

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 1st day of October, 2014, at 5:00 p.m.

Present:

Larry LeMond, Chairman

Richard L. Hubbard, Vice Chairman

Laurence J. Trala

Granville F. Hogg, Jr.

Oliver H. Bennett

The meeting was called to order by the Chairman. The Northampton County School Board was also present and in session.

Mr. Bennett arrived at 5:05 p.m.

The purpose of the meeting was to hear a presentation from Mr. Courtney Rogers of Davenport & Co., the County's financial advisors, with regard to capital planning. Mr. Rogers presented the following powerpoint presentation:



Comprehensive Financial Review

Northhampton County, Virginia



October 1, 2014

Revised NYSL HRB 50PC

Contents / Agenda



- 1 Overview
- 2 1st Characteristic – Conservative Budgeting
- 3 2nd Characteristic – Maintaining Strong Reserves
- 4 3rd Characteristic – Debt Management
- 5 4th Characteristic – Multi-Year Capital Planning
- 6 5th Characteristic – Formalizing Financial Policies
- Appendix
- A Potential Capital Needs Analysis
- B Historic Debt Funded Projects

Overview



- Review key drivers to a credit rating;
- 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 Northampton's current outstanding debt;
- Review Northampton's debt ratio trends; and,
- Discuss Northampton's debt capacity and debt affordability.

What are the Key Drivers to a Credit Rating?



1. **Economic Base – The Foundation of an Entity's Fiscal Health.**
 - Incorporation of local, regional and national economic factors;
 - Demographic characteristics including population trends, employment and wealth levels;
 - Tax base – size, structure and diversity;
 - Industry mix and composition of employment base; and,
 - Local and regional patterns of Growth.
2. **Financial Performance and Flexibility.**
 - Revenue and expenditure structure and patterns;
 - Annual operating and budgetary performance;
 - Financial leverage and fund balance position;
 - Budgeting and long-term financial planning; and,
 - Pension funding and insurance risk.

What are the Key Drivers to a Credit Rating?



3. Debt Factors.

- Nature of pledged security and debt structure;
- Balance between accelerated debt issuance and under-investment in capital facilities; and,
- Debt burden measured against:
 - Tax base; and,
 - Total budget.

4. Management Factors.

- Range and growth of services provided in relation to capacity to provide services;
- Financial forecasting and management;
- Consistent and prudent budgeting practices; and,
- Adherence to long-range financial planning and policies.

Rating Agency Trends



While the traditional rating factors still apply there has been a particular focus by the rating agencies on these areas:

- **Fund Balance and Cash Levels** – seen as a sign of budgetary flexibility the analysts have been looking at not just Unassigned Fund Balance but also at Assigned Fund Balance plus Unassigned Fund Balance. While many localities have Fund Balance policies which focus on Unassigned Fund Balance, the agencies are also giving credit for Assigned Fund Balance amounts.
- In addition, the agencies have also been looking at actual levels of Cash & Cash Equivalents.
- Focus has been particularly on budgets which have structural imbalances including those where Fund Balance has been used to provide for ongoing expenditures. More scrutiny has been given where budgeted revenues have fallen short or budgeted expenditures have been significantly higher.
- Pensions and Other Post Employment Benefits (OPEB) have been under the microscope. For Virginia localities that are members of the VRS, pensions have not been a concern of the agencies. OPEB came into focus around the economic downturn. The agencies have given localities a pass over the last five – six years. However, they are starting to look for localities to have a plan on how to get these liabilities under control.

Standard & Poor's Revised Methodology



In September 2013, Standard and Poor's revised its General Obligation rating methodology.



DAVENPORT & COMPANY

© 2013 S&P

Rating and/or Outlook Program

Moody's Revised Methodology



In January 2014, Moody's revised its General Obligation rating methodology.

Broad Rating Factors	Factor Weighting	Rating Subfactors	Subfactor Weighting
Economy/Tax Base	30%	Tax Base Size (Full Value)	10%
		Full Value Per Capita	10%
		Wealth (Median Family Income)	10%
Finances	30%	Fund Balance (% of Revenues)	10%
		Fund Balance Trend (5-Year Change)	5%
		Cash Balance (% of Revenues)	10%
		Cash Balance Trend (5-Year Change)	5%
Management	20%	Institutional Framework	10%
Debt/Pensions	20%	Operating History	10%
		Debt to Full Value	5%
		Debt to Revenue	5%
		Moody's Adjusted Net Pension Liability (3-Year Average) to Full Value	5%
		Moody's Adjusted Net Pension Liability (3-Year Average) to Revenue	5%

DAVENPORT & COMPANY

© 2014 Moody's

Rating and/or Outlook Program

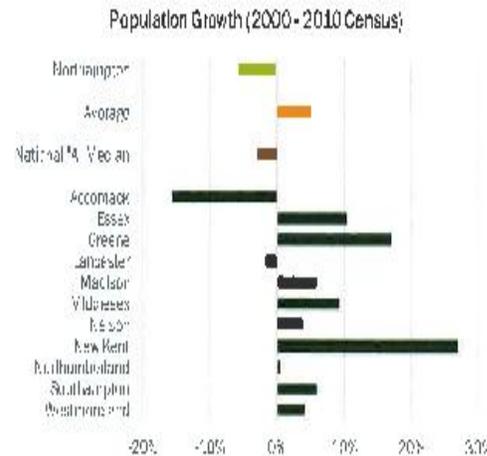
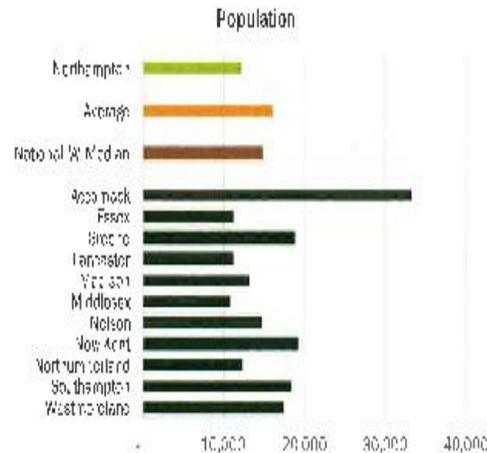
Demographic Profile



- The selected peer group has a population between 10,000 and 20,000 (with the exception of Accomack) and total assessed value of \$1.5 billion or more.

	Population
Northampton	12,226
Average	16,092
National "A" Median	14,835

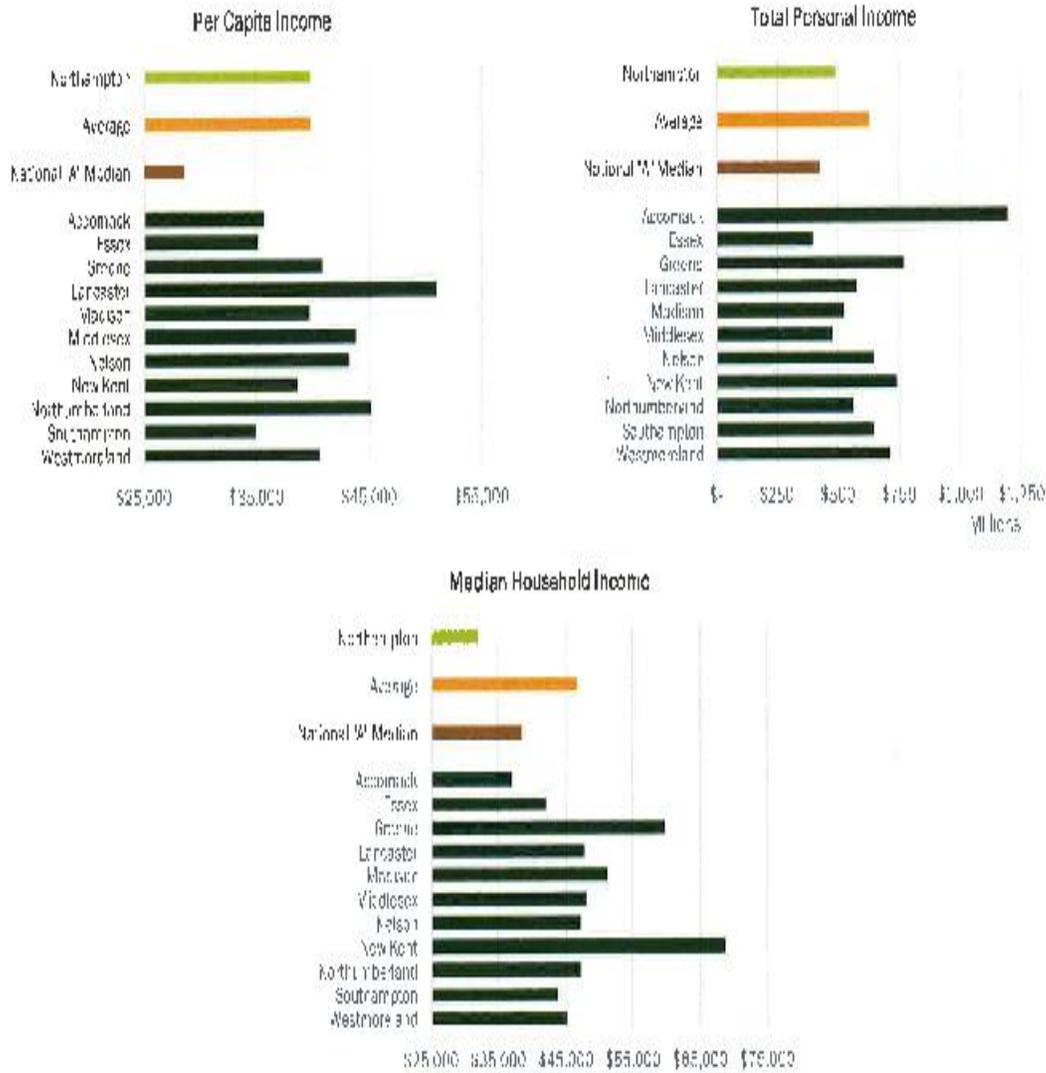
Accomack	33,341
Essex	11,233
Greene	18,771
Lancaster	11,236
Madison	13,200
Middlesex	10,822
Nelson	14,827
New Kent	19,169
Northumberland	12,346
Southampton	18,109
Westmoreland	17,524



Note: There are 45 counties in the United States with a population between 10,000 and 20,000.

Source: Population from United States Bureau of Economic Analysis with the exception of Southampton which is from the US census directly.

Demographic Profile



Source: U.S. Dept. of Commerce and Total Personal Income is from United States Bureau of Economic Analysis.
 Note: Households income is from the United States Census Bureau. Small Area Income and Poverty Estimates.

DAVENPORT & COMPANY

Office 1.813.337

Phone 813.337.4000 Fax 813.337.4001

Key Characteristics of a Highly Regarded, Credit Worthy Locality



1. Conservative budgeting to produce solid financial results while keeping a competitive tax rate;
2. Maintaining Strong Reserves (i.e. no cash flow borrowing);
3. Having prudent debt levels and proactive debt management;
4. Utilizes multi-year capital planning; and,
5. Formalization of Financial Policy Guidelines involving debt, reserves, and other miscellaneous areas.

DAVENPORT & COMPANY

Financial Advisors

Northampton County, Virginia

11



1st Characteristic – Conservative Budgeting/Solid Financial Results

Northampton County, Virginia

DAVENPORT & COMPANY

Financial Advisors

Northampton County, Virginia

12

Historic General Fund Results



	2008	2009	2010	2011	2012	2013	2012-2013 Starr	Average Actual Year* 2009-2012
Revenues								
General property taxes	\$14,063,530	\$15,077,080	\$15,420,735	\$15,091,704	\$17,299,372	\$17,299,372	2%	3%
Other real taxes	2,909,279	2,379,580	2,309,329	2,492,989	2,175,053	2,175,053	3%	3%
Fees and fees	258,776	152,254	125,574	137,703	136,355	136,355	-1%	1%
Physician facilities	174,020	174,732	177,498	177,498	182,917	279,822	20%	40%
Revenue from use of commercial property	109,243	56,845	56,845	73,541	85,729	85,729	-17%	-16%
Use taxes on services	425,745	503,536	555,534	635,342	635,342	635,745	5%	12%
Miscellaneous	10,127	10,581	49,131	95,890	95,890	95,459	1%	21%
Reverend costs	177,897	265,946	162,535	112,555	112,555	97,673	-4%	-10%
Intergovernmental								
Federa	127,298	350,746	147,213	308,722	35,000	35,000	-15%	-15%
Commissio	5,060,218	3,167,898	3,661,218	3,516,655	3,330,000	3,330,000	1%	2%
Total Revenues	22,143,770	22,211,005	22,749,625	23,120,449	24,635,141	24,635,141	1%	2%
Expenditures								
General government administration	1,361,140	1,770,841	1,727,692	1,827,372	1,827,372	1,827,372	3%	3%
Public safety	940,432	584,458	532,775	557,775	607,945	607,945	1%	-2%
Police	2,767,511	2,933,090	3,379,341	3,379,341	3,771,292	3,771,292	2%	2%
Public works	1,258,777	1,326,092	1,777,038	1,867,821	2,192,042	2,192,042	2%	4%
Health care	707,577	620,307	550,234	548,374	512,405	512,405	1%	5%
Education	3,312,428	3,288,078	3,023,597	3,023,597	3,023,597	3,023,597	1%	2%
Development and culture	263,777	313,025	253,751	253,751	298,445	298,445	1%	5%
Community development	1,157,528	974,051	974,443	982,211	1,025,533	1,025,533	2%	2%
Best services								
Principal	767,150	251,515	223,087	115,365	17,445	17,445	7%	-8%
Interest	33,048	21,041	21,121	21,121	21,121	21,121	11%	10%
Total expenditures	15,192,828	16,931,236	17,048,580	17,819,277	18,338,766	18,338,766	1%	-1%
Excess of revenues over expenditures	6,950,942	5,279,769	5,701,045	5,301,172	6,296,375	6,296,375	2%	2%
Other financial sources								
Sale of depreciable assets	263,097	0	0	0	0	0	50%	50%
Depository	300,000	70,212	101,219	163,606	174,406	174,406	-3%	-1%
Transfers in	50,526	74,570	150,825	473,244	385,867	385,867	-8%	6%
Transfers out	(4,760,859)	(3,770,923)	(3,928,659)	(3,385,659)	(3,385,659)	(3,385,659)	1%	3%
Total other financial sources	(4,147,236)	(3,026,141)	(3,676,615)	(2,648,809)	(2,648,809)	(2,648,809)	1%	3%
Net change in fund balance	2,803,706	2,253,628	2,024,430	2,652,363	3,647,566	3,647,566	2%	0%

Source: Davenport & Company, 2012 GMR.

DAVENPORT & COMPANY

October 1, 2014

Davenport & Company, P.C. 2014

General Fund – Budget vs. Actual Results



	Original Budget 2013	Final Budget 2013	Actual 2013	Final Actual Difference	Percent Difference
Revenues					
General property taxes	\$3,514,800	\$26,145,401	\$17,201,812	(\$9,943,589)	-38.0%
Other taxes	2,701,577	2,701,577	2,573,733	(\$127,844)	-4.7%
Fees and fines	155,748	105,746	128,000	\$22,254	21.0%
Franchise licenses	205,000	205,000	576,000	\$371,000	180.9%
Revenue from sale of money and property	100,000	105,100	12,000	(\$88,100)	-83.8%
Transfer from other funds	788,825	788,825	580,740	(\$208,085)	-26.4%
Miscellaneous	1,000	67,500	95,000	\$27,500	40.7%
Recurrent costs	154,306	174,308	107,373	(\$66,935)	-38.4%
Original Total	35,500	35,500	55,370	20,870	58.8%
From month	1,300,000	1,424,288	1,410,000	(\$14,288)	-1.0%
Total Revenues	24,086,406	24,157,178	24,655,141	497,963	2.0%
Expenditures					
General government administration	92,464,272	10,270,500	11,866,308	(\$1,595,792)	-15.5%
Public works department	600,000	1,750,000	1,600,000	(\$150,000)	-8.6%
Public safety	1,800,000	1,800,000	1,700,000	(\$100,000)	-5.6%
Public works	1,000,000	2,000,000	2,000,000	\$0	0.0%
Health services	900,000	900,000	800,000	(\$100,000)	-11.1%
Education	7,000,000	7,000,000	7,000,000	\$0	0.0%
Interest on bonds	350,000	350,000	350,000	\$0	0.0%
Community development	1,000,000	1,200,000	1,000,000	(\$200,000)	-16.7%
Debt service					
Principal	100,000	100,000	100,000	\$0	0.0%
Interest	4,000	1,000	5,000	\$1,000	100.0%
Total expenditures	16,898,290	18,096,407	16,333,769	(\$1,762,638)	-9.8%
Excess of revenues over expenditures	5,187,478	5,150,769	8,321,372	3,170,603	61.5%
Other financial resources					
Lease	100,000	100,000	150,000	\$50,000	50.0%
Transfers in	70,000	80,000	300,000	\$220,000	275.0%
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	\$0	0.0%
Local other financial resources	5,167,178	5,162,000	5,040,000	(\$122,178)	-2.4%
Net change in fund balance	0	(\$1,231)	3,200,000	3,201,231	260.0%

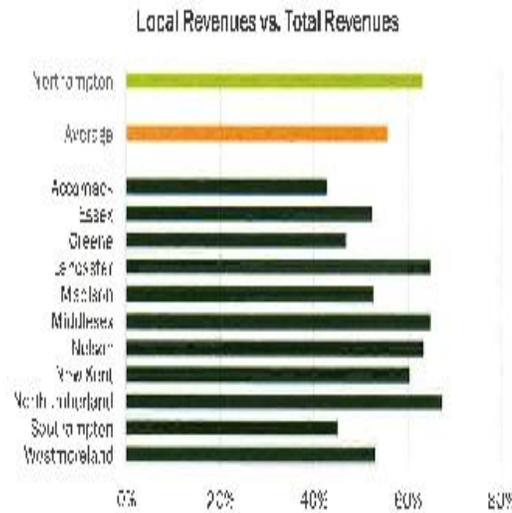
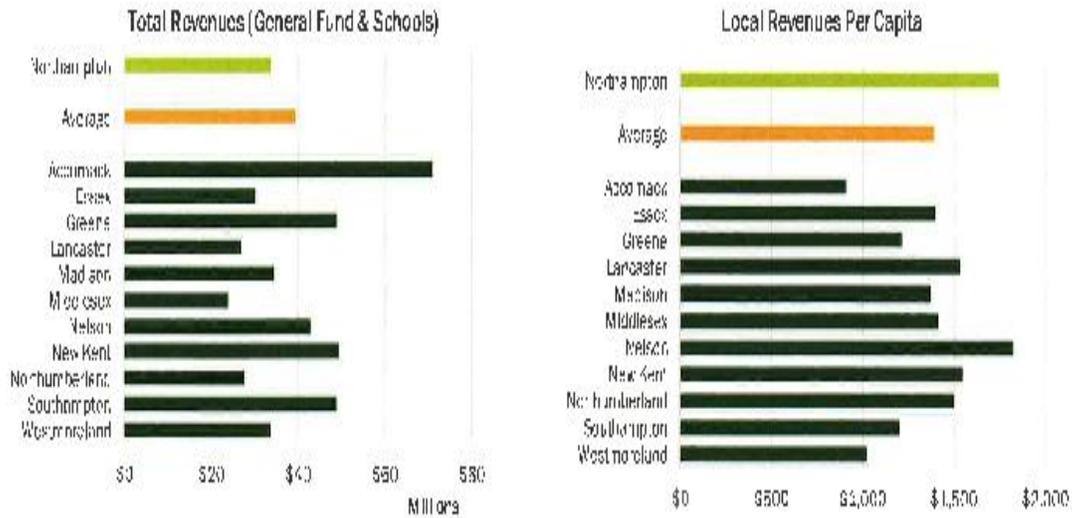
Summary as of 12/31/2013

DAVENPORT & COMPANY

01-04-2014

Financial Summary 11

Financial Results - Revenues



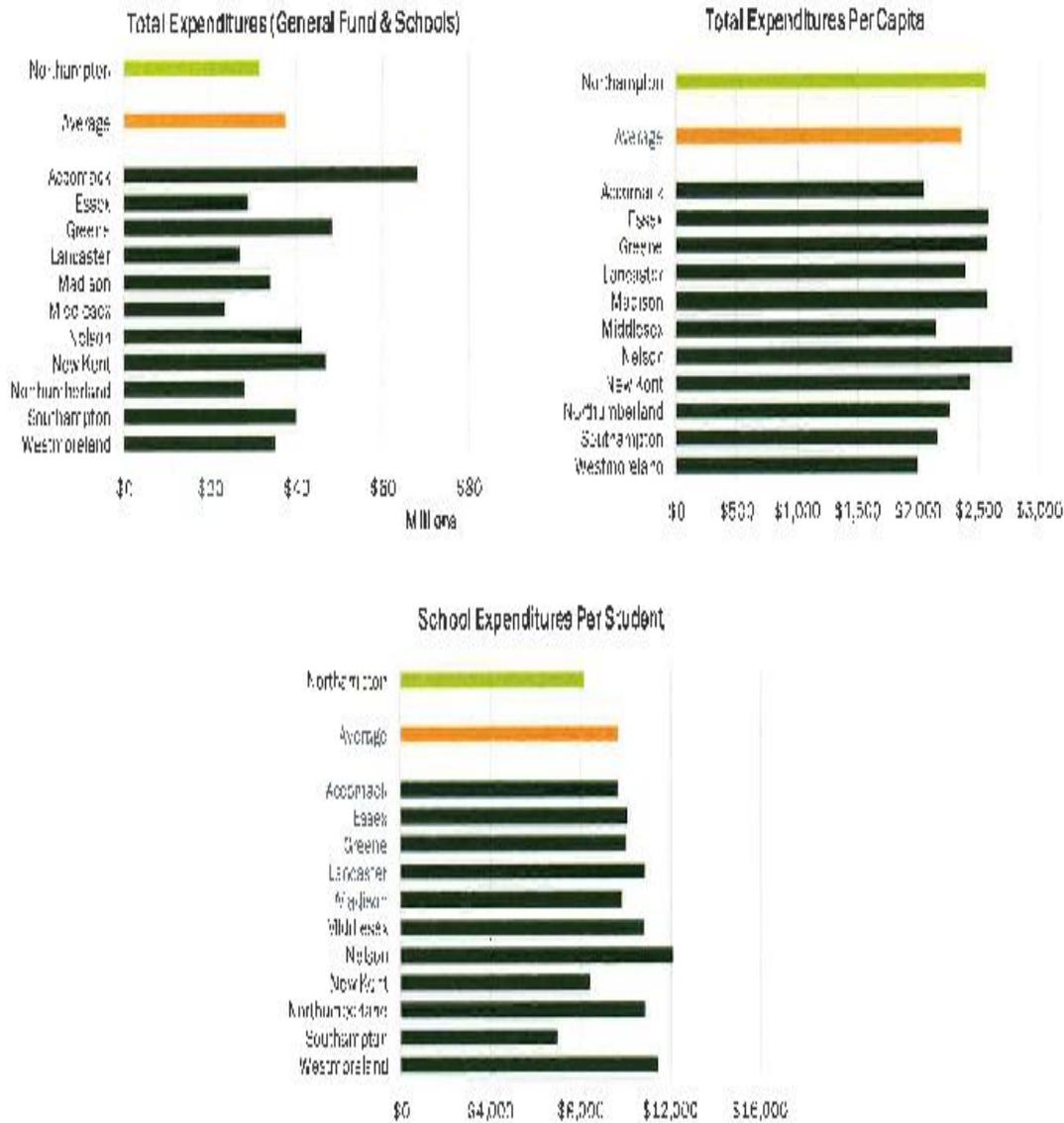
Source: Davenport & Company 2012 CAFR with the exception of Greene County 2012.
 Total Revenues are defined as General Fund Revenues plus State Revenues less the share from the General Fund. Local Revenues are defined as all Revenues less the share from the Commonwealth and Federal government.

DAVENPORT & COMPANY

October 1, 2014

York-Dauphin County, VA, Inc. 14

Financial Results - Expenditures



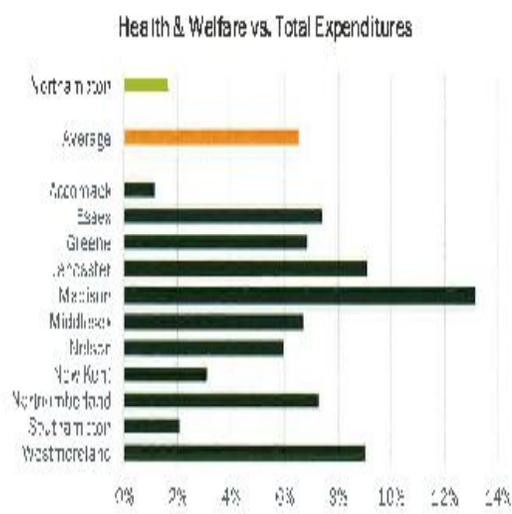
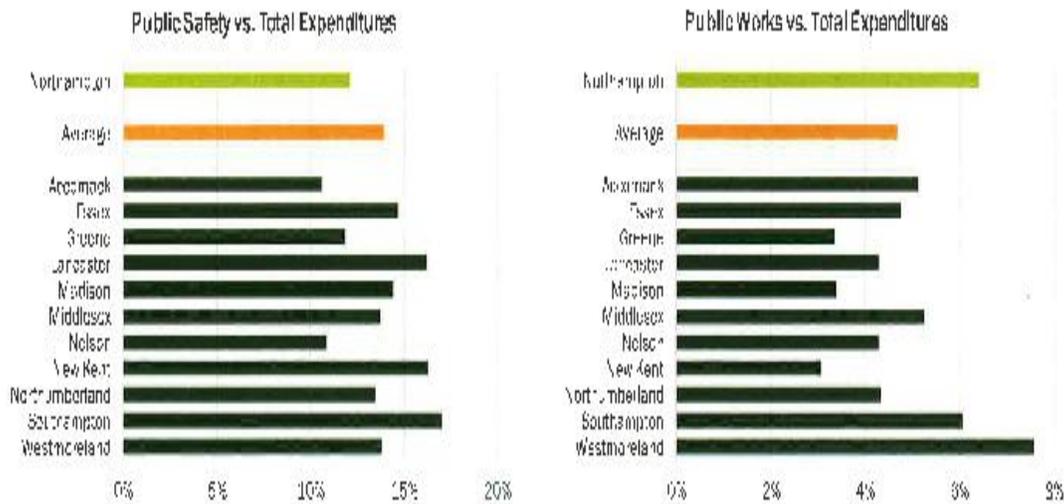
Source: Last County's unique 2013 WFR with the exception of Greene County (2012).
 Total Expenditures are calculated as General Fund Expenditures plus Federal Expenditures less the effect of the Local Government Finance Fund. Federal Financial Institutions' relation of the transfer from the Financial Fund.

DAVENPORT & COMPANY

DAVENPORT.COM

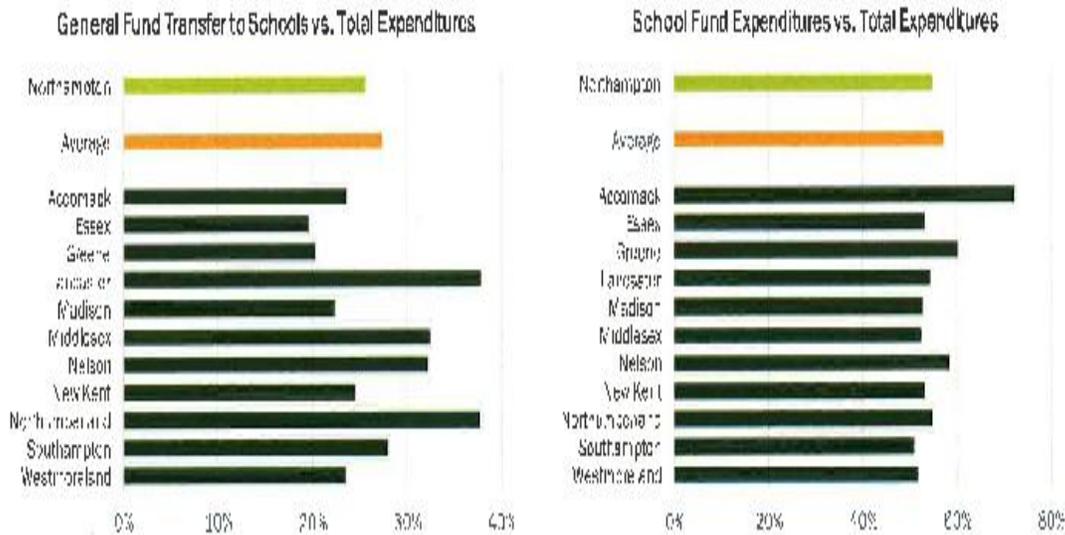
DAVENPORT.FINANCIALS.COM

Financial Results - Expenditures



Sources: and County's fiscal 2012 GA-F with the exception of Greene County's 2012.
 Note: County averages are defined as General Fund Expenditures plus school expenditures, as reported from the General Fund.

Financial Results - Expenditures



Excludes Eden County's unique 2015 CAPF to the exception of Greene County (2014).

Total Expenditures are defined as General Fund Expenditures plus School Expenditures less transfer from the General Fund. School Expenditures are inclusive of the transfer from the Owners Fund.

DAVENPORT & COMPANY

October 2018

Board of Education of Greene County

Competitive Tax Rate



Real Estate		
CY	Tax Rate	Change
2002	\$0.6600	\$0.0500
2003	0.6700	0.0100
2004	0.6500	-0.0200
2005	0.7000	0.0500
2006	0.7000	0.0000
2007	0.7000	0.0000
2008	0.4900	-0.2100
2009	0.4900	0.0000
2010	0.4900	0.0000
2011	0.4900	0.0000
2012	0.5400	0.0500
2013	0.6728	0.1328
2014	0.6728	0.0000

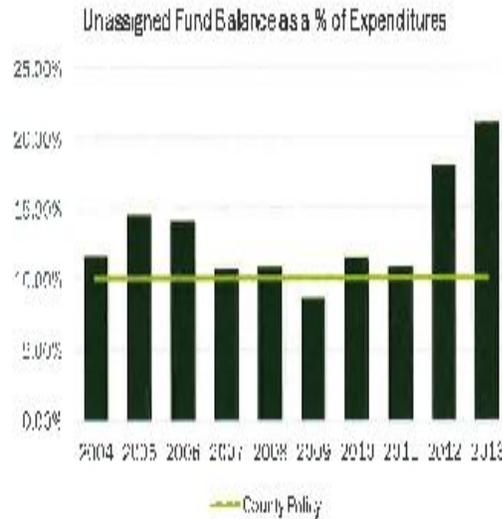
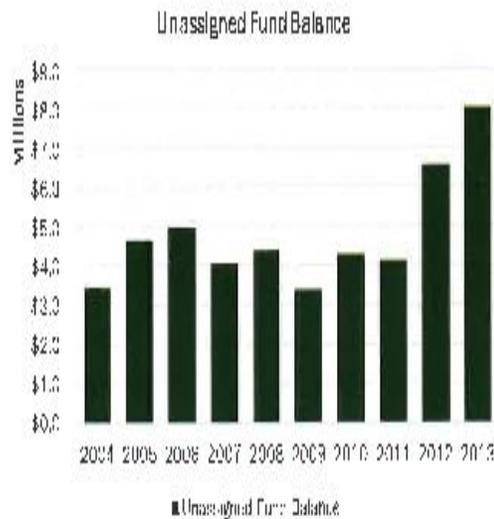




2nd Characteristic – Strong Reserves

Northampton County, Virginia

Unassigned Fund Balance



Fiscal Year	Unassigned/ Fund Balance	Total Expenditures	Unassigned Fund Balance as a % of Expenditures	County Policy
2004	53,472,126	458,754,487	11.67%	10%
2005	4,049,990	27,777,498	14.63%	10%
2006	5,001,533	35,192,954	14.21%	10%
2007	4,372,156	41,962,127	10.73%	10%
2008	4,399,890	40,284,957	10.92%	10%
2009	3,442,641	51,480,474	6.72%	10%
2010	4,235,536	37,538,070	11.55%	10%
2011	4,191,417	38,245,238	10.96%	10%
2012	6,596,399	36,560,007	18.05%	10%
2013	6,058,543	28,514,489	21.24%	10%

Current Policy (as of 9/10/2013):

- Unreserved fund balance in the general fund shall be measured annually at June 30th and shall be in amount equal to at least 10% 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.

Virginia Resources Authority ("VRA") Covenant:

- When the County issued its 2012 refunding bonds through VRA, the County pledge to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for Fiscal Year 2012 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.

Based on 2013 CYFR.

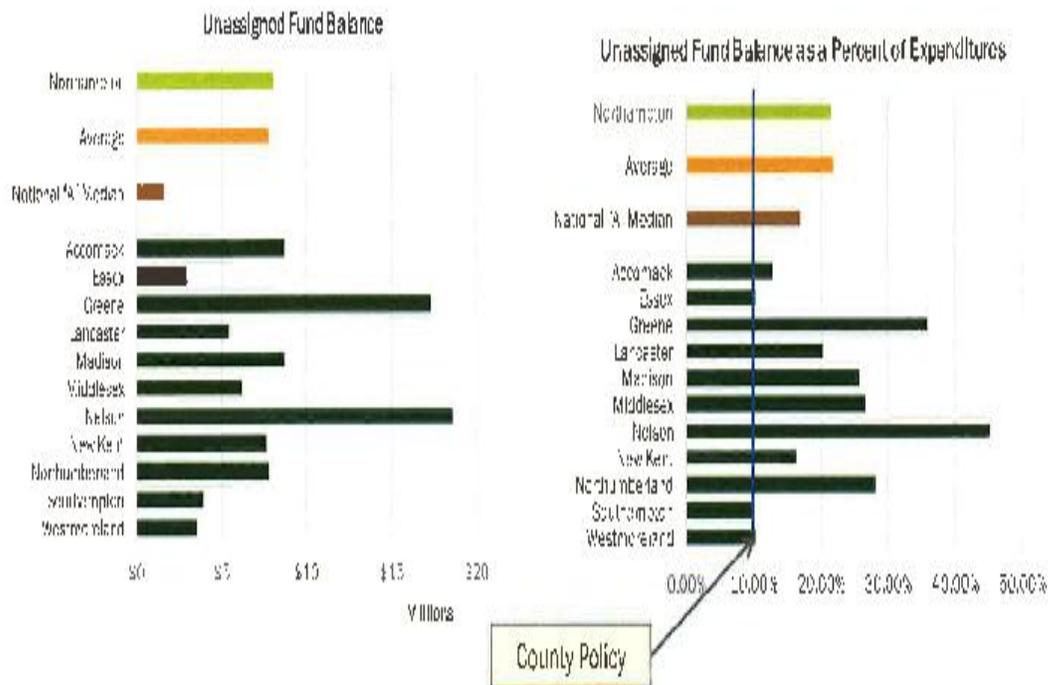
Note: Total expenditures exclude General Fund, Social Services Fund, Eastern Shore Regional Jail Fund and School Operating Fund (net of interfund transfers).

DAVENPORT & COMPANY

October 1, 2014

Northampton County, Virginia 20

Unassigned Fund Balance



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 from 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.

Why an Undesignated/Unassigned Fund Balance is Important



- Why is maintaining a health 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 revenue 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; and,
 - Provides the potential to generate interest earnings which limit pressure on the tax base (i.e. real estate tax). 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.

Lost Earnings	Earnings at 1.00%	Earnings at 4.50%
Per \$1 Million	\$115,000	\$625,000
Per \$3 Million	\$345,000	\$1,875,000



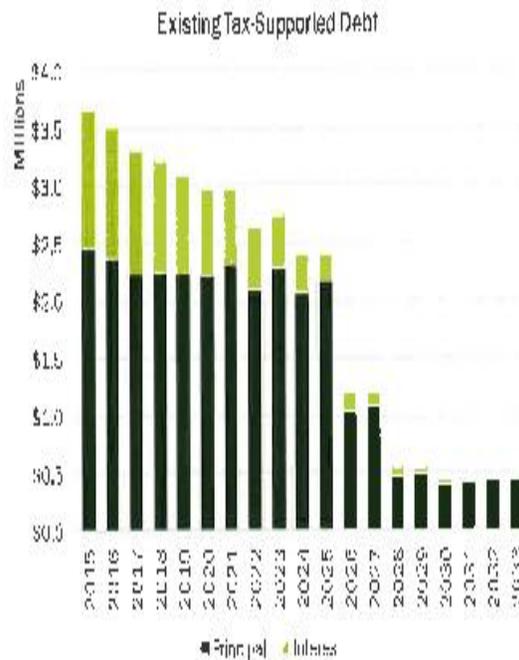
3rd Characteristic - Debt Management

Northampton County, Virginia

Existing Tax-Supported Debt



Total Existing General Fund & School Debt*				
Fiscal Year	Principal	Interest	Total	Payout Ratio
2015	\$2,452,671	\$1,205,407	\$3,658,078	8.34%
2016	2,373,276	1,135,665	3,508,941	16.40%
2017	2,243,483	1,058,233	3,301,716	24.02%
2018	2,254,537	972,374	3,225,706	31.89%
2019	2,230,076	873,032	3,103,056	39.28%
2020	2,216,800	768,668	2,985,468	46.80%
2021	2,326,800	668,560	2,995,360	54.71%
2022	2,093,800	551,135	2,647,935	61.83%
2023	2,291,443	447,607	2,739,050	69.62%
2024	2,080,000	343,166	2,423,166	76.62%
2025	2,100,000	240,524	2,400,524	83.96%
2026	1,025,000	166,287	1,191,187	87.44%
2027	1,075,000	119,621	1,194,621	91.13%
2028	485,000	86,926	551,926	92.68%
2029	485,000	67,685	552,685	94.32%
2030	395,000	49,850	444,850	95.87%
2031	410,000	35,016	445,016	97.36%
2032	425,000	21,652	446,652	98.50%
2033	440,000	7,425	447,425	100.00%
Total	\$29,425,627	\$8,807,723	\$38,233,350	



The County's 10-Year Payout Ratio is the total amount of principal paid in the next ten year period divided by the total principal outstanding. A "AA" or better rated locality is expected to have a payout ratio of 60% or better and the County's current 76.62% is well above that threshold. Davenport recommends that Northampton consider adopting a 10-Year Payout Ratio Policy.

Source: Office of Capital Investments and the General Government and School Funds.

Existing County Debt



General Fund County Debt				
Fiscal Year	Principal	Interest	Total	Drop Down in Debt Service
2015	\$1,620,000	\$1,138,068	\$2,758,068	N/A
2016	1,680,000	1,080,624	2,760,624	-2,561
2017	1,745,000	1,012,607	2,757,607	566
2018	1,830,000	932,323	2,762,323	4,260
2019	1,920,000	838,930	2,758,930	867
2020	2,020,000	737,967	2,757,967	96
2021	2,125,000	631,752	2,756,752	1,311
2022	1,890,000	528,867	2,418,867	338,196
2023	1,985,000	429,570	2,414,570	343,493
2024	1,970,000	328,224	2,298,224	458,840
2025	2,065,000	227,927	2,292,927	465,135
2026	330,000	155,657	1,085,657	1,672,407
2027	380,000	111,276	1,091,276	1,666,787
2028	365,000	81,699	446,699	2,331,364
2029	380,000	66,084	446,084	2,311,979
2030	395,000	49,850	444,850	2,312,213
2031	410,000	35,016	445,016	2,312,047
2032	425,000	21,652	446,652	2,311,411
2033	440,000	7,425	447,425	2,310,638
Total	\$25,175,000	\$8,415,414	\$33,590,414	

County Operating Leases				
Fiscal Year	Principal	Interest	Total	Drop Down in Debt Service
2015	\$161,986	\$3,575	\$165,563	N/A
2016	131,198	1,169	102,357	63,206
2017	0	0	0	165,563
2018	0	0	0	165,563
2019	0	0	0	165,563
2020	0	0	0	165,563
2021	0	0	0	165,563
2022	0	0	0	165,563
2023	0	0	0	165,563
2024	0	0	0	165,563
2025	0	0	0	165,563
2026	0	0	0	165,563
2027	0	0	0	165,563
2028	0	0	0	165,563
2029	0	0	0	165,563
2030	0	0	0	165,563
2031	0	0	0	165,563
2032	0	0	0	165,563
2033	0	0	0	165,563
Total	\$263,176	\$4,744	\$267,920	

For the purpose of General Government portion of Capital Budgets are used to include any R. and S. leases.

DAVENPORT & COMPANY

CPA's

Northampton County, Virginia 25

Existing School Debt



Existing School Debt				
Fiscal Year	Principal	Interest	Total	Drop Down in Debt Service
2015	\$318,667	\$45,691	\$367,359	N/A
2016	323,667	45,171	368,838	1,480
2017	303,025	41,525	341,550	25,809
2018	305,025	37,752	342,777	24,582
2019	310,025	34,102	344,127	23,232
2020	196,800	30,701	227,500	139,858
2021	201,800	26,198	229,598	138,761
2022	206,800	22,268	229,067	138,291
2023	306,443	18,036	324,479	42,879
2024	90,000	14,943	104,943	262,416
2025	95,000	12,596	107,596	259,789
2026	95,000	10,530	105,530	261,829
2027	95,000	8,345	103,345	264,014
2028	100,000	5,228	105,228	262,131
2029	105,000	1,601	106,601	260,757
Total	\$3,049,251	\$358,286	\$3,407,537	

School Operating Leases				
Fiscal Year	Principal	Interest	Total	Drop Down in Debt Service
2015	\$362,015	\$15,078	\$367,093	N/A
2016	268,420	8,701	277,121	89,972
2017	198,458	4,201	202,659	164,434
2018	119,307	1,299	120,606	245,487
2019	0	0	0	367,093
2020	0	0	0	367,093
2021	0	0	0	367,093
2022	0	0	0	367,093
2023	0	0	0	367,093
2024	0	0	0	367,093
2025	0	0	0	367,093
2026	0	0	0	367,093
2027	0	0	0	367,093
2028	0	0	0	367,093
2029	0	0	0	367,093
Total	\$938,200	\$29,278	\$967,479	

Note: Does not include any capital asset bonds fiscal year 2017 or prior distribution capital assets.

DAVENPORT & COMPANY

October 1, 2024

Northampton County, Virginia 26

Revenues Available for Debt Service and Capital



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
2015	\$2,759,063	\$233,140	\$161,000	\$368,359	\$3,518,562	\$367,093	\$777,640	\$1,144,733	\$4,883,295
2016	2,759,063	233,140	161,000	368,359	3,518,562	367,093	777,640	1,144,733	4,883,295
2017	2,759,063	233,140	161,000	368,359	3,518,562	367,093	777,640	1,144,733	4,883,295
2018	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2019	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2020	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2021	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2022	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2023	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2024	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2025	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2026	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2027	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2028	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2029	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2030	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2031	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2032	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155
2033	2,759,063	0	161,000	368,359	3,288,422	367,093	777,640	1,144,733	4,433,155

Note: The District's available capital reserve fund is expected to keep as funds and used in that order if the District borrows money for school projects.

DAVENPORT & COMPANY

October 1, 2024

See Davenport & Company, Inc.

Debt Service and Capital Expenditures



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 & Capital Reserve	Total Debt Service
2015	2,738,063	367,359	\$3,125,422	777,640	367,023	165,563	0	\$1,310,296	\$4,435,718
2016	2,760,824	368,838	3,129,463	777,640	277,121	102,357	85,372	1,247,030	4,378,553
2017	2,737,507	341,550	3,099,057	777,640	202,859	0	164,434	1,144,733	4,243,790
2018	2,762,323	342,777	3,105,100	777,640	120,806	0	246,487	1,144,733	4,249,833
2019	2,738,930	344,127	3,103,056	777,640	0	0	367,093	1,144,733	4,247,790
2020	2,737,967	227,500	2,965,468	777,640	0	0	367,093	1,144,733	4,130,201
2021	2,756,752	228,598	2,985,349	777,640	0	0	367,093	1,144,733	4,130,082
2022	2,415,887	229,087	2,647,935	777,640	0	0	367,093	1,144,733	3,792,668
2023	2,414,570	324,479	2,739,050	777,640	0	0	367,093	1,144,733	3,883,783
2024	2,298,227	104,973	2,403,186	777,640	0	0	367,093	1,144,733	3,547,899
2025	2,292,927	107,596	2,400,524	777,640	0	0	367,093	1,144,733	3,545,257
2026	1,085,057	105,530	1,197,187	777,640	0	0	367,093	1,144,733	2,335,920
2027	1,091,279	103,545	1,194,824	777,640	0	0	367,093	1,144,733	2,339,334
2028	446,099	105,228	551,926	777,640	0	0	367,093	1,144,733	1,696,660
2029	446,084	106,601	552,685	777,640	0	0	367,093	1,144,733	1,697,418
2030	444,850	0	444,850	777,640	0	0	367,093	1,144,733	1,589,583
2031	445,016	0	445,016	777,640	0	0	367,093	1,144,733	1,589,749
2032	446,652	0	446,652	777,640	0	0	367,093	1,144,733	1,591,385
2033	447,426	0	447,426	777,640	0	0	367,093	1,144,733	1,592,158

DAVENPORT & COMPANY

10/25/2024

3000 North St., Davenport, IA 52801

Debt Capacity vs. Debt Affordability



Debt Capacity versus Debt Affordability:

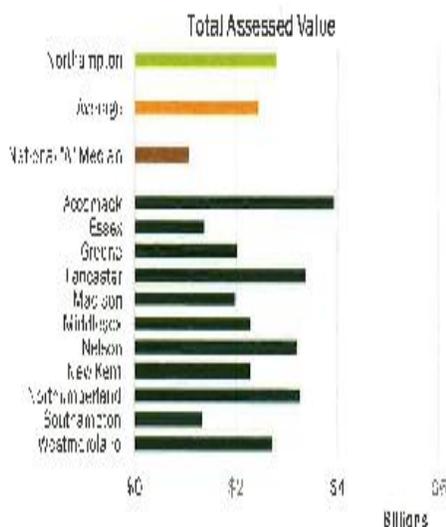
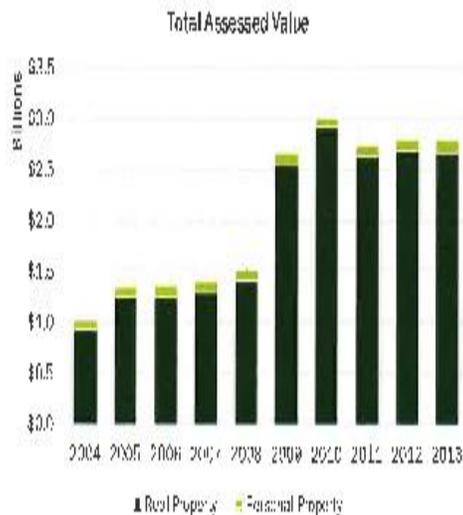
■ Debt Capacity:

- 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 ability to pay the credit card's monthly bill.

Assessed Value



Year	Real Property				Personal Property				Total	
	Value	%	Count	Rate	Value	%	Count	Rate	Value	%
2004	557,566,460	1%	4,060,000	7%	1,000,000,000	2%	2,700,000	3%	1,557,566,460	3%
2005	655,117,400	2%	4,131,000	10%	2,177,222,600	2%	4,015,688	10%	2,832,339,999	10%
2006	872,305,800	1%	3,900,000	1%	2,075,882,000	2%	3,012,000	12%	2,948,187,800	1%
2007	909,664,333	0%	3,725,000	2%	2,245,554,600	4%	2,500,000	10%	3,155,218,933	4%
2008	1,041,180,750	1%	3,810,000	2%	2,170,961,300	1%	2,521,600	5%	3,212,142,050	8%
2009	1,700,193,240	0%	3,637,000	5%	2,807,400,000	18%	4,000,000	16%	4,507,593,240	16%
2010	2,140,610,000	1%	3,410,000	1%	3,420,000,000	12%	4,200,000	16%	5,560,610,000	13%
2011	1,814,315,428	1%	3,300,000	0%	3,400,000,000	1%	4,000,000	1%	5,214,315,428	9%
2012	1,800,000,000	1%	3,300,000	0%	3,400,000,000	1%	4,000,000	1%	5,200,000,000	10%
2013	1,820,000,000	0%	3,300,000	0%	3,400,000,000	0%	4,000,000	1%	5,220,000,000	0%
Average										
Grand Total	21%	13%	21%	5%	2%	13%	2%	10%	10%	10%

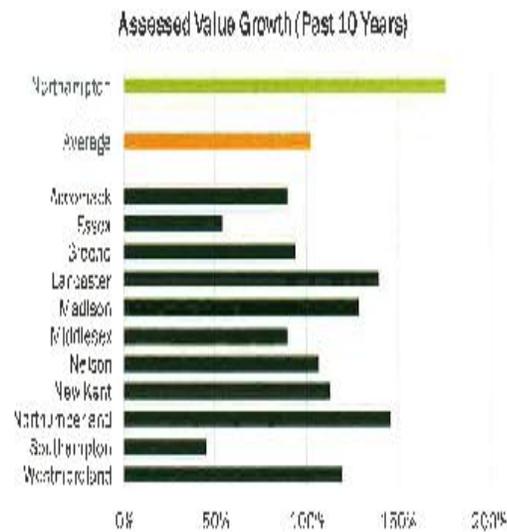
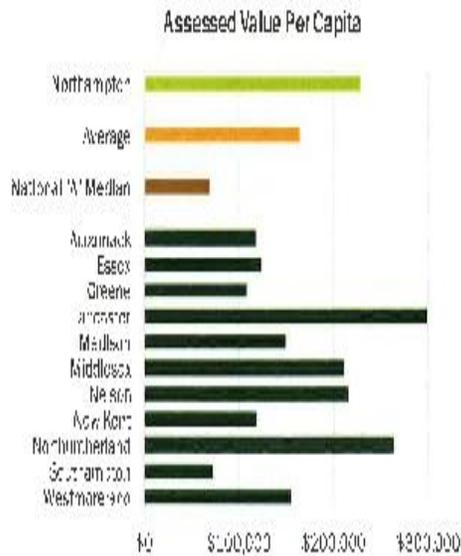
Source: Valuation Services Group

DAVENPORT & COMPANY

October 2013

DAVENPORT & COMPANY

Assessed Value (continued)



Source: Last County's Annual 2012 GRI with the exception of Greene County (2012).
Assessed Value in reference to the Town's Assessed Value.

DAVENPORT & COMPANY

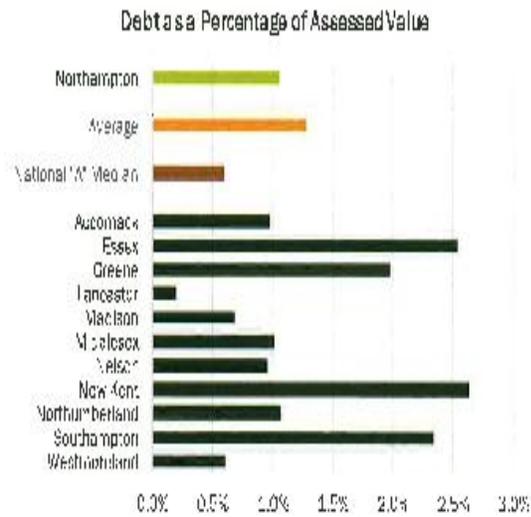
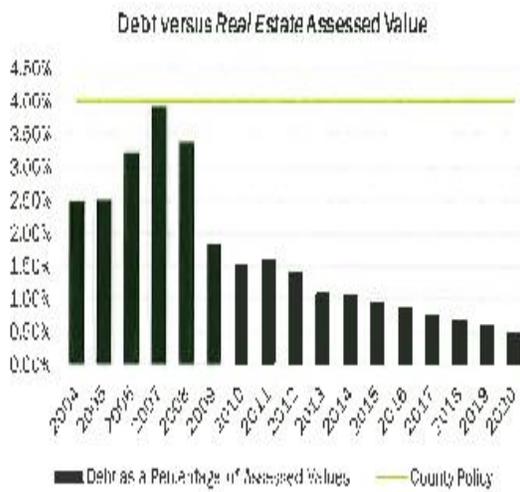
Period: 1/1/11

Revised: 12/14/2014 11

Debt as Percentage of Assessed Value



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



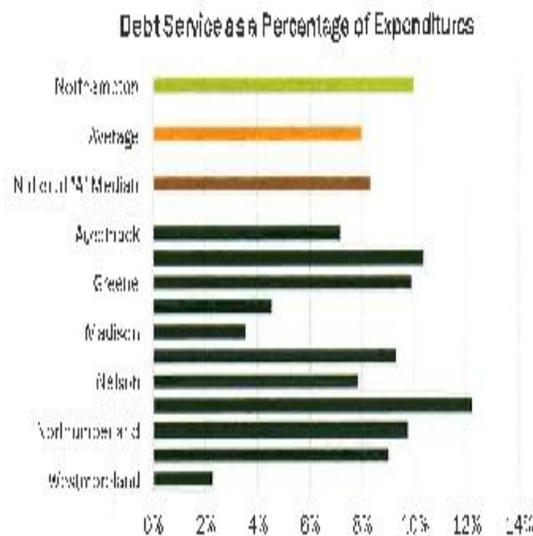
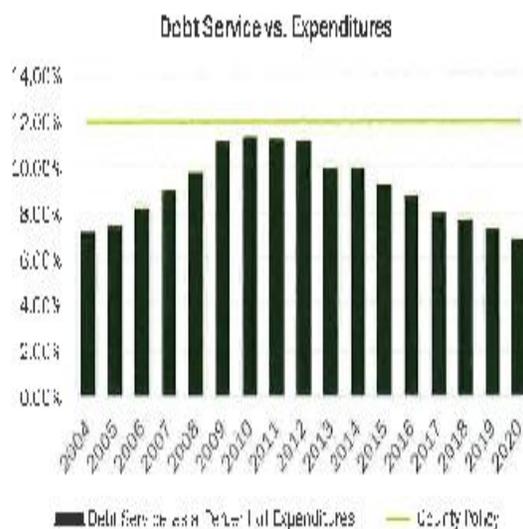
Source: First County's unique 21.22 LTA. Excludes exceptions of Greene County 2012a.

Real Estate Assessed Values include residential, commercial, row and public services. Assessor values are assumed to give 2.05% a value weighting in Fiscal Year 2014.

Debt Service as a Percentage of 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 beginning in fiscal year 2022.

Debt service has assumed governmental fund expenditures to be governmental fund expenditures exclusive of the special projects fund and school district charges related to the 2019-2020 fiscal year.

DAVENPORT & COMPANY

2020.06.15.14

Northampton County, Vermont 8

Debt Capacity Available



Debt Capacity Available

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

	Future Debt Capacity					
	2015	2016	2017	2018	2019	Total
Annual Debt Service vs. Expenditures	\$13,091,295	\$2,770,336	\$3,457,061	\$1,770,183	\$2,332,473	\$23,421,348



4th Characteristic – Multi-Year Capital Planning

Northampton County, Virginia

DAVENPORT & COMPANY

7030 Westpark Drive
Suite 100
Charlotte, NC 28209
704.546.1200

10/10/2014 10:28:11 AM

32

4th Characteristic – Multi-Year Capital Planning



1. Develop a multi-year capital plan (typically 5 years);
2. Identify projects and individually review various sources of funding (e.g. cash, proffers, low interest loans, grants, debt funding, etc.);
3. Combine the expected cash flows of projects by year to create a capital sources and uses; and,
4. 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.

DAVENPORT & COMPANY

7030 Westpark Drive
Suite 100
Charlotte, NC 28209
704.546.1200

10/10/2014 10:28:11 AM

33



5th Characteristic – Formalizing Financial Policies

Northampton County, Virginia

DAVENPORT & COMPANY

October 1, 2013

Northampton County, Virginia | 27

5th Characteristic – Formalizing Financial Policies



- 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 Guideline examples include:
 - “The County will maintain annual tax-supported debt service as a percentage of Governmental Fund expenditures at a level 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%.”
 - 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.

DAVENPORT & COMPANY

October 1, 2013

Northampton County, Virginia | 28

5th Characteristic – Formalizing Financial Policies



■ Fiscal Policy Guideline examples (continued):

- “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 Capital Improvement Plan. 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 in amount equal to at least 10% 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 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 the 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.



Appendix A – Potential School Capital Needs

Northampton County, Virginia

Key Assumptions



- Northampton County, Virginia (the “County”) is currently in the planning stages for a potential \$30 million debt issuance for upcoming school capital needs (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 (9/25/2014) 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.

\$30 Million Project Fund – Impact on Debt Service



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
2015	\$2,452,671	\$1,705,407	\$3,658,079	\$0	\$0	\$0	\$2,452,671	\$1,705,407	\$3,658,079
2016	2,373,275	1,135,665	3,508,941	0	1,210,180	1,210,180	2,373,275	2,345,645	4,718,920
2017	2,243,483	1,058,233	3,301,715	115,000	1,565,804	2,280,804	2,958,483	2,824,137	5,582,620
2018	2,254,332	871,374	3,225,706	755,000	1,528,388	2,283,388	3,009,332	2,499,721	5,509,053
2019	2,230,025	873,032	3,103,057	805,000	1,477,296	2,282,296	3,035,025	2,350,528	5,385,553
2020	2,216,630	768,668	2,985,298	880,000	1,422,758	2,302,758	3,076,630	2,181,435	5,258,065
2021	2,226,830	658,652	2,885,482	915,000	1,364,636	2,279,636	3,241,830	2,023,180	5,264,986
2022	2,096,800	551,135	2,647,935	975,000	1,302,139	2,277,139	3,071,800	1,653,874	4,925,674
2023	2,201,443	447,807	2,759,250	1,045,000	1,236,584	2,281,584	3,336,443	1,644,130	5,020,573
2024	2,080,000	343,165	2,423,165	1,115,000	1,165,844	2,280,844	3,175,000	1,509,010	4,684,010
2025	2,160,000	240,524	2,400,524	1,180,000	1,090,353	2,280,353	3,350,000	1,330,879	4,680,879
2026	1,026,000	166,187	1,192,187	1,270,000	1,009,780	2,279,780	2,295,000	1,175,977	3,470,977
2027	1,175,000	119,021	1,294,021	1,345,000	930,874	2,275,874	2,420,000	1,050,483	3,470,483
2028	465,000	86,926	551,926	1,420,000	854,145	2,274,145	1,885,000	941,071	2,826,071
2029	485,000	67,865	552,865	1,500,000	773,115	2,273,115	1,985,000	840,800	2,825,800
2030	395,000	49,850	444,850	1,585,000	687,506	2,272,506	1,980,000	737,366	2,717,366
2031	410,000	35,015	445,015	1,675,000	597,041	2,272,041	2,085,000	632,058	2,717,058
2032	425,000	21,652	446,652	1,770,000	501,443	2,271,443	2,195,000	523,085	2,718,085
2033	440,000	7,425	447,425	1,870,000	400,433	2,270,433	2,310,000	407,858	2,717,858
2034	0	0	0	1,980,000	293,595	2,273,595	1,980,000	293,595	2,273,595
2035	0	0	0	2,090,000	180,653	2,270,653	2,090,000	180,652	2,270,652
2036	0	0	0	2,210,000	61,328	2,271,328	2,210,000	61,328	2,271,328
Total	\$29,425,627	\$8,307,723	\$38,233,350	\$27,090,000	\$19,654,512	\$46,744,512	\$56,515,627	\$28,462,235	\$84,977,862

Note: WPSA's E has a paid-in-kind inclusion in the interest column in the chart above.

DAVENPORT & COMPANY

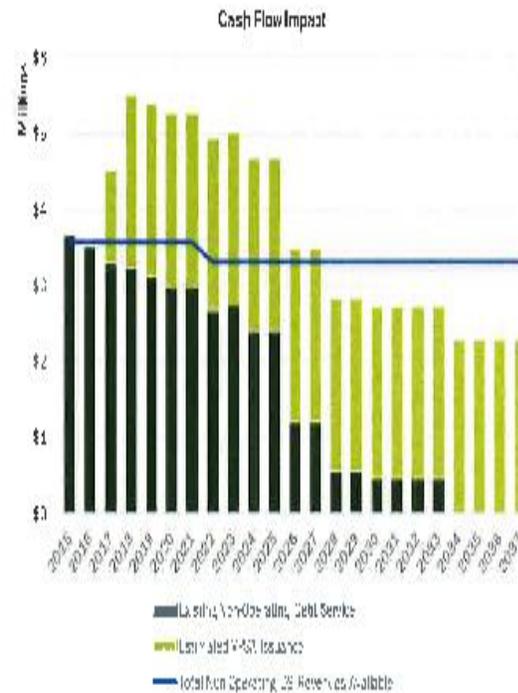
June 1, 2016

Estimate only, not a guarantee

\$30 Million Project Fund – Impact on Cash Flow



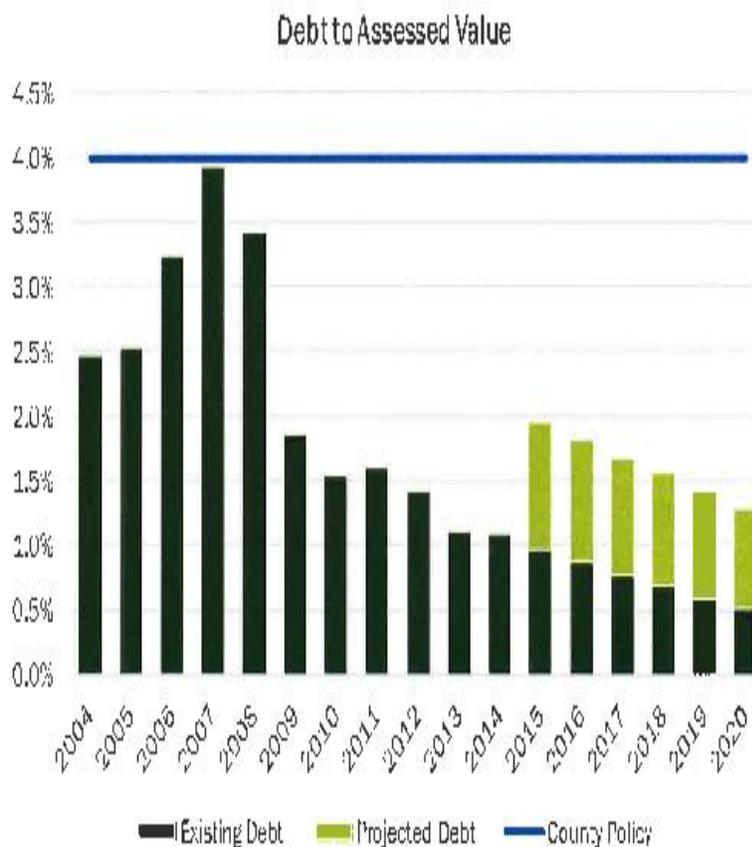
Fiscal Year	Existing Non-Operating Debt Service		Total Estimated Debt Service	Total Non-Operating Debt Service Available		Additional Revenue Needs
	Operating Debt Service	WTA Issuance		Total	Operating Debt Service Available	
2015	\$0,858,078	\$0	\$0,858,078	\$0,853,928	\$4,150	
2016	3,508,942	0	3,508,942	3,563,928	(54,986)	
2017	3,301,716	2,210,185	5,511,901	3,563,928	1,947,973	
2018	3,026,100	2,280,804	5,306,904	3,563,928	1,742,976	
2019	3,103,358	2,283,288	5,386,646	3,563,928	1,822,718	
2020	2,985,488	2,282,295	5,267,783	3,563,928	1,703,855	
2021	2,865,349	2,282,768	5,148,117	3,563,928	1,584,189	
2022	2,641,934	2,270,637	4,912,571	3,322,787	1,589,784	
2023	2,720,650	2,277,021	5,016,788	3,322,787	1,694,001	
2024	2,400,188	2,291,584	4,691,772	3,322,787	1,368,985	
2025	2,400,524	2,290,844	4,691,368	3,322,787	1,368,581	
2026	1,191,157	2,280,355	3,471,512	3,322,787	148,725	
2027	1,191,611	2,279,780	3,471,391	3,322,787	148,604	
2028	661,516	2,275,874	2,937,390	3,322,787	385,397	
2029	662,685	2,274,145	2,936,830	3,322,787	385,957	
2030	174,850	2,273,115	2,717,265	3,322,787	605,522	
2031	175,016	2,272,505	2,717,521	3,322,787	605,266	
2032	446,657	2,272,041	2,718,698	3,322,787	604,089	
2033	447,405	2,271,444	2,718,849	3,322,787	603,942	
2034	0	2,270,430	2,270,430	3,322,787	1,052,357	
2035	0	2,273,595	2,273,595	3,322,787	1,049,192	
2036	0	2,270,653	2,270,653	3,322,787	1,052,134	
2037	0	2,271,328	2,271,328	3,322,787	1,051,459	
Total	\$38,233,350	\$46,744,512	\$84,977,862			



\$30 Million Project Fund – Debt to Assessed Value



The County would be projected to stay below its Debt to Real Estate Assessed Value policy of 4.0% with a \$30 million project fund.



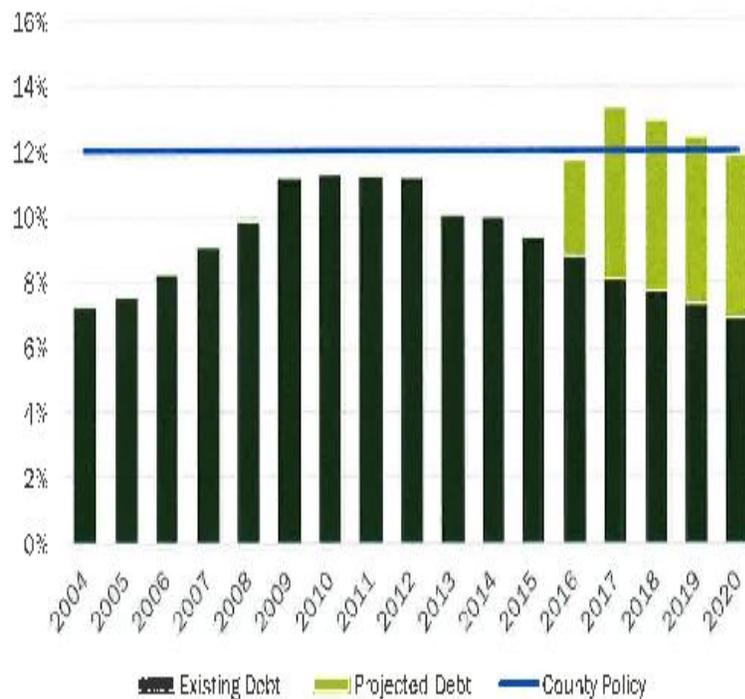
(1) Assumes a 10% portion of Grand Public School Authority's 2020 Spring pool of earned market rates (5/22/2024) plus 1.0% with \$75,000 local bonds of \$500,000 and an assumed rate of 4.0% per bond. (2) All other levels are based on the 2020 Spring pool of earned market rates and the 2020 Spring pool of earned market rates plus 1.0% with \$75,000 local bonds of \$500,000 and an assumed rate of 4.0% per bond. All other levels are based on the 2020 Spring pool of earned market rates and the 2020 Spring pool of earned market rates plus 1.0% with \$75,000 local bonds of \$500,000 and an assumed rate of 4.0% per bond.

\$30 Million Project Fund – Debt Service to Expenditures



The County would be projected to not remain in compliance with its Debt Service to Total Governmental Expenditures Policy of 12% in Fiscal Years 2017 - 2020.

Debt Service to Expenditures



Expenditures are assumed to grow 2% annually beginning in fiscal year 2014.

Debt service has assumed governmental and expenditures to be governmental and expenditures exclusive of the special projects fund plus schools expenditures net of transfer from General Fund.

DAYENPORT & COMPANY

July 11, 2016

Fiscal Year 2017 - 2020



Appendix B – Historic Debt Funded Projects

Northampton County, Virginia

DAVENPORT & COMPANY

October 1, 2018

Northampton County Virginia 19

Debt Funded Projects



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.

DAVENPORT & COMPANY

October 1, 2018

Northampton County Virginia 19

Debt Funded Projects



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 its project costs and not borrow too much or too 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%.

Debt Funded Projects



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.

DAVENPORT & COMPANY

County Auditor

Northwest Columbia, SC 29161-1000



Richmond — Headquarters

One James Center
901 East Cary Street,
Suite 1100,
Richmond, Virginia 23219

Telephone:
(804) 780-2000

Toll-Free:
(800) 846-6666

E-Mail:
info@investdavenport.com

Courtney E. Rogers

Son or Vice President

804-697-2902

crogers@investdavenport.com

DAVENPORT & COMPANY

October 1, 2014

Buyer Information Page 10/01/14

Disclaimer



The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of exercising a particular instance of municipal securities should be subject to municipal adviser registration. Davenport & Company LLC ("Davenport") has registered as a municipal adviser with the SEC. As a registered municipal adviser, Davenport may provide advice to a municipal entity or obligor person. An obligor person is an entity other than a municipal entity, such as a not-for-profit corporation, that has communicated an application or registration with an entity to issue municipal securities on its behalf, for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or non-financial services with respect to the issuance of municipal securities, Davenport is obligated to disclose such a financial advisory relationship with a written agreement.

When acting as a registered municipal adviser, Davenport is a fiduciary required by federal law to act in the best interests of a municipal entity or obligor person regarding its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment adviser, when advising a obligor person, or when acting as an underwriter, although it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel, of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views of Davenport are the author's and may differ from those of the Davenport fixed income or research department or others at the firm. Davenport may perform or seek to perform financial advisory services for the benefit of the securities and investments mentioned herein.

This material has been prepared for informational purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any funding strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and here certain information is required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to provide to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed or mentioned may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not, provide indirectly financial, investment advice or offer any, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, accounting and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making a valuation decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, spread and premiums, terms, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in certain instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may cause material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not actually differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

Version 01/12/2014 210428

DAVENPORT & COMPANY

October 1, 2014

Buyer Information Page 10/01/14

* * * * *

Mr. Hubbard asked if Mr. Rogers had any comments relative to interest rates. Mr. Rogers responded that there may be an increase in the short-term rates. Mr. LeMond suggested that the Board consider a 2% tax increase per year over the next five year period, to raise the anticipated 10-cent tax increase necessary in order to fund the School Board's request for \$35 million for a new high school/middle school. Mr. Rogers agreed to prepare the requested analysis.

Mr. Hogg stated that he did not view County fines as a stable revenue source and Mr. Rogers advised that the Board be conservative and realistic in its budget estimates.

In response to a question from Mr. Bennett, the County Administrator indicated that for an "average" tax payer (i.e., with a \$200,000 home), a two-cent tax increase would equate to about \$200.00.

Directing his question to the members of the Northampton County School Board and Superintendent Eddie Lawrence, Mr. Bennett asked if the School Board had considered looking into the dress code at the high school, noting that we are "sending our young ladies to be set up for some bad situations". The Superintendent indicated that students have been sent home for being improperly dressed and that the dress code was being enforced.

Mr. Bennett asked if the parents could be invited to an instructional session on the proper dress code for their children and a member of the School Board responded, "you're preaching to the choir".

Closed Session

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

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

EMS Office Site

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

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 those purposes as set out in paragraphs 1, 3, and 7 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that these were the only matters of discussion during the closed session.

Mr. Hogg said that the Board has not responded to Mr. Steve Sturgis’ request some months ago for a written response as to why agriculture was not contained within the Board’s Strategic Plan, and that this showed a lack of respect to the President of Farm Bureau. The Chairman said that that he had promised to speak with Mr. Sturgis in person but had forgotten.

Adjourn

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

The meeting was adjourned.

_____ CHAIRMAN

_____ COUNTY ADMINISTRATOR