding Debt Service	Savings
6/30/2013	\$2,978,938	\$2,598,660	\$380,277
6/30/2014	3,180,925	2,756,725	424,200
6/30/2015	3,178,616	2,758,069	420,547
6/30/2016	3,182,615	2,760,631	421,984
6/30/2017	3,185,544	2,757,516	428,028
6/30/2018	3,188,372	2,762,331	426,040
6/30/2019	3,180,940	2,758,938	422,002
6/30/2020	3,179,690	2,757,975	421,715
6/30/2021	3,182,423	2,756,759	425,663
6/30/2022	2,800,632	2,418,875	381,756
6/30/2023	2,791,811	2,414,578	377,232
6/30/2024	2,649,369	2,298,231	351,138
6/30/2025	2,643,907	2,292,934	350,973
6/30/2026	1,280,798	1,085,663	195,136
6/30/2027	1,286,799	1,091,281	195,517
6/30/2028	562,500	446,703	115,797
6/30/2029	561,500	446,088	115,413
6/30/2030	559,500	444,853	114,647
6/30/2031	561,500	445,019	116,481
6/30/2032	562,250	446,653	115,597
6/30/2033	561,750	447,425	114,325
Total	\$45,260,377	\$38,945,907	\$6,314,470

Source: Virginia Resources Authority final local borrower schedule.

Prepared by: Davenport & Company LLC

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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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Debt Funded Projects:

- 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: **Refunded by Series 2012 VRA Bonds** (\$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%. **The 2002 IDA Bonds were refunded at an All-In TIC of 2.88%.**
- 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.

Source: Northampton County 2012 CAFR.

Prepared by: Davenport & Company LLC

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Debt Funded Projects:

- 2005/2006/2007 IDA Lease Revenue Financing: **Refunded by Series 2012 VRA Bonds** (\$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. **The 2005/2006/2007 IDA Bonds were refunded at an All-In TIC of 2.16%.**

Source: Northampton County 2012 CAFR.

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4TH CHARACTERISTIC – MULTI-YEAR CAPITAL PLANNING



Northampton County, Virginia

Debt Funded Projects:

- 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): **Taken out by Series 2012 VPSA Bonds** – issued for the High School rehabilitation project. The note was renewed in 2012 at a rate of 3.03% until January 1, 2013. The Commonwealth froze the Literary Loan program in FY 10 and 11. Since it was not known when the Commonwealth would again direct funds to the program, the County permanently funded the Note in 2012 with VPSA at an All-In TIC of approximately 2.36%.
- 2010 Capital Leases - \$106,219 General Fund Equipment Lease issued December 2010 and \$426,964 School Bus Equipment Lease Purchase Agreement issued November 2010.
- Total Projects financed 1998-2010 was approximately \$49.5 million.
- Since 2010 – Various School Bus and Sheriff vehicle leases.

Source: Northampton County 2012 CAFR.

Prepared by: Davenport & Company LLC

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5TH CHARACTERISTIC – FORMALIZING FINANCIAL POLICIES



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, Governmental Fund expenditures at a level of not to exceed 12%.”
 - This is the County's current policy, although we recommend a clarification of Governmental Fund Expenditures to be General Fund Expenditures plus School Expenditures net of interfund transfers.
 - “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.](#)

Source: Northampton County Website.

Prepared by: Davenport & Company LLC

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5TH CHARACTERISTIC – FORMALIZING FINANCIAL POLICIES



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. Davenport would recommend increasing the policy from 8% to 10% and adding in language that would set a floor of \$4.2 million to be consistent with the VRA covenant.
- 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.

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

Source: Northampton County Website.

Prepared by: Davenport & Company LLC

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POTENTIAL – SCHOOL CAPITAL NEEDS



Northampton County, Virginia

Key Assumptions:

- Northampton County, Virginia (the “County”) is currently in the planning stages for a potential debt issuance for upcoming school capital needs (the “School Projects”).
- In order to see the effect of different issuance size, Davenport analyzed potential borrowings of \$7 million, \$15 million and \$30 million for the School Projects.
- At this time, Davenport has assumed financing in the Spring of 2015 utilizing the Virginia Public School Authority’s Spring Pool. Due to the possibility of rising interest rates, Davenport assumed a financing at current market rates (8/15/2013) **plus an additional 1.5%** with \$75,000 local costs of issuance and an underwriter’s discount of \$5 per bond (\$1,000). Davenport will continue to monitor alternative financing options such as a Direct Bank Loan or Stand Alone Public Sale should be considered as the School Projects are approaching their financing date and become more defined.
 - The interest rates for the Local School Bonds are established at five basis points above the actual rates on VPSA’s bonds. VPSA charges a 5 basis point fee that is used to pay costs of issuance and other administrative expenses of the Authority.

Prepared by: Davenport & Company LLC

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\$7 MILLION PROJECT FUND – ESTIMATED DEBT SERVICE



Northampton County, Virginia

Spring 2015 VPSA Pool ⁽¹⁾				
Fiscal Year	Principal	Interest	VPSA Fee ⁽²⁾	Total
Ending June 30,				Debt Service
2016	\$0	\$264,514	\$2,729	\$267,244
2017	240,000	342,619	3,500	586,119
2018	245,000	337,769	3,379	586,148
2019	250,000	331,569	3,255	584,824
2020	255,000	323,994	3,129	582,123
2021	265,000	316,194	2,999	584,193
2022	275,000	307,406	2,864	585,270
2023	285,000	296,894	2,724	584,618
2024	295,000	285,294	2,579	582,873
2025	310,000	272,806	2,428	585,234
2026	320,000	259,019	2,270	581,289
2027	335,000	243,444	2,106	580,550
2028	355,000	226,194	1,934	583,128
2029	375,000	207,475	1,751	584,226
2030	395,000	186,769	1,559	583,328
2031	415,000	163,456	1,356	579,813
2032	440,000	137,806	1,143	578,949
2033	470,000	110,506	915	581,421
2034	500,000	81,406	673	582,079
2035	530,000	50,506	415	580,921
2036	<u>565,000</u>	<u>17,303</u>	<u>141</u>	<u>582,444</u>
Total	\$7,120,000	\$4,762,943	\$43,847	\$11,926,790

(1) Assumes participation in the Virginia Public School Authority's 2015 Spring Pool at current market rates (8/15/2013) plus 1.5% with \$75,000 local costs of issuance and an underwriter's discount of \$5 per bond. All-In TIC, under these assumptions, is 5.37%.
 (2) The interest rates for the Local School Bonds are established at five basis points above the actual rates on VPSA's bonds. VPSA charges a 5 basis point fee that is used to pay costs of issuance and other administrative expenses of the Authority

Prepared by: Davenport & Company LLC

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\$7 MILLION PROJECT FUND – IMPACT ON DEBT SERVICE



Northampton County, Virginia

Total Existing General Government & School Debt				Plus New Money Debt			Total Existing & New Debt		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$2,554,236	\$1,277,246	\$3,831,482	\$0	\$0	\$0	\$2,554,236	\$1,277,246	\$3,831,482
2015	2,384,101	1,202,655	3,586,755	0	0	0	2,384,101	1,202,655	3,586,755
2016	2,303,683	1,133,935	3,437,618	0	264,514	264,514	2,303,683	1,398,449	3,702,132
2017	2,222,213	1,057,397	3,279,610	240,000	342,619	582,619	2,462,213	1,400,016	3,862,229
2018	2,232,587	971,013	3,203,600	245,000	337,769	582,769	2,477,587	1,308,782	3,786,369
2019	2,230,025	873,032	3,103,056	250,000	331,569	581,569	2,480,025	1,204,601	3,684,625
2020	2,216,800	768,668	2,985,468	255,000	323,994	578,994	2,471,800	1,092,662	3,564,461
2021	2,326,800	658,550	2,985,349	265,000	316,194	581,194	2,591,800	974,743	3,566,543
2022	2,096,800	551,135	2,647,935	275,000	307,406	582,406	2,371,800	858,541	3,230,341
2023	2,291,443	447,607	2,739,050	285,000	296,894	581,894	2,576,443	744,500	3,320,943
2024	2,060,000	343,166	2,403,166	295,000	285,294	580,294	2,355,000	628,460	2,983,460
2025	2,160,000	240,524	2,400,524	310,000	272,806	582,806	2,470,000	513,330	2,983,330
2026	1,025,000	166,187	1,191,187	320,000	259,019	579,019	1,345,000	425,205	1,770,205
2027	1,075,000	119,621	1,194,621	335,000	243,444	578,444	1,410,000	363,065	1,773,065
2028	465,000	86,926	551,926	355,000	226,194	581,194	820,000	313,120	1,133,120
2029	485,000	67,685	552,685	375,000	207,475	582,475	860,000	275,160	1,135,160
2030	395,000	49,850	444,850	395,000	186,769	581,769	790,000	236,618	1,026,618
2031	410,000	35,016	445,016	415,000	163,456	578,456	825,000	198,473	1,023,473
2032	425,000	21,652	446,652	440,000	137,806	577,806	865,000	159,458	1,024,458
2033	440,000	7,425	447,425	470,000	110,506	580,506	910,000	117,931	1,027,931
2034	0	0	0	500,000	81,406	581,406	500,000	81,406	581,406
2035	0	0	0	530,000	50,506	580,506	530,000	50,506	580,506
2036	0	0	0	565,000	17,303	582,303	565,000	17,303	582,303
Total	\$31,798,686	\$10,079,289	\$41,877,975	\$7,120,000	\$4,762,943	\$11,882,943	\$38,918,686	\$14,842,232	\$53,760,918

Note: VPSA 5 Basis Point Fee not included in the chart above.

Prepared by: Davenport & Company LLC

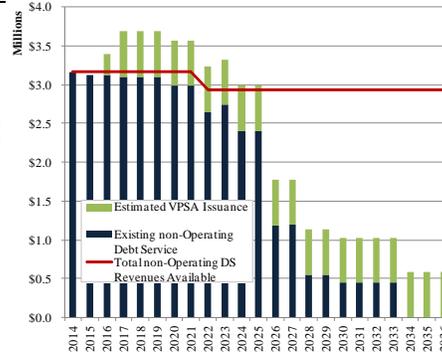
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\$7 MILLION PROJECT FUND – IMPACT ON CASH FLOW



Northampton County, Virginia

Fiscal Year	Existing non-Operating Debt Service	Estimated VPSA Issuance	Total Estimated Debt Service	Total non-Operating DS Revenues Available	Additional Revenues Needed
2014	\$3,163,168	\$0	\$3,163,168	\$3,166,670	
2015	3,125,421	0	3,125,421	3,166,670	
2016	3,129,462	267,244	3,396,706	3,166,670	230,036
2017	3,099,057	586,119	3,685,176	3,166,670	518,506
2018	3,105,100	586,148	3,691,248	3,166,670	524,578
2019	3,103,056	584,824	3,687,880	3,166,670	521,210
2020	2,985,468	582,123	3,567,590	3,166,670	400,920
2021	2,985,349	584,193	3,569,542	3,166,670	402,872
2022	2,647,935	585,270	3,233,205	2,936,530	296,675
2023	2,739,050	584,618	3,323,667	2,936,530	387,137
2024	2,403,166	582,873	2,986,039	2,936,530	49,509
2025	2,400,524	585,234	2,985,757	2,936,530	49,227
2026	1,191,187	581,289	1,772,475	2,936,530	
2027	1,194,621	580,550	1,775,171	2,936,530	
2028	551,926	583,128	1,135,054	2,936,530	
2029	552,685	584,226	1,136,911	2,936,530	
2030	444,850	583,328	1,028,177	2,936,530	
2031	445,016	579,813	1,024,829	2,936,530	
2032	446,652	578,949	1,025,601	2,936,530	
2033	447,425	581,421	1,028,846	2,936,530	
2034	0	582,079	582,079	2,936,530	
2035	0	580,921	580,921	2,936,530	
2036	0	582,444	582,444	2,936,530	
Total	\$40,161,118	\$11,926,790	\$52,087,908		

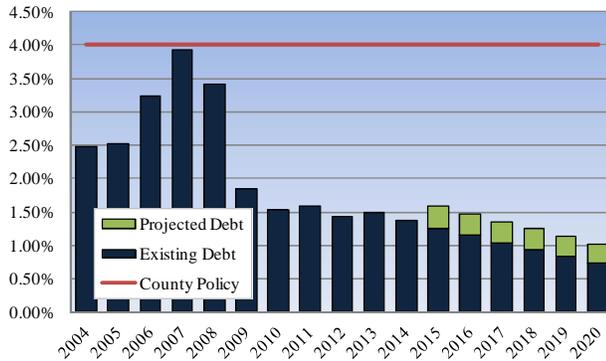


\$7 MILLION PROJECT FUND – DEBT TO ASSESSED VALUE



Northampton County, Virginia

- The County would be projected to stay below its Debt to Real Estate Assessed Value Policy of 4% with a \$7 million project fund.

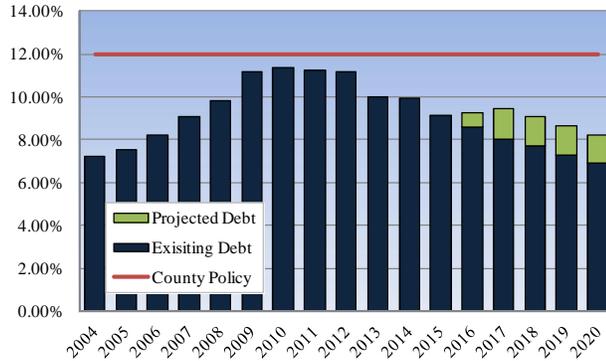


Note: Real Estate Assessed Value assumed to remain flat at 2013 level.
Real Estate Assessed Value includes Residential, Commercial, Raw Land & Public Service Assessed Values.

\$7 MILLION PROJECT FUND – DEBT SERVICE TO EXPENDITURES

Northampton County, Virginia

- The County would be projected to remain in compliance with its Debt Service to Total Governmental Expenditures Policy of 12% with a \$7 million project fund.



Note: Total Governmental Expenditures assumed to grow 2% annually, beginning in FY13. Total Governmental Expenditures are defined as Governmental Fund Expenditures exclusive of the Capital Projects Fund plus Schools Expenditures net of transfer from General Fund.

Prepared by: Davenport & Company LLC

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\$15 MILLION PROJECT FUND – ESTIMATED DEBT SERVICE

Northampton County, Virginia

Spring 2015 VPSA Pool ⁽¹⁾				
Fiscal Year	Principal	Interest	VPSA Fee ⁽²⁾	Total Debt Service
2016	\$0	\$563,749	\$5,815	\$569,564
2017	510,000	730,225	7,458	1,247,683
2018	520,000	719,925	7,200	1,247,125
2019	530,000	706,775	6,938	1,243,713
2020	545,000	690,650	6,669	1,242,319
2021	565,000	674,000	6,391	1,245,391
2022	585,000	655,288	6,104	1,246,391
2023	605,000	632,950	5,806	1,243,756
2024	630,000	608,250	5,498	1,243,748
2025	655,000	581,731	5,176	1,241,908
2026	685,000	552,400	4,841	1,242,241
2027	720,000	518,988	4,490	1,243,478
2028	755,000	482,113	4,121	1,241,234
2029	795,000	442,369	3,734	1,241,103
2030	840,000	398,400	3,325	1,241,725
2031	890,000	348,600	2,893	1,241,493
2032	945,000	293,550	2,434	1,240,984
2033	1,000,000	235,200	1,948	1,237,148
2034	1,065,000	173,250	1,431	1,239,681
2035	1,130,000	107,400	883	1,238,283
2036	1,200,000	36,750	300	1,237,050
Total	\$15,170,000	\$10,152,562	\$93,453	\$25,416,014

(1) Assumes participation in the Virginia Public School Authority's 2015 Spring Pool at current market rates (8/15/2013) plus 1.5% with \$75,000 local costs of issuance and an underwriter's discount of \$5 per bond. All-in TIC, under these assumptions, is 5.50%.
 (2) The interest rates for the Local School Bonds are established at five basis points above the actual rates on VPSA's bonds. VPSA charges a 5 basis point fee that is used to pay costs of issuance and other administrative expenses of the Authority.

Prepared by: Davenport & Company LLC

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\$15 MILLION PROJECT FUND – IMPACT ON DEBT SERVICE



Northampton County, Virginia

Fiscal Year	Total Existing General Government & School Debt			Plus New Money Debt			Total Existing & New Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$2,554,236	\$1,277,246	\$3,831,482	\$0	\$0	\$0	\$2,554,236	\$1,277,246	\$3,831,482
2015	2,384,101	1,202,655	3,586,755	0	0	0	2,384,101	1,202,655	3,586,755
2016	2,303,683	1,133,935	3,437,618	0	563,749	563,749	2,303,683	1,697,684	4,001,367
2017	2,222,213	1,057,397	3,279,610	510,000	730,225	1,240,225	2,732,213	1,787,622	4,519,835
2018	2,232,587	971,013	3,203,600	520,000	719,925	1,239,925	2,752,587	1,690,938	4,443,525
2019	2,230,025	873,032	3,103,056	530,000	706,775	1,236,775	2,760,025	1,579,807	4,339,831
2020	2,216,800	768,668	2,985,468	545,000	690,650	1,235,650	2,761,800	1,459,318	4,221,118
2021	2,326,800	658,550	2,985,349	565,000	674,000	1,239,000	2,891,800	1,332,550	4,224,349
2022	2,096,800	551,135	2,647,935	585,000	655,288	1,240,288	2,681,800	1,206,422	3,888,222
2023	2,291,443	447,607	2,739,050	605,000	632,950	1,237,950	2,896,443	1,080,557	3,977,000
2024	2,060,000	343,166	2,403,166	630,000	608,250	1,238,250	2,690,000	951,416	3,641,416
2025	2,160,000	240,524	2,400,524	655,000	581,731	1,236,731	2,815,000	822,255	3,637,255
2026	1,025,000	166,187	1,191,187	685,000	552,400	1,237,400	1,710,000	718,587	2,428,587
2027	1,075,000	119,621	1,194,621	720,000	518,988	1,238,988	1,795,000	638,609	2,433,609
2028	465,000	86,926	551,926	755,000	482,113	1,237,113	1,220,000	569,039	1,789,039
2029	485,000	67,685	552,685	795,000	442,369	1,237,369	1,280,000	510,054	1,790,054
2030	395,000	49,850	444,850	840,000	398,400	1,238,400	1,235,000	448,250	1,683,250
2031	410,000	35,016	445,016	890,000	348,600	1,238,600	1,300,000	383,616	1,683,616
2032	425,000	21,652	446,652	945,000	293,550	1,238,550	1,370,000	315,202	1,685,202
2033	440,000	7,425	447,425	1,000,000	235,200	1,235,200	1,440,000	242,625	1,682,625
2034	0	0	0	1,065,000	173,250	1,238,250	1,065,000	173,250	1,238,250
2035	0	0	0	1,130,000	107,400	1,237,400	1,130,000	107,400	1,237,400
2036	0	0	0	1,200,000	36,750	1,236,750	1,200,000	36,750	1,236,750
Total	\$31,798,686	\$10,079,289	\$41,877,975	\$15,170,000	\$10,152,562	\$25,322,562	\$46,968,686	\$20,231,851	\$67,200,537

Note: VPSA 5 Basis Point Fee not included in the chart above.

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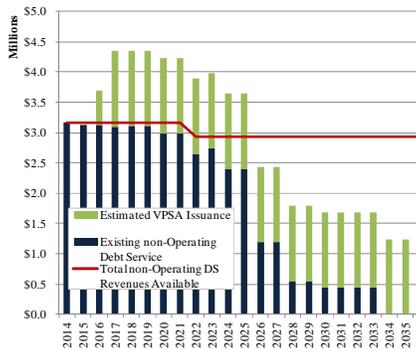
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\$15 MILLION PROJECT FUND – IMPACT ON CASH FLOW



Northampton County, Virginia

Fiscal Year	Existing non-Operating Debt Service	Estimated VPSA Issuance	Total Estimated Debt Service	Total non-Operating DS Available	Additional Revenues Needed
2014	\$3,163,168	\$0	\$3,163,168	\$3,166,670	
2015	3,125,421	0	3,125,421	3,166,670	
2016	3,129,462	569,564	3,699,027	3,166,670	532,357
2017	3,099,057	1,247,683	4,346,740	3,166,670	1,180,070
2018	3,105,100	1,247,125	4,352,225	3,166,670	1,185,555
2019	3,103,056	1,243,713	4,346,769	3,166,670	1,180,099
2020	2,985,468	1,242,319	4,227,786	3,166,670	1,061,116
2021	2,985,349	1,245,391	4,230,741	3,166,670	1,064,071
2022	2,647,935	1,246,391	3,894,326	2,936,530	957,796
2023	2,739,050	1,243,756	3,982,806	2,936,530	1,046,276
2024	2,403,166	1,243,748	3,646,914	2,936,530	710,384
2025	2,400,524	1,241,908	3,642,431	2,936,530	705,901
2026	1,191,187	1,242,241	2,433,428	2,936,530	
2027	1,194,621	1,243,478	2,438,099	2,936,530	
2028	551,926	1,241,234	1,793,160	2,936,530	
2029	552,685	1,241,103	1,793,788	2,936,530	
2030	444,850	1,241,725	1,686,575	2,936,530	
2031	445,016	1,241,493	1,686,509	2,936,530	
2032	446,652	1,240,984	1,687,636	2,936,530	
2033	447,425	1,237,148	1,684,573	2,936,530	
2034	0	1,239,681	1,239,681	2,936,530	
2035	0	1,238,283	1,238,283	2,936,530	
2036	0	1,237,050	1,237,050	2,936,530	
Total	\$40,161,118	\$25,416,014	\$65,577,133		



Prepared by: Davenport & Company LLC

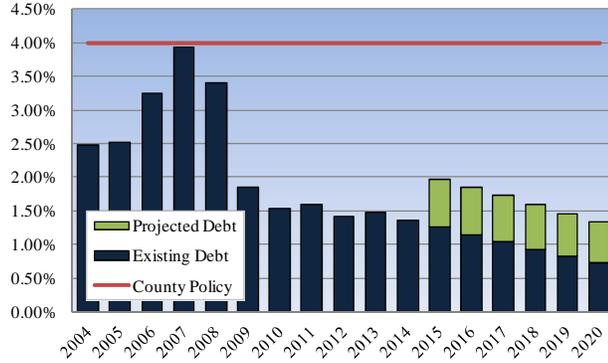
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\$15 MILLION PROJECT FUND – DEBT TO ASSESSED VALUE



Northampton County, Virginia

- The County would be projected to stay below its Debt to Real Estate Assessed Value Policy of 4% with a \$15 million project fund.



Note: Real Estate Assessed Value assumed to remain flat at 2013 level.
Real Estate Assessed Value includes Residential, Commercial, Raw Land & Public Service Assessed Values.

Prepared by: Davenport & Company LLC

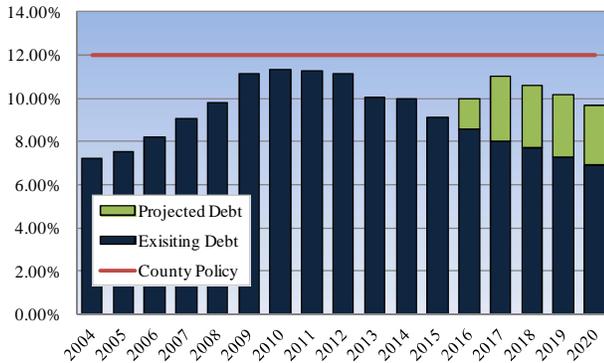
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\$15 MILLION PROJECT FUND – DEBT SERVICE TO EXPENDITURES



Northampton County, Virginia

- The County would be projected to remain in compliance with its Debt Service to Total Governmental Expenditures Policy of 12% with a \$15 million project fund.



Note: Total Governmental Expenditures assumed to grow 2% annually, beginning in FY13.
Total Governmental Expenditures are defined as Governmental Fund Expenditures exclusive of the Capital Projects Fund plus Schools Expenditures net of transfer from General Fund.

Prepared by: Davenport & Company LLC

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\$30 MILLION PROJECT FUND – ESTIMATED DEBT SERVICE



Northampton County, Virginia

Spring 2015 VPSA Pool ⁽¹⁾				
Fiscal Year	Principal	Interest	VPSA Fee ⁽²⁾	Total
Ending June 30,				Debt Service
2016	\$0	\$1,124,724	\$11,600	\$1,136,324
2017	1,015,000	1,456,881	14,876	2,486,758
2018	1,035,000	1,436,381	14,364	2,485,745
2019	1,060,000	1,410,131	13,840	2,483,971
2020	1,090,000	1,377,881	13,303	2,481,184
2021	1,125,000	1,344,656	12,749	2,482,405
2022	1,160,000	1,307,481	12,178	2,479,659
2023	1,205,000	1,263,081	11,586	2,479,668
2024	1,255,000	1,213,881	10,971	2,479,853
2025	1,310,000	1,160,944	10,330	2,481,274
2026	1,365,000	1,102,394	9,661	2,477,055
2027	1,435,000	1,035,806	8,961	2,479,768
2028	1,510,000	962,181	8,225	2,480,406
2029	1,585,000	882,825	7,451	2,475,276
2030	1,675,000	795,156	6,636	2,476,793
2031	1,775,000	695,844	5,774	2,476,618
2032	1,885,000	586,044	4,859	2,475,903
2033	2,000,000	469,494	3,888	2,473,381
2034	2,125,000	345,744	2,856	2,473,600
2035	2,255,000	214,344	1,761	2,471,105
2036	<u>2,395,000</u>	<u>73,347</u>	<u>599</u>	<u>2,468,946</u>
Total	\$30,260,000	\$20,259,221	\$186,467	\$50,705,688

(1) Assumes participation in the Virginia Public School Authority's 2015 Spring Pool at current market rates (8/15/2013) plus 1.5% with \$75,000 local costs of issuance and an underwriter's discount of \$5 per bond. All-In TIC, under these assumptions, is 5.48%.
 (2) The interest rates for the Local School Bonds are established at five basis points above the actual rates on VPSA's bonds. VPSA charges a 5 basis point fee that is used to pay costs of issuance and other administrative expenses of the Authority

Prepared by: Davenport & Company LLC

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\$30 MILLION PROJECT FUND – IMPACT ON DEBT SERVICE



Northampton County, Virginia

Total Existing General Government & School Debt				Plus New Money Debt			Total Existing & New Debt		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$2,554,236	\$1,277,246	\$3,831,482	\$0	\$0	\$0	\$2,554,236	\$1,277,246	\$3,831,482
2015	2,384,101	1,202,655	3,586,755	0	0	0	2,384,101	1,202,655	3,586,755
2016	2,303,683	1,133,935	3,437,618	0	1,124,724	1,124,724	2,303,683	2,258,659	4,562,342
2017	2,222,213	1,057,397	3,279,610	1,015,000	1,456,881	2,471,881	3,237,213	2,514,278	5,751,491
2018	2,232,587	971,013	3,203,600	1,035,000	1,436,381	2,471,381	3,267,587	2,407,395	5,674,982
2019	2,230,025	873,032	3,103,056	1,060,000	1,410,131	2,470,131	3,290,025	2,283,163	5,573,188
2020	2,216,800	768,668	2,985,468	1,090,000	1,377,881	2,467,881	3,306,800	2,146,549	5,453,349
2021	2,326,800	658,550	2,985,349	1,125,000	1,344,656	2,469,656	3,451,800	2,003,206	5,455,006
2022	2,096,800	551,135	2,647,935	1,160,000	1,307,481	2,467,481	3,256,800	1,858,616	5,115,416
2023	2,291,443	447,607	2,739,050	1,205,000	1,263,081	2,468,081	3,496,443	1,710,688	5,207,131
2024	2,060,000	343,166	2,403,166	1,255,000	1,213,881	2,468,881	3,315,000	1,557,047	4,872,047
2025	2,160,000	240,524	2,400,524	1,310,000	1,160,944	2,470,944	3,470,000	1,401,467	4,871,467
2026	1,025,000	166,187	1,191,187	1,365,000	1,102,394	2,467,394	2,390,000	1,268,580	3,658,580
2027	1,075,000	119,621	1,194,621	1,435,000	1,035,806	2,470,806	2,510,000	1,155,427	3,665,427
2028	465,000	86,926	551,926	1,510,000	962,181	2,472,181	1,975,000	1,049,108	3,024,108
2029	485,000	67,685	552,685	1,585,000	882,825	2,467,825	2,070,000	950,510	3,020,510
2030	395,000	49,850	444,850	1,675,000	795,156	2,470,156	2,070,000	845,006	2,915,006
2031	410,000	35,016	445,016	1,775,000	695,844	2,470,844	2,185,000	730,860	2,915,860
2032	425,000	21,652	446,652	1,885,000	586,044	2,471,044	2,310,000	607,696	2,917,696
2033	440,000	7,425	447,425	2,000,000	469,494	2,469,494	2,440,000	476,919	2,916,919
2034	0	0	0	2,125,000	345,744	2,470,744	2,125,000	345,744	2,470,744
2035	0	0	0	2,255,000	214,344	2,469,344	2,255,000	214,344	2,469,344
2036	0	0	0	2,395,000	73,347	2,468,347	2,395,000	73,347	2,468,347
Total	\$31,798,686	\$10,079,289	\$41,877,975	\$30,260,000	\$20,259,221	\$50,519,221	\$62,058,686	\$30,338,510	\$92,397,196

Note: VPSA 5 Basis Point Fee not included in the chart above.

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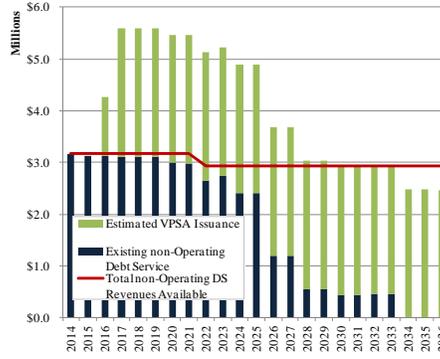
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\$30 MILLION PROJECT FUND – IMPACT ON CASH FLOW



Northampton County, Virginia

Fiscal Year	Existing non-Operating Debt Service	Estimated VPSA Issuance	Total Estimated Debt Service	Total non-Operating DS Revenues Available	Additional Revenues Needed
2014	\$3,163,168	\$0	\$3,163,168	\$3,166,670	
2015	3,125,421	0	3,125,421	3,166,670	
2016	3,129,462	1,136,324	4,265,786	3,166,670	1,099,116
2017	3,099,057	2,486,758	5,585,815	3,166,670	2,419,145
2018	3,105,100	2,485,745	5,590,845	3,166,670	2,424,175
2019	3,103,056	2,483,971	5,587,028	3,166,670	2,420,358
2020	2,985,468	2,481,184	5,466,651	3,166,670	2,299,981
2021	2,985,349	2,482,405	5,467,754	3,166,670	2,301,084
2022	2,647,935	2,479,659	5,127,593	2,936,530	2,191,063
2023	2,739,050	2,479,668	5,218,717	2,936,530	2,282,187
2024	2,403,166	2,479,853	4,883,019	2,936,530	1,946,489
2025	2,400,524	2,481,274	4,881,797	2,936,530	1,945,267
2026	1,191,187	2,477,055	3,668,242	2,936,530	731,712
2027	1,194,621	2,479,768	3,674,389	2,936,530	737,859
2028	551,926	2,480,406	3,032,333	2,936,530	95,803
2029	552,685	2,475,276	3,027,961	2,936,530	91,431
2030	444,850	2,476,793	2,921,642	2,936,530	
2031	445,016	2,476,618	2,921,634	2,936,530	
2032	446,652	2,475,903	2,922,555	2,936,530	
2033	447,425	2,473,381	2,920,806	2,936,530	
2034	0	2,473,600	2,473,600	2,936,530	
2035	0	2,471,105	2,471,105	2,936,530	
2036	0	2,468,946	2,468,946	2,936,530	
Total	\$40,161,118	\$50,705,688	\$90,866,807		



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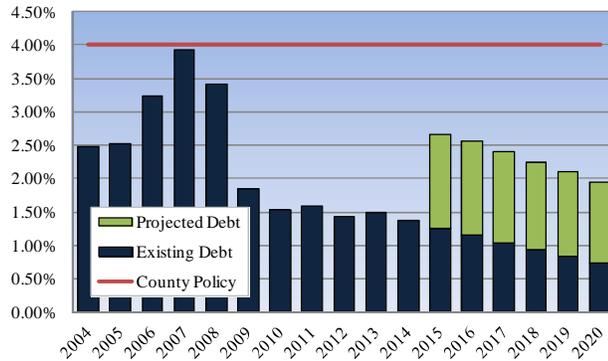
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\$30 MILLION PROJECT FUND – DEBT TO ASSESSED VALUE



Northampton County, Virginia

- The County would be projected to stay below its Debt to Real Estate Assessed Value Policy of 4% with a \$30 million project fund.



Note: Real Estate Assessed Value assumed to remain flat at 2013 level.
Real Estate Assessed Value includes Residential, Commercial, Raw Land & Public Service Assessed Values.

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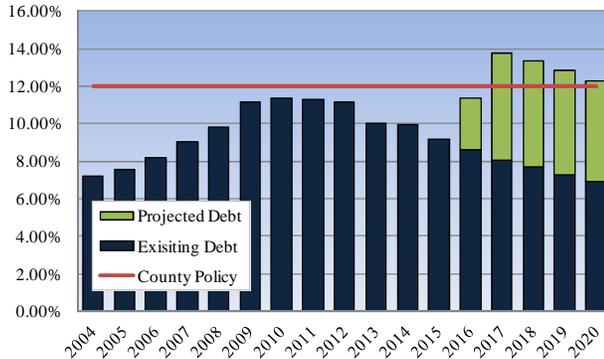
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\$30 MILLION PROJECT FUND – DEBT SERVICE TO EXPENDITURES



Northampton County, Virginia

- The County would be projected to **not** remain in compliance with its Debt Service to Total Governmental Expenditures Policy of 12% with a \$30 million project fund in FY17-20.



Note: Total Governmental Expenditures assumed to grow 2% annually, beginning in FY13. Total Governmental Expenditures are defined as Governmental Fund Expenditures exclusive of the Capital Projects Fund plus Schools Expenditures net of transfer from General Fund.

DISCLAIMER



Northampton County, Virginia

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Version 6/1/2012 DJGCR

Following the presentation, the County Administrator stated that she hoped the School Board would be able to use the foregoing information in its continued deliberations with regard to the need for a new or renovated high school facility.

Mr. Hubbard stated that he was very much concerned with the recently released SOL test scores, noting that “we are not getting a very good bang for our buck”, and that increased funding has not resulted in better scores.

Dr. Richard Drury, Chairman of the School Board, indicated that the School Board shared Mr. Hubbard’s concern and that the test scores were considered to be “unacceptable” by that body.

Dr. Walter Clemons, Division Superintendent, said that the 70% benchmark in science and history is being met by all three schools and the graduation index has improved to 87%, but that math and reading are still of concern.

County Official’s Report:

Mr. Charles McSwain, Director of the Development Department, shared with the Board the following memorandum, summarizing several policy decisions for the Board’s consideration. The Board’s input is shown with each question.

To: Charles McSwain, Director
From: Melissa Kellam, Zoning Administrator
Date: August 6, 2013
Re: Policy Decisions

Attached you will find a summary of the policy decisions for the Board’s consideration regarding the proposed revisions to the zoning ordinance. After reviewing the VA Code with Bruce and Bev, County Attorneys, presenting the material at the last team meeting and consulting with Bruce a second time on July 3rd, I have finalized a list of policy decisions with a

short staff summary for each policy. I have also included the VA Code sections associated with these policies. Please let me know if I can be of further assistance.

Policy Issues

1. § 15.2-2289. Localities may provide by ordinance for disclosure of real parties in interest.

*Currently this regulation is not included in the zoning ordinance. This regulation is optional. Would the BOS like to include this regulation? Consensus from the staff is that the BOS **may not** want to consider this additional requirement.*

It was the consensus of the Board to not consider this additional requirement.

2. § 15.2-2291. Assisted living facilities and group homes of eight or fewer single-family residence.

*Currently other terms are used in our zoning ordinance to reference assisted living facilities and group homes as set out in the VA Code. Staff is revising the zoning ordinance to mirror the terms as specified in the VA Code. Assisted living facilities and group homes housing eight or fewer people, by law, must be treated as a single-family use. Would the BOS like to consider assisted living facilities and group homes housing greater than eight people by SUP or not permitted in specific zoning districts? Consensus from the staff is that the BOS **may** want to consider this option for more than eight people and have proposed these measures in the draft zoning ordinance revisions.*

It was the consensus of the Board to consider assisted living facilities and group homes of up to twelve (12) individuals as a single-family residence. Staff was asked to provide recommendations for situations with in excess of 12 individuals.

3. § 15.2-2292. Zoning provisions for family day homes.

*Currently other terms are used in our zoning ordinance to reference family day homes as set out in the VA Code. Staff is revising the zoning ordinance to mirror the terms as specified in the VA Code. The State limits family day homes (day care in a residence) to a maximum of twelve children. Family day homes providing service to one to five children, by law, must be treated as a single-family use. Providing service to six to twelve children does not need to be treated as a single-family use and can require an administrative notification process, SUP or not permitted as a use in specific zoning districts. Would the BOS like to consider family day homes serving six to twelve children through an administrative notification process, SUP or not permitted in specific zoning districts? Consensus from the staff is that the BOS **may** want to consider any family day home serving up to twelve children as a single-family use.*

It was the consensus of the Board to consider family day homes of up to twelve (12) individuals as a single-family residence.

4. § 15.2-2296. Conditional zoning; declaration of legislative policy and findings; purpose § 15.2-2297. Same; conditions as part of a rezoning or amendment to zoning map, § 15.2-2299. Same; enforcement and guarantees, § 15.2-2300. Same; records, § 15.2-2301.

Same; petition for review of decision, § 15.2-2302. Same; amendments and variations of conditions, § 15.2-2303. Conditional zoning in certain localities, § 15.2-2303.1. Development agreements in certain counties, § 15.2-2303.1:1. (Expires July 1, 2017) When certain cash proffers collected or accepted and § 15.2-2303.2. Proffered cash payments and expenditures.

*The BOS **may** want to reconsider a comprehensive proffer policy within the zoning ordinance. At one time a draft policy had been developed.*

Staff was asked to develop a proffer policy.

5. § 15.2-2304. Affordable dwelling unit ordinances in certain localities and § 15.2-2305. Affordable dwelling unit ordinances.

*Currently our zoning ordinance includes affordable housing standards which have never been utilized. These are optional regulations. The consensus of staff is that this section **should be removed**, but if the BOS decides that it should remain in the zoning ordinance, it should go through a legal review for compliance with this section of the VA Code.*

This item will be brought back to the Board for consideration at a later date.

6. § 15.2-2306. Preservation of historical sites and architectural areas.

*Currently our zoning ordinance includes a Historic Overlay District which has never been utilized. These are optional regulations. The consensus of staff is that this section **should be removed**, but if the BOS decides that it should remain in the zoning ordinance, it should go through a legal review for compliance with this section of the VA Code.*

It was the consensus of the Board that this section be removed.

7. Sign Ordinance: Options for Consideration of the Board of Supervisors

Background: The current ordinance is robust and restrictive. It is also not being fully enforced; to-wit, metallic flags at roadside stands, small repetitive signs advertising types of seafood ahead, and flag banners at restaurants.

Note that VDOT has sign restrictions in place for any area abutting a VDOT-maintained roadway.

The following options are offered as a cumulatively more restrictive listing of provisions that a sign ordinance could have:

Options:

- a. No sign ordinance relying only on VDOT rules;
- b. "a" plus: Provide for removal of signs no longer representing an active business or interest within 30 days or face a penalty and removal by County;

- c. "b" plus: prohibit pylon signs greater than 25 feet in height;
- d. "c" plus: regulate off premises signs, but allow any and all signs on premises subject to building code regulations; and
- e. "d" plus: current regulation which addresses in detail the size and placement of signs on site and does not allow off site signs including provisions for temporary signs and prohibition of banners, flags, etc.

Following much discussion, it was the consensus of the Board that staff be directed to develop "middle-of-the-road" sign regulations for the Board's consideration.

- 8. Northampton Bay Act Regulations: Analysis of removing the Atlantic Ocean areas (seaside), east of US Route 13 from the areas regulated by the Bay Act.
 - a. Currently the state is revising all stormwater management, erosion and sediment control and Bay act regulations. It is staff's recommendation that the Bay Act regulations could be removed now from the zoning ordinance to become a stand-alone ordinance and when the state completes their regulation revisions including the new Stormwater regulations, then the County could make the appropriate changes to a stand-alone Bay Act and new Stormwater ordinances at that time.
 - b. Future stormwater regulations will apply to any land disturbance activity one acre or greater and will be more stringent than the current stormwater regulations now in the Bay Act. It was the consensus of staff that the future stormwater regulations mandated by the state to be in effect by June 2014 may negate the need for Chesapeake / Atlantic Preservation District on the seaside, but this could not be confirmed until the state completes the revisions to stormwater management, erosion and sediment control and Bay act regulations.

(Ten pages of excerpts from the Code of Virginia are not reproduced here; they are on file in the office of the County Administrator.)

It was the consensus of the Board that action on this item be deferred for now, understanding that staff will be moving in the direction of pulling certain sections of the zoning ordinance out and making them stand-alone ordinances including erosion & sediment control and stormwater management.

* * * * *

At this time, the Board reviewed a proposed calendar for zoning ordinance adoption:

PROPOSED CALENDAR FOR ZONING ORDINANCE ADOPTION

Draft prepared by Katie H. Nunez – August 9, 2013

Commission on December 10th and, while this decision may be refined later, to provide the Planning Commission with a sixty-day review timeframe for the zoning ordinance.

Ms. Katherine H. Nunez, County Administrator, presented the following draft legislative agenda for the Board's consideration:

**NORTHAMPTON COUNTY
BOARD OF SUPERVISORS
LEGISLATIVE AGENDA - 2014**

1. Transportation Funding – support legislation to establish stable and consistent revenues to meet Virginia's long-term transportation infrastructure needs and to oppose any legislation or regulations that would require the transfer of responsibility to the counties for construction, maintenance or operation of new and existing secondary roads.
2. Equal Taxing Authority – Eliminate the distinction in the taxing authority of Virginia's cities and towns versus counties and provide counties with all of the same provision to establish local excise taxes, including the cigarette tax and the meals tax.
3. Local Government Revenues and State Tax Reform – oppose legislation to eliminate or reduce specific local tax revenues, including local business taxes such as the Machinery & Tools Tax.
4. State Funding for Compensation Board– support full restoration of state funding for the Compensation Board and restore its required funding for the constitutionally mandated offices of Commissioner of Revenue, County Treasurer, Sheriff, Clerk of Courts and Commonwealth Attorney.
5. State Funding for Education – support full restoration of state funding for the Standards of Quality (SOQ).
6. Support legislation to revise public hearing notification provisions to include a county government run website as a legal posting method, similar to a local paper of record.
7. Support legislation to extend in the imposition and collection of the local transient occupancy tax to state owned parks and campgrounds that provide for lodging.
8. Support legislation to require mandatory certification from the local treasurer that real estate taxes are current prior to the sale and recordation of sale of real property.

Also enclosed in the agenda packet was a memorandum from Mr. McSwain in support of

amending the Port of Virginia Economic and Infrastructure Development Zone Grant Program, which would create an immediate increase of additional workforce, financial capital and infrastructure.

Mr. Trala also asked the Board to consider adding a legislative item to oppose the privatization of on-site sewage programs, currently regulated by the Health Department.

Motion was made by Mr. Bennett, seconded by Mr. Trala, that the 2014 Legislative Agenda be adopted as presented with the addition of the two additional items as referenced above. All members were present and voted “yes.” The motion was unanimously passed.

Matters Presented by the Board

Mr. Hubbard read the following statement:

“After reflecting on our Board meeting of 13 August, I feel we may have overlooked some things or at least need a better understanding of what we have set in motion. I believe the entire Board truly believes that it is necessary to develop infrastructure in the area of the Cape Charles stop light and has no desire to harm the economic development of the town.

- 1) Before further engineering studies or plans are done for the project, we must have in place an acceptable, long-term fixed rate cost for treatment of waste water to be used by the project.
- 2) We also need to be sure that the current Cape Charles treatment plant is on sound financial footing and the PSA could not be held responsible for “new” unexpected costs associated with that plant.
- 3) The treatment cost plus the cost of the installation of the proposed project must be in line with other communities or we will need to look at other treatment project service areas.
- 4) We need a better understanding of the actual amount of waste to be treated and the number of current clients who are willing to hook up at the present time.
- 5) We also need a better understanding of possible/probable clients, their usage requirements and a reasonable guess of when they may possibly need to be online, so the proper scope of the project may be determined.

I thank you for taking the time to read and think about this and look forward to a discussion on your thoughts about these issues at our August 26th Board meeting.

Respectfully,

Rick Hubbard
4th District Supervisor”

* * * * *

Ms. Nunez commented that questions #1 and #2 have already been requested by the Public Service Authority. For Question #3, the PSA has used \$42.00 per month as a baseline monthly costs for waste water services in order to achieve a reasonable operations & maintenance cost. Information requested in Question #4 has already been shared with the Board and preliminary data resulting from Question #5 has been received through the use of surveys. Detailed information would be available through engineering services although the PSA has not executed an engineering contract at this time.

Closed Session

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

(A) Paragraph 1: Discussion or consideration of employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees or employees of any public body.

Appointments to boards, committees.

All members were present 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 that purpose as set out in paragraph 1 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that this was the only matter of discussion during the closed session

Motion was made by Mr. LeMond, seconded by Mr. Trala, that Dr. Federico Molera and Dr. Pamela Gray be appointed to the Ad-Hoc Committee to Study Alternatives to Providing

Emergency Care in Northampton County. All members were present and voted “yes”. The motion was unanimously passed.

Adjourn:

Motion was made by Mr. Hubbard, seconded by Mr. Bennett, that the meeting be adjourned. All members were present and voted “yes.” The motion was unanimously passed.

The meeting was adjourned.

_____CHAIRMAN

_____ COUNTY ADMINISTRATOR