Financial Review and Capital Funding Strategies

Madison County, Virginia

February 6, 2020

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DAVENPORT & COMPANY
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Goals and Objectives

- Davenport & Company LLC ("Davenport") serves as Financial Advisor to Counties, Cities, and other governmental entities across Virginia, the region, and nationally.

- Davenport was asked to prepare a Comprehensive Financial Review for Madison County as it plans for the impact of generational capital projects.

- Goals and Objectives of the Financial Review include:
  - Better understand the County from a Management and Financial perspective;
  - Present a Peer Comparative Analysis;
  - Review Financial Policy Guidelines;
  - Prepare an initial Capital Funding Analysis taking into account County identified School and E911 Radio Projects; and
  - Provide recommendations on updates/enhancements to existing Financial Policy Guidelines (to come).

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A. Peer Comparatives

Madison County, Virginia

Peer Group Overview

Peer Group Introduction

- Currently, the County has no issuer ratings from Moody's, Standard and Poor's, or Fitch.

- The following pages contain peer comparatives based on the below Moody's rating categories.
  - National Counties
    - Aaa's 112 Credits
    - Aa's 579 Credits
    - A's 159 Credits
  - Virginia Counties
    - Aaa's 11 Credits
    - Aa's 27 Credits
    - A's 2 Credits

- The data shown in the peer comparatives is from Moody's Municipal Financial and Ratio Analysis database. The figures shown are derived from the most recent financial statement available as of December 2018.

Moody's Investors Service	Standard & Poor's	Fitch Ratings
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-
Non Investment Grade		

Moody's: Virginia Rating Peers

	Aaa	
Albemarle County, VA	Goochland County, VA	Loudoun County, VA
Arlington County, VA	Hanover County, VA	Prince William County, VA
Chesterfield County, VA	Henrico County, VA	Stafford County, VA
Fairfax County, VA	James City County, VA	
	Aa	
Appomattox County, VA	Henry County, VA	Pulaski County, VA
Caroline County, VA	Isle of Wight County, VA	Roanoke County, VA
Carroll County, VA	King George County, VA	Rockingham County, VA
Culpeper County, VA	Montgomery County, VA	Spotsylvania County, VA
Dinwiddie County, VA	Northumberland County, VA	Warren County, VA
Fauquier County, VA	Orange County, VA	Washington County, VA
Fluvanna County, VA	Pittsylvania County, VA	Westmoreland County, VA
Franklin County, VA	Powhatan County, VA	Wise County, VA
Frederick County, VA	Prince George County, VA	York County, VA
	A	
Patrick County, VA	Smyth County, VA	

Source: Moody's MFRA.

What are the Key Drivers to a Credit Rating?

Moody's Quantitative Scoring Factors

- On January 15, 2014, Moody's updated its US Local Governments General Obligation Debt methodology and assumptions. Under the methodology, an initial indicative rating is calculated from a weighted average of four key factors. "Below the line" qualitative adjustments can be made after the initial indicative rating.

	US Local Governments General Obligation Debt Methodology	
1	**Economy / Tax Base**	**30%**
	Tax Base Size (Full Value)	10%
	Full Value Per Capita	10%
	Wealth (Median Family Income)	10%
2	**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%
3	**Management**	**20%**
	Institutional Framework	10%
	Operating History	10%
4	**Debt / Pensions**	**20%**
	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%

What are the Key Drivers to a Credit Rating?

Standard & Poor's Quantitative Scoring Factors

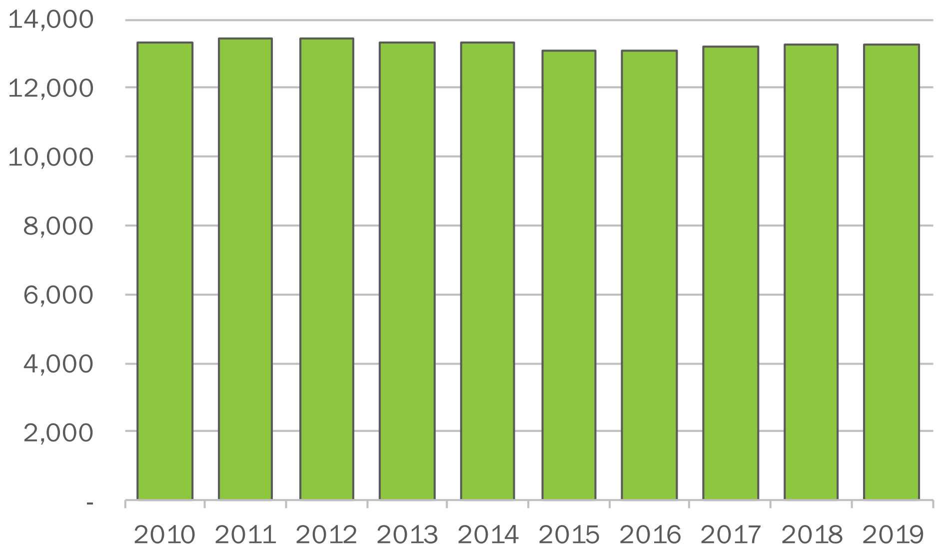
- Standard & Poor's US Local Governments General Obligation Ratings methodology and assumptions utilizes an initial indicative rating is calculated from a weighted average of seven key factors.
- Up to a one-notch adjustment can be made from the indicative rating based on other qualitative factors

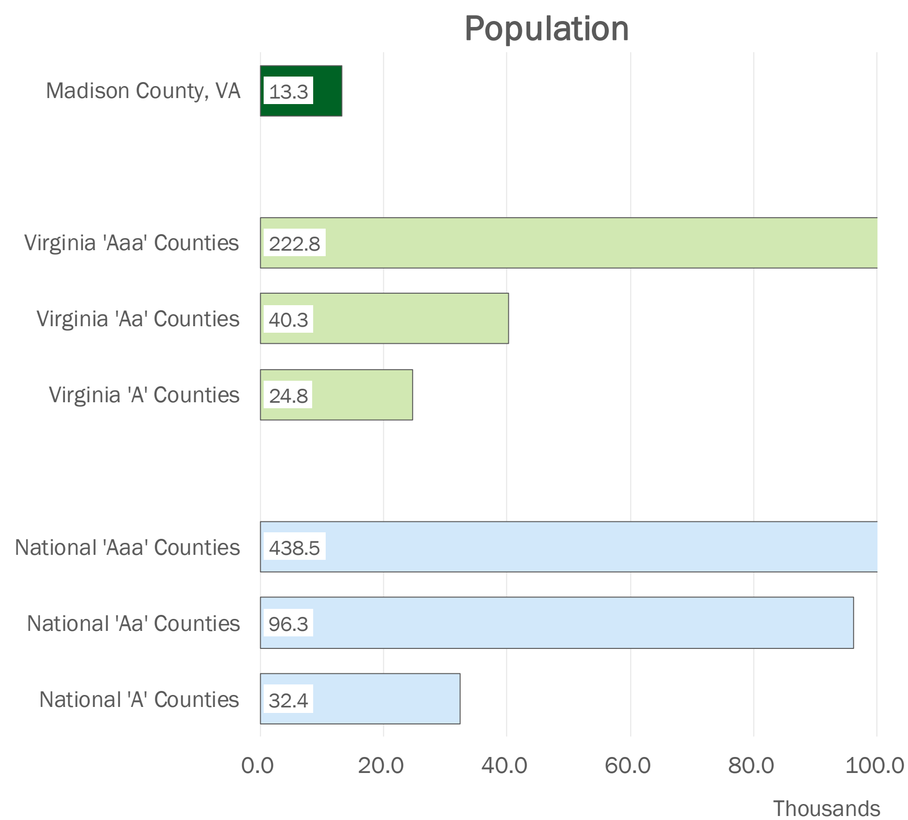
US Local Governments General Obligation Ratings Methodology	
1. Economy	30%
Total Market Value Per Capita	
Projected per capita effective buying income as a % of US	
2. Management	20%
Impact of management conditions on the likelihood of repayment	
3. Budgetary Flexibility	10%
Available Fund Balance as a % of Expenditures	
4. Budgetary Performance	10%
Total Government Funds Net Result (%)	
General Fund Net Revenue	
5. Liquidity	10%
Total Gov't Available Cash as a % of Total Gov't Funds Debt Service	
Total Gov't Cash as a % of Total Gov't Funds Expenditures	
6. Debt and Contingent Liabilities	10%
Net Direct Debt as a % of Total Governmental Funds Revenue	
Total Governmental Funds Debt Service as a % of Total	
7. Institutional Framework	10%
Legal and practical environment in which the local gov't operates	

Combined 30%

Population

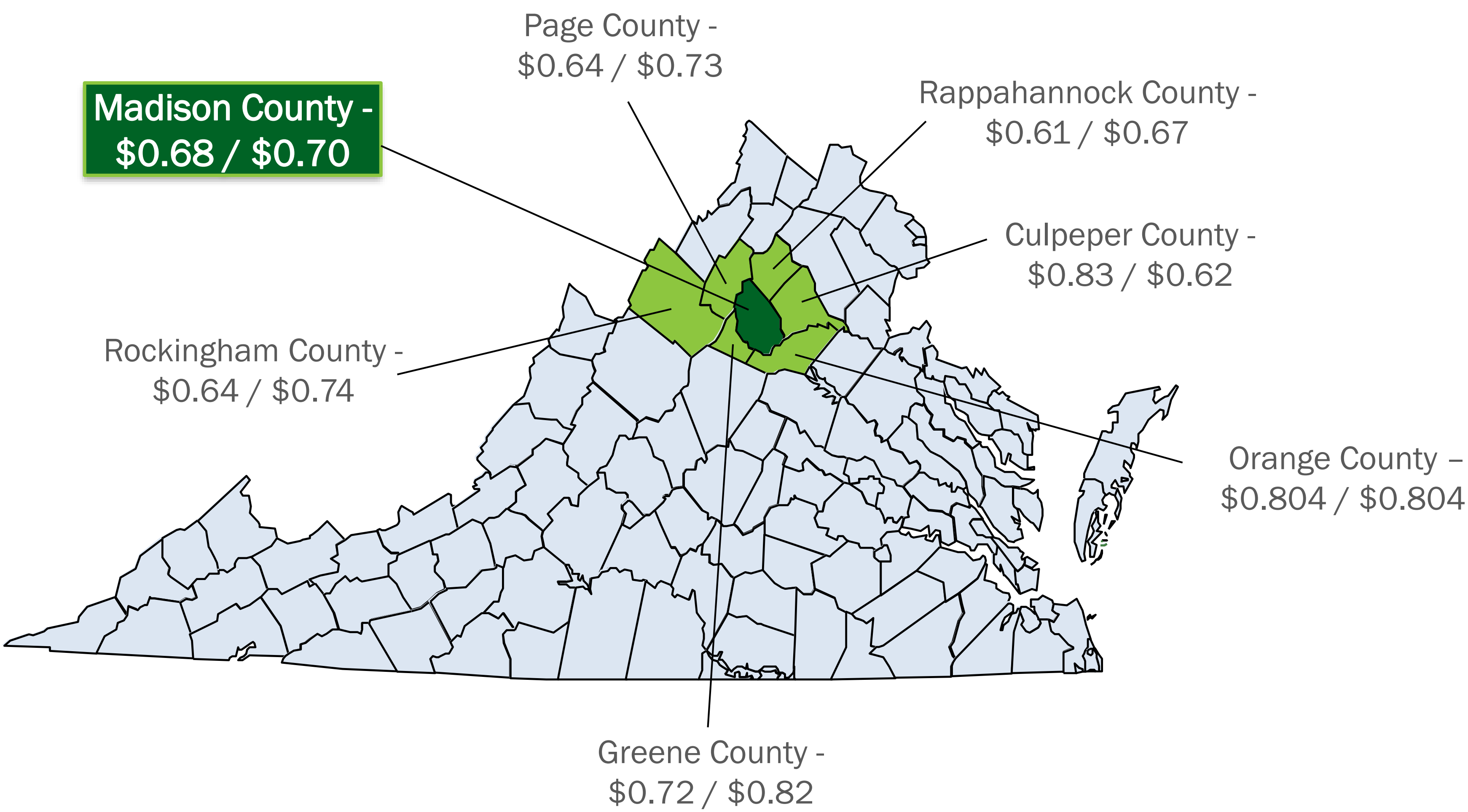
- The County's population has remained steady over the past decade.





DAVENPORT & COMPANY Source: Madison County data based on Weldon Cooper Center estimates as of July 1 of each year. National median data from Moody's MFRA.

Comparative Real Estate Tax Rates – 2014 vs. 2020

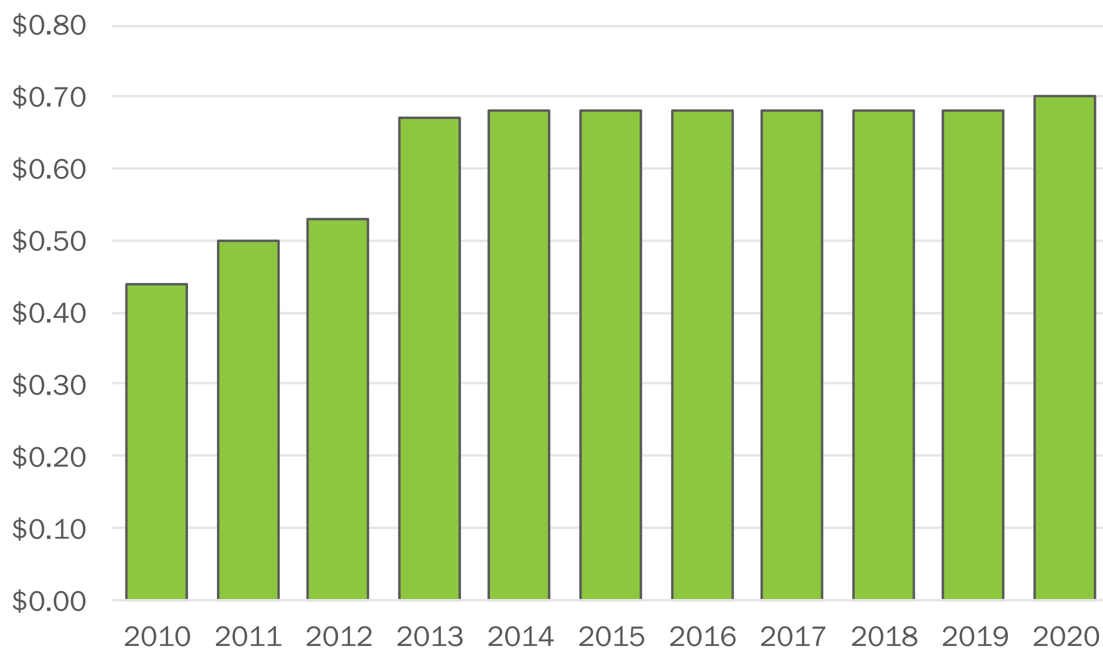


Source:
FY 2020 Madison County Tax Rate from FY 2020 Budget Real Estate Tax Rate Public Hearing Notice. FY 2014 Madison County Tax Rate from past CAFRs.
Peer FY 2020 Tax Rates from 2020 Adopted Budgets and County Websites. Peer FY 2014 Tax Rates from past Adopted Budgets and CAFRs.
Culpeper County FY 2020 Tax Rate of $0.83 consists of a base rate ($0.53 per $100 of AV) plus a rate dedicated to fire & rescue ($0.09 per $100 of AV).
Culpeper County FY 2014 Tax Rate of $0.83 consists of a base rate ($0.75 per $100 of AV) plus a rate dedicated to fire & rescue ($0.08 per $100 of AV).

Real Estate Tax Historical Overview

- The increases in the Real Estate Tax rate in the 2010 to 2012 time period were likely driven by the need to offset decreases in Assessed Values driven by the Great Recession.

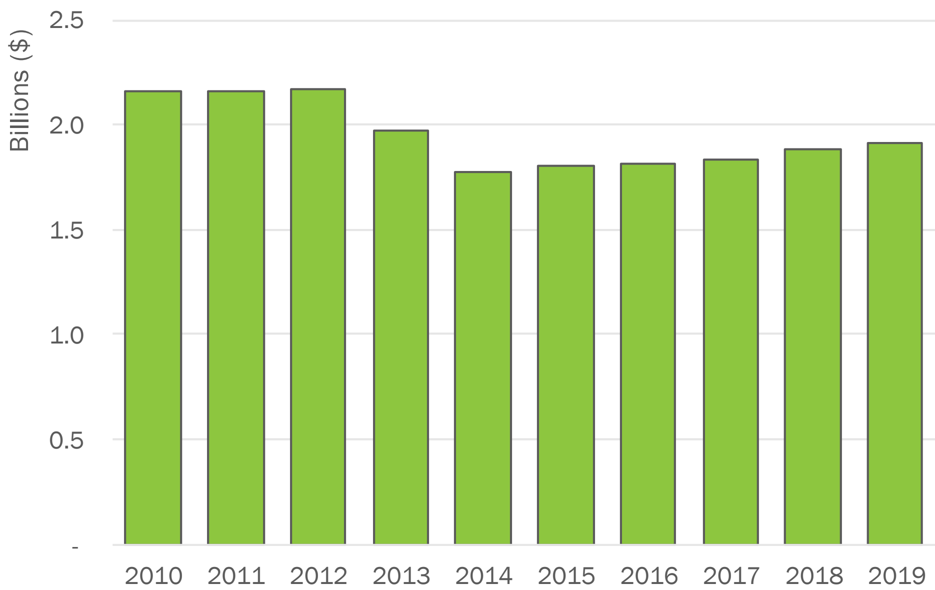
- The County last increased its Real Estate Tax Rate in FY 2020, from $0.68 to $0.70 in concert with the last reassessment.

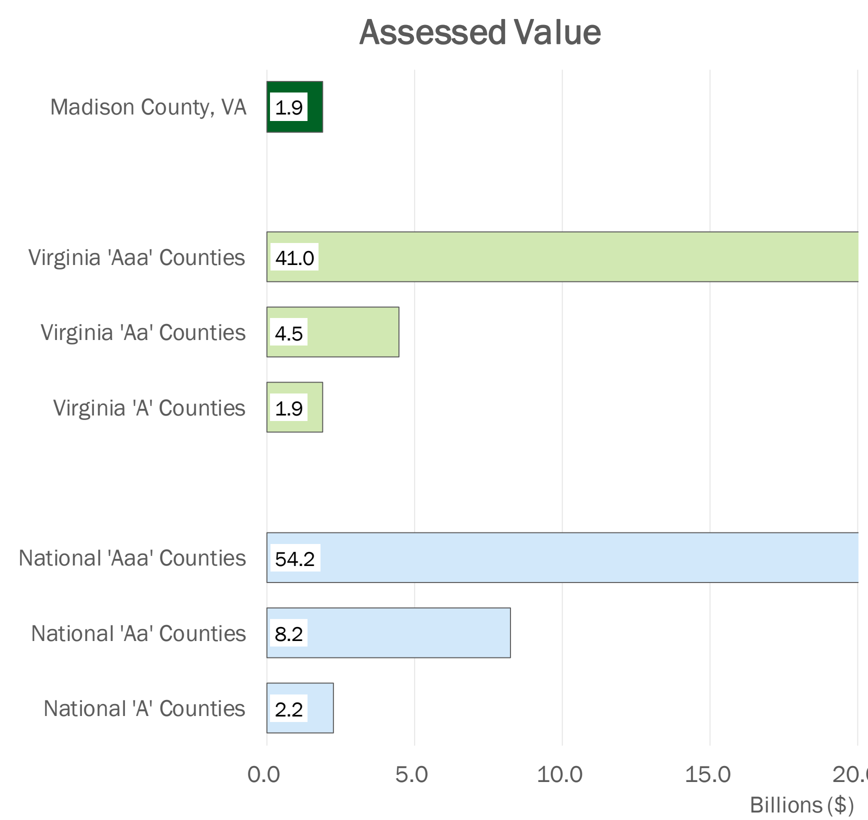


Source: 2019 CAFR and FY 2020 Budget Real Estate Tax Rate Public Hearing Notice.

Assessed Value

- The County's Assessed Value is slightly below the National 'A' average and in line with the Virginia 'A' average.
- After declines in Assessed Values in the 2010 to 2012 time period, Assessed Value has grown, on average, by 1.2% per year between 2014 and 2019.

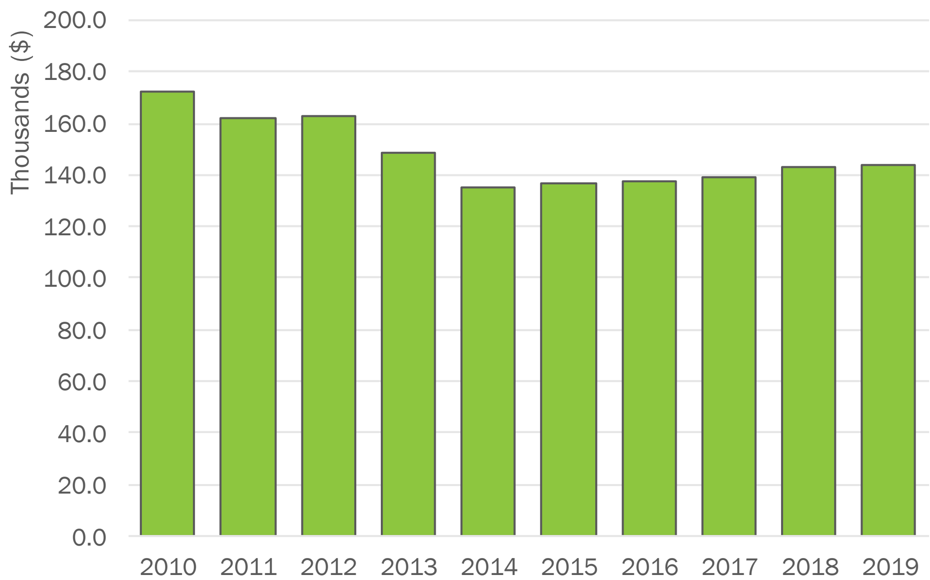


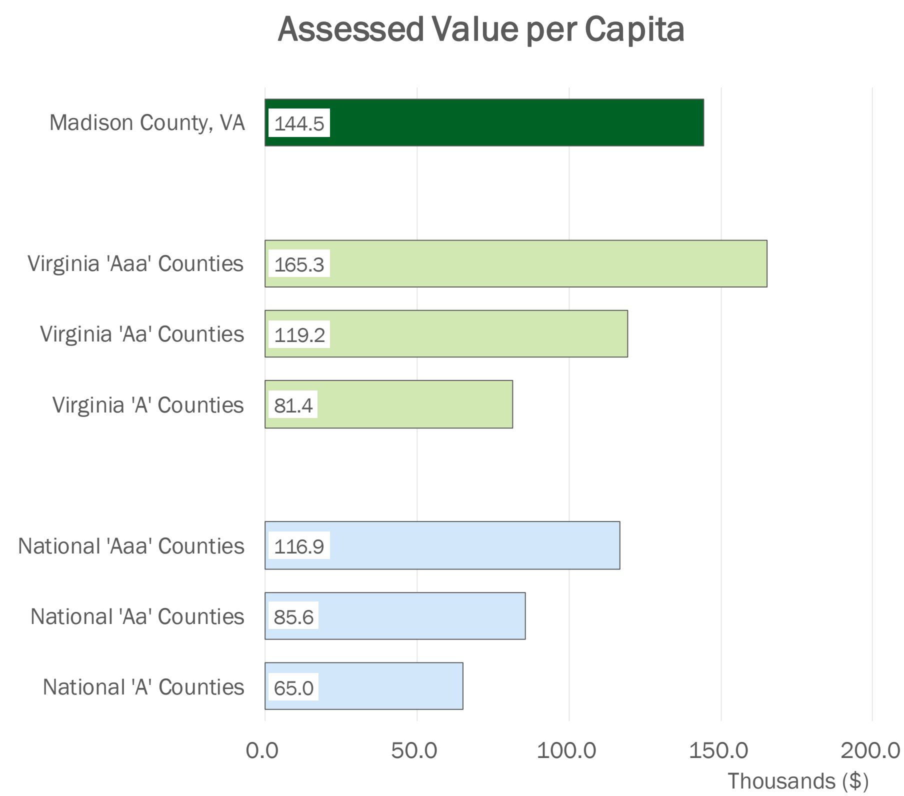


Source: 2019 CAFR, Moody's MFRA.

Assessed Value per Capita

- The County's Assessed Value per Capita is strong and is above 'A' and 'Aa' Medians.





Sources:
Madison County ratios calculated by dividing Assessed Values from FY 2019 CAFR by annual population as estimated by the Weldon Cooper Center.
National median data from Moody's MFRA.

B. General Fund Financial Overview

Madison County, Virginia

General Fund Financial Overview

- Based on audited financial information, the County has managed its finances responsibly during the last 5 fiscal years (i.e. FY 2015 to FY 2019).
- General Fund revenues are up, in aggregate, roughly 10% over this time period. This translates to an average annual growth of approximately 2.6% per year.
- General Fund expenditures have grown – on average – approximately 2.0% per year during the same time period. This pace of growth is roughly in line with inflation.
- The General Fund has a history of producing annual surpluses during this time period.
- However, because revenue growth has not been materially above the inflationary increase in expenditures, there has been no margin to keep pace with increasing operating demands/mandates especially as revenues from the Commonwealth have declined.

General Fund Financial Overview (cont.)

- Unassigned Fund Balance, which is arguably the most important measurement of a County's financial strength, has remained solid during this time period.
  - The County has maintained compliance with its Unassigned Fund Balance Policy (18% of General Fund / School Board Budget).
- The County's strong fund balance levels provide a margin of safety against unforeseen economic/financial risks and is a financial strength.
- It appears that the County has made limited investments in its capital infrastructure and maintenance in recent years.
- This limited investment had lead to a back-log of capital needs that will need to be addressed in the near future (i.e. E911, Schools, County Facilities, Rolling Stock, etc.).

General Fund Financial Overview (cont.)

- This capital back-log is a liability that will need to be addressed in a methodical and financially responsible manner if Madison County is going to continue to maintain a strong financial profile.

- These capital needs also need to be balanced with increasing expenditure requirements related to Public Safety, Social Services, and other operating cost pressures.

- The Capital Funding Analysis contained herein is designed to begin better balancing the need to maintain strong Fund Balance and annual cash-flow with the need to invest in and maintain the County's critical infrastructure.

- **"Although the consequences of deferring capital maintenance and investment may not be immediate, declining asset quality risks increasing the likelihood of catastrophic failures that would be detrimental to public safety and result in much higher replacement costs. Underinvestment in infrastructure can also cap a region's growth potential, making an area less attractive to residents and new businesses and further reducing a government's long-term capacity to make necessary investments."** – Moody's, 2018

Operating Overview | General Fund

		2015 Audited	2016 Audited	2017 Audited	2018 Audited	2019 Audited	5-Yr CAGR
1	**Revenues**						
2	General property taxes	$14,916,195	$14,939,437	$15,282,378	$15,552,344	$16,816,639	
3	Other local taxes	2,539,175	2,598,050	2,725,666	2,753,993	2,908,615	
4	Permits, fees, and licenses	176,783	212,473	222,790	188,292	262,981	
5	Fines and forfeitures	218,303	170,894	170,298	182,666	159,000	
6	Use of money and property	106,236	115,497	131,991	163,658	239,955	
7	Charges for services	619,980	647,431	490,125	537,275	566,340	
8	Miscellaneous	290,340	386,279	308,067	350,384	724,702	
9	Commonwealth	5,831,229	6,007,308	5,995,263	5,299,270	5,326,005	
10	Federal	912,047	1,030,244	1,231,705	1,253,902	1,337,116	
11	**Total revenues**	**$25,610,288**	**$26,107,613**	**$26,558,283**	**$26,281,784**	**$28,341,353**	**2.57%**
12		3.4%	1.9%	1.7%	-1.1%	7.3%	
13	**Expenditures**						
14	General government	$1,298,574	$1,328,466	$1,352,710	$1,489,090	$1,574,914	
15	Judicial administration	819,898	848,738	918,656	918,471	899,824	
16	Public safety	5,465,454	5,506,166	5,609,963	6,167,216	6,443,324	
17	Public works	1,025,561	950,854	946,045	921,347	1,132,134	
18	Health and welfare	4,950,311	5,582,522	5,900,655	4,692,827	4,881,655	
19	Education	8,435,774	8,276,550	8,209,412	8,888,750	8,986,373	
20	Parks, recreation, and culture	420,701	476,491	356,465	361,640	454,131	
21	Community development	595,144	535,745	544,945	631,453	569,985	
22	Nondepartmental	5,584	1,116	64,096	702	5,911	
23	Debt Service:						
24	Principal retirement	1,069,491	1,086,042	1,103,170	3,181,768	1,241,178	
25	Interest and other fiscal charges	307,924	297,873	284,088	269,466	247,483	
26	**Total expenditures**	**$24,394,416**	**$24,890,563**	**$25,290,205**	**$27,522,730**	**$26,436,912**	**2.03%**
27		2.5%	2.0%	1.6%	8.1%	-4.1%	
28	**Revenues over (under) expenditures**	**$1,215,872**	**$1,217,050**	**$1,268,078**	**($1,240,946)**	**$1,904,441**	
29							
30	**Other Sources (Uses)**						
31	Issuance of long-term debt	$0	$0	$0	$2,028,000	$0	
32	Issuance of capital lease	-	-	-	126,126	-	
33	Transfers in	-	-	31,106		108,195	
34	Transfers out	-	-	(38,000)		-	
35	**Total other sources (uses)**	**$0**	**$0**	**($6,894)**	**$2,154,126**	**$108,195**	
36							
37	**Change in Fund Balance**	**$1,215,872**	**$1,217,050**	**$1,261,184**	**$913,180**	**$2,012,636**	
38							
39	Fund Balance Beginning	$9,883,638	$11,099,510	$12,316,560	$13,577,744	$14,490,924	
40	Fund Balance Ending	11,099,510	12,316,560	13,577,744	14,490,924	16,503,560	

5 consecutive years of General Fund surpluses.

Source: 2015-2019 CAFRs.

General Fund Revenues – Budgeted vs. Actual

- The County appears to manage its budgeted revenues responsibly. In 4 of the past 5 years, the County generated more revenue than what was initially budgeted.

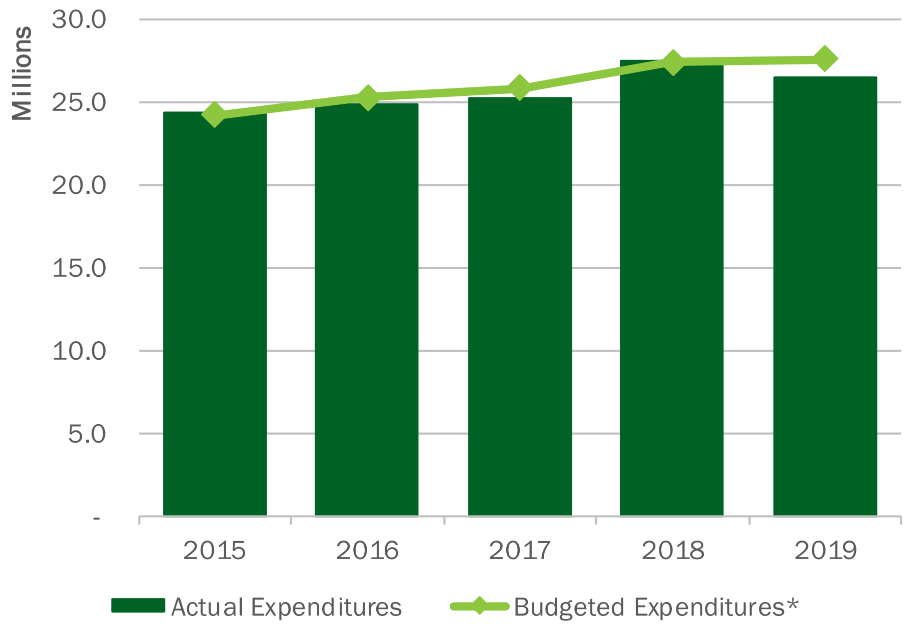
	2015	2016	2017	2018	2019
Budgeted Revenue*	$24,448,971	$25,162,375	$25,771,066	$26,782,770	$26,881,190
Actual Revenue	25,610,288	26,107,613	26,558,283	26,281,784	28,341,353
Variance	$1,161,317	$945,238	$787,217	($500,986)	$1,460,163

*Note: Graphics above compare Actual Revenues versus Original Budget, not Amended Budget. Original Budget and Actual figures are from Exhibit 7 of annual CAFRs.

Source: 2015-2019 CAFRs.

General Fund Expenditures – Budgeted vs. Actual

- The County appears to manage its budgeted expenditures responsibly. In 3 of the past 5 years, the County incurred fewer expenses than initially budgeted.



	2015	2016	2017	2018	2019
Budgeted Expenditures*	$24,198,971	$25,287,375	$25,830,347	$27,400,437	$27,623,195
Actual Expenditures	24,394,416	24,890,563	25,290,205	27,522,730	26,436,912
Variance	($195,445)	$396,812	$540,142	($122,293)	$1,186,283

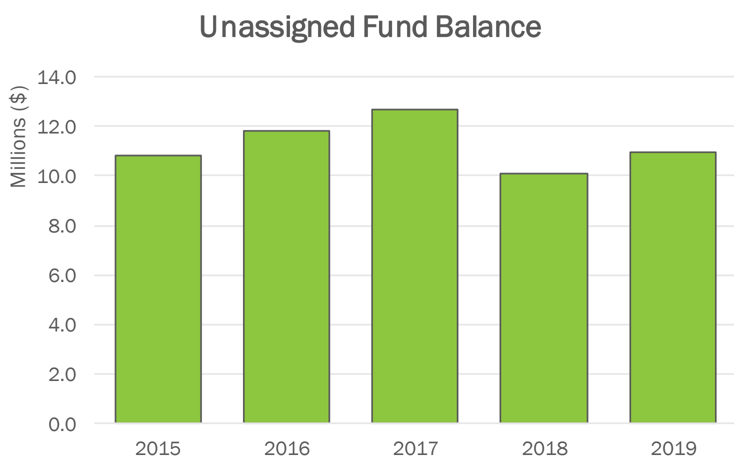
*Note: Graphics above compare Actual Expenditures versus Original Budget, not Amended Budget. Original Budget and Actual figures are from Exhibit 7 of annual CAFRs.

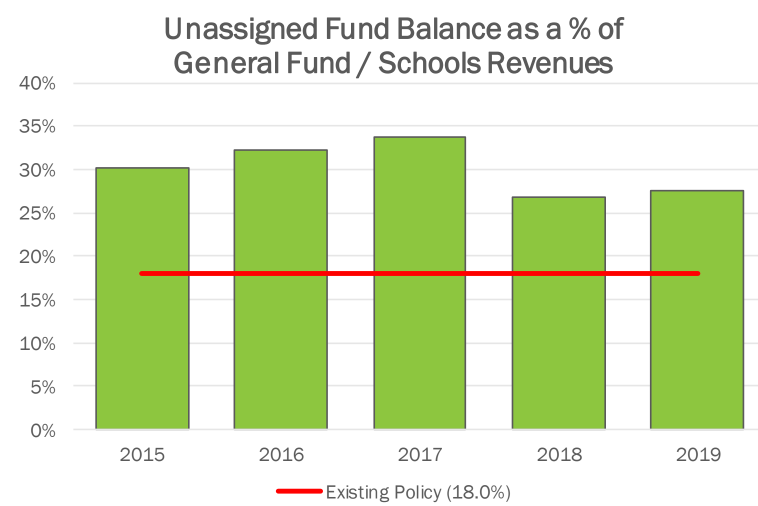
Source: 2015-2019 CAFRs.

General Fund Unassigned Fund Balance

- Unassigned Fund Balance is arguably the most important metric when assessing a local government's financial strength.

- The County has historically complied with its Unassigned Fund Balance Policy:
  - "The Unassigned General Fund balance at the close of each fiscal year should be equal to no less than 14% of the County's total General Fund budget (including the School Board's operating budget less transfers from the General Fund). Further, an additional 4% should be available for cash liquidity purposes resulting in a **total target amount of 18% of the General Fund budget** (including the School Board's operating budget less transfers from the General Fund)."



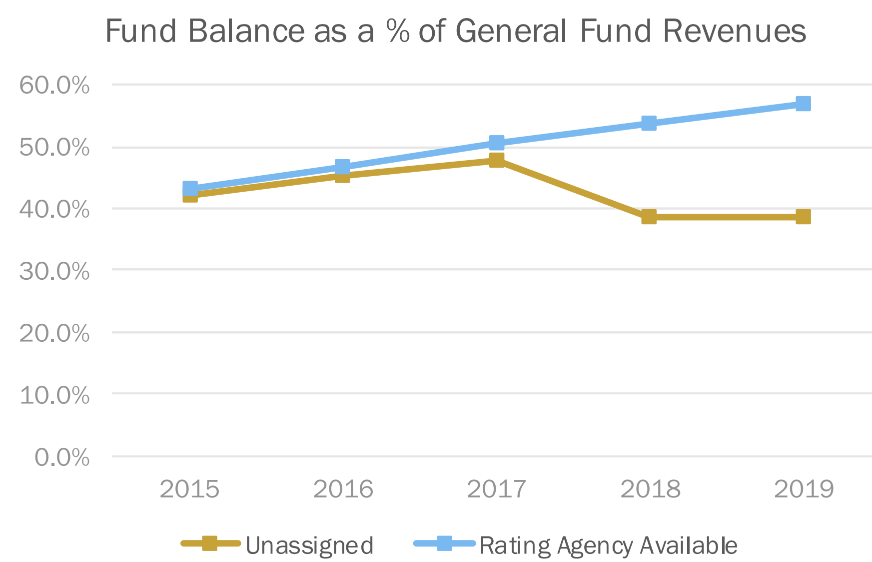


A	B	C	D	E	F = C + D + E	G = B / F
Fiscal Year	Unassigned Fund Balance	General Fund Revenues	School Operating Revenues	Transfer from General Fund to Schools	General / Schools Revenues	UAFB vs. General / School Revenues
2015	10,819,805	25,610,288	18,617,919	(8,324,386)	35,903,821	30%
2016	11,842,493	26,107,613	18,970,635	(8,273,550)	36,804,698	32%
2017	12,714,213	26,558,283	19,393,593	(8,205,887)	37,745,989	34%
2018	10,128,246	26,281,784	20,199,520	(8,700,633)	37,780,671	27%
2019	10,969,922	28,341,353	19,894,244	(8,528,378)	39,707,219	28%

Source: 2015-2019 CAFRs.

General Fund Balance – Moody's Methodology

- Historically, the County has demonstrated healthy reserve levels, as shown here using the Moody's methodology.
- The County may want to consider enhancing its formal fund balance policy(s).
- The County may want to evaluate any potential fund balance policy in conjunction with a balanced CIP funding approach (i.e. pay-go vs debt).



Illustrated Based Upon Moody's Methodology

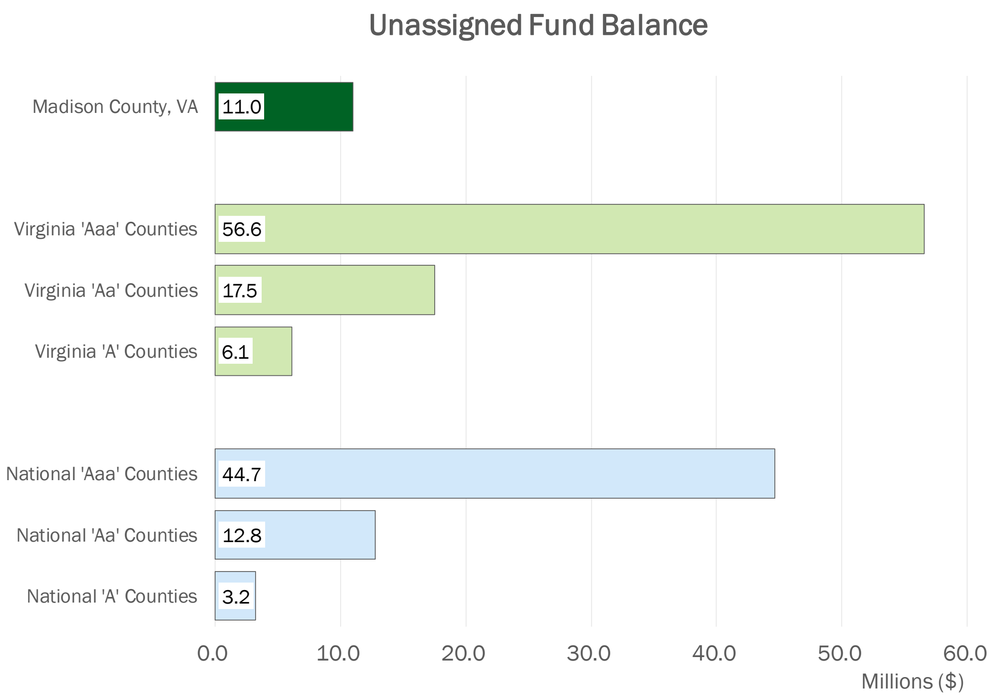
		2015	2016	2017	2018	2019
1	General Fund Budget					
2	Revenues	$25,610,288	$26,107,613	$26,558,283	$26,281,784	$28,341,353
3						
4	General Fund Balance					
5	Nonspendable/Restricted	$61,080	$152,906	$174,127	$372,817	$339,051
6	Committed	32,748	81,863	253,814	192,019	298,107
7	Assigned	185,877	239,298	435,590	3,797,842	4,896,480
8	Unassigned	10,819,805	11,842,493	12,714,213	10,128,246	10,969,922
9	Total	$11,099,510	$12,316,560	$13,577,744	$14,490,924	$16,503,560
10						
11	Rating Agency Available[1]	$11,038,430	$12,163,654	$13,403,617	$14,118,107	$16,164,509
12						
13	General Fund Balance Ratios					
14	Unassigned as a % of Revenues	42.2%	45.4%	47.9%	38.5%	38.7%
15	Rating Agency Available as a % of Revenues	43.1%	46.6%	50.5%	53.7%	57.0%
16	Total General Fund Balance as a % of Revenues	43.3%	47.2%	51.1%	55.1%	58.2%

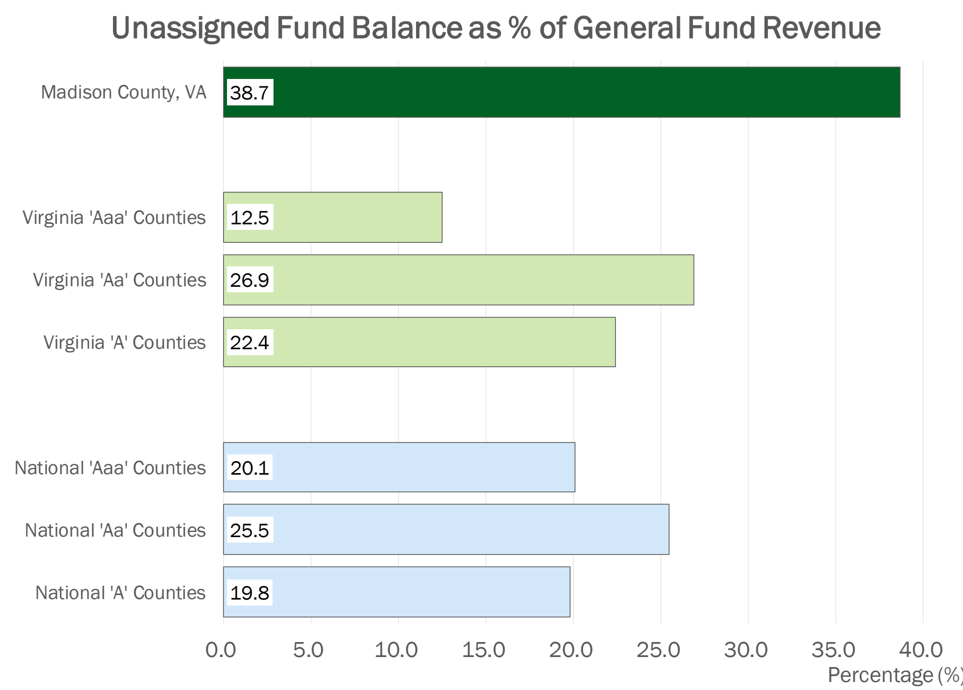
[1] Includes Committed, Assigned, and Unassigned Fund Balances.

Source: 2015-2019 CAFRs.

Unassigned Fund Balance – Moody's Methodology

- The County's Unassigned Fund Balance as a percent of General Fund Revenues is above the State and National medians.





Source: 2019 CAFR, Moody's MFRA.

C. Existing Debt Profile

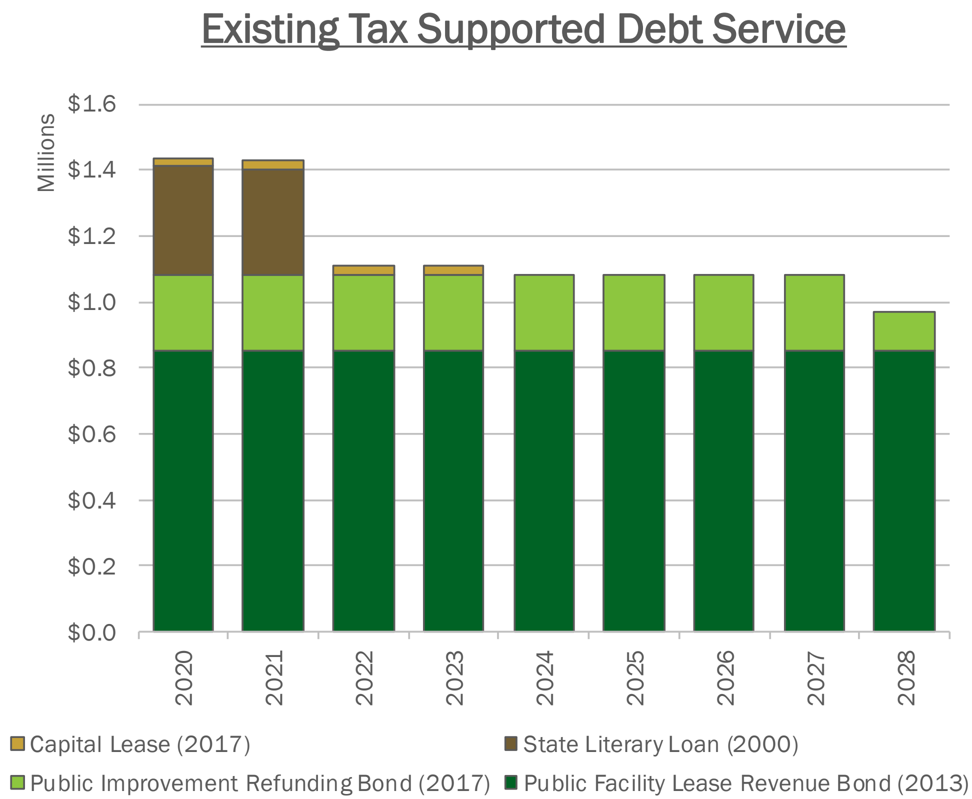
Madison County, Virginia

Observations | Tax-Supported Debt Profile

- The County's existing annual Tax-Supported Debt Service declines from FY 2021 to FY 2022, and remains roughly level from FY 2022 until final maturity in FY 2028.
- The County's debt levels (Debt vs. Assessed Value and Debt Service vs. Expenditures) are at/below the medians for State and National Counties. This indicates the County has the capacity to support future capital needs.
  - Note: In Virginia, counties support the school system's debt as well as their own. This is not the case in other states. As a result, Virginia counties tend to reflect larger debt burdens than national peers.
- Development of a long-range Capital Financing Model/Plan will be critical to understanding the County's future Debt Affordability.
  - This creates the framework for monitoring and enhancing debt policies which aids the County's ability to continue building upon the solid financial foundation achieved to date.

Existing Tax Supported Debt

- The County's Existing Tax-Supported Debt profile and par outstanding is shown below, estimated as of 6/30/2019.



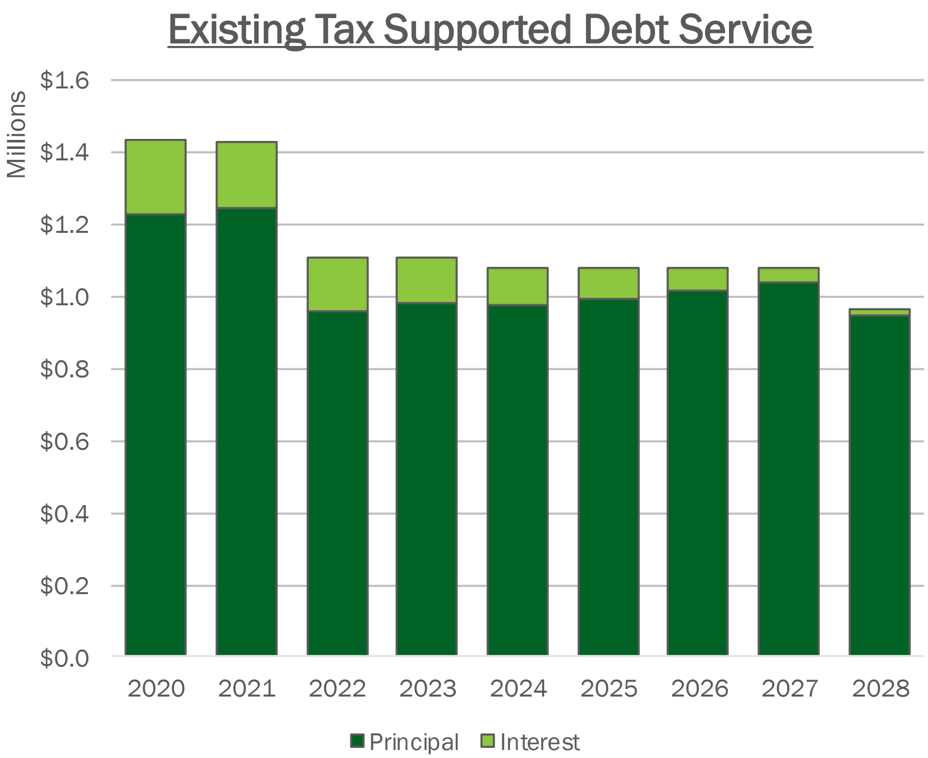
Type	Par Amount
Public Facility Lease Revenue Bond (2013)(1)	$6,908,500
Public Improvement Refunding Bond (2017)(2)	1,753,990
Capital Lease (2017)	102,365
State Literary Fund Loan (2000)	620,000
Total	**$9,384,855**

(1) The 2013 Bond funded a School Infrastructure Improvement Project.
(2) The 2017 Bond refinanced the 2014 Variable Rate Demand Revenue Bond.

Source: 2019 CAFR.

Existing Tax Supported Debt

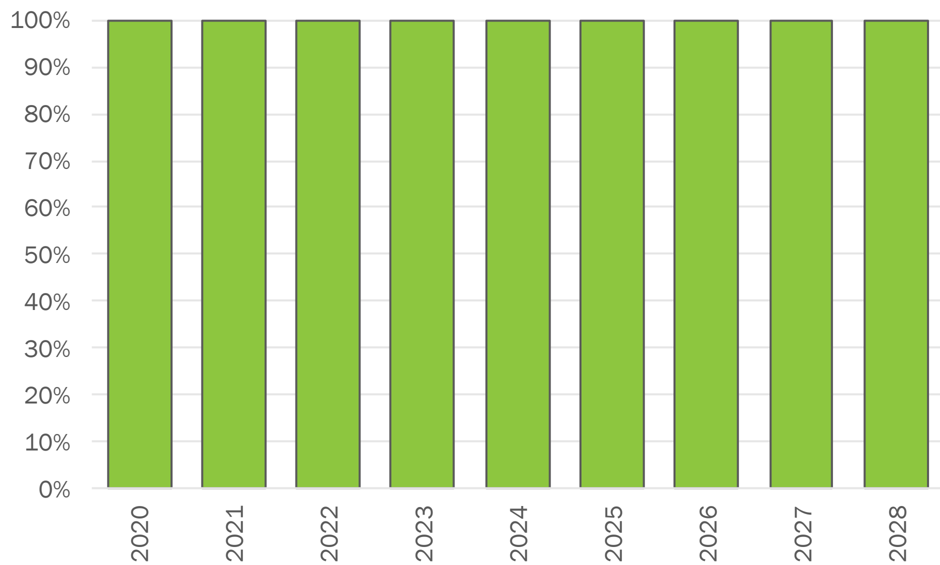
- The County's Existing Tax-Supported Debt profile and par outstanding is shown below, estimated as of 6/30/2019.

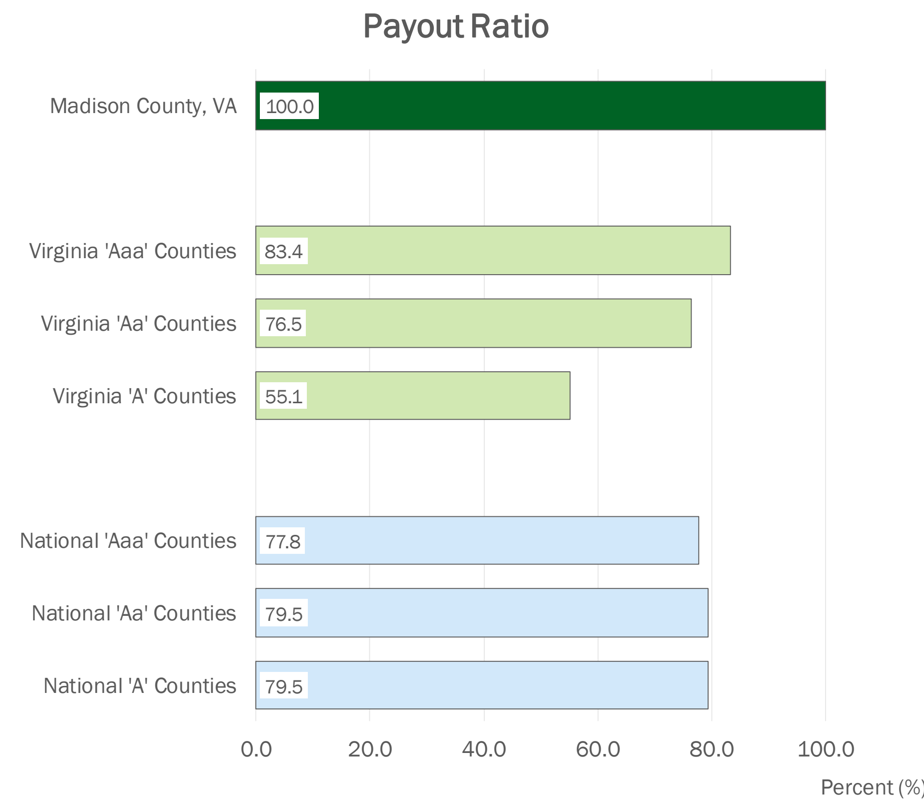


FY	Principal	Interest	Total	10-yr Payout
Total	9,384,855	994,043	10,378,898	
2020	1,226,412	210,995	1,437,407	100.0%
2021	1,247,183	181,307	1,428,490	100.0%
2022	958,077	151,154	1,109,231	100.0%
2023	979,603	129,836	1,109,439	100.0%
2024	973,730	108,035	1,081,765	100.0%
2025	995,220	86,573	1,081,793	100.0%
2026	1,017,320	64,636	1,081,956	100.0%
2027	1,039,540	42,211	1,081,751	100.0%
2028	947,770	19,296	967,066	100.0%

Source: 2019 CAFR.

Key Debt Ratio | Tax Supported Payout Ratio





- Existing 10-year Payout Ratio
  - FY 2020: 100%

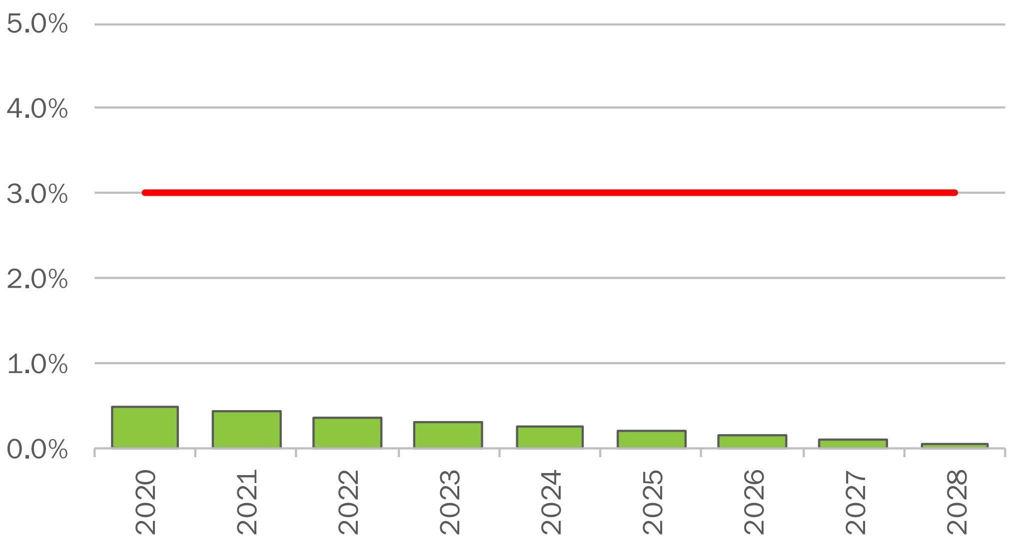
- The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years.

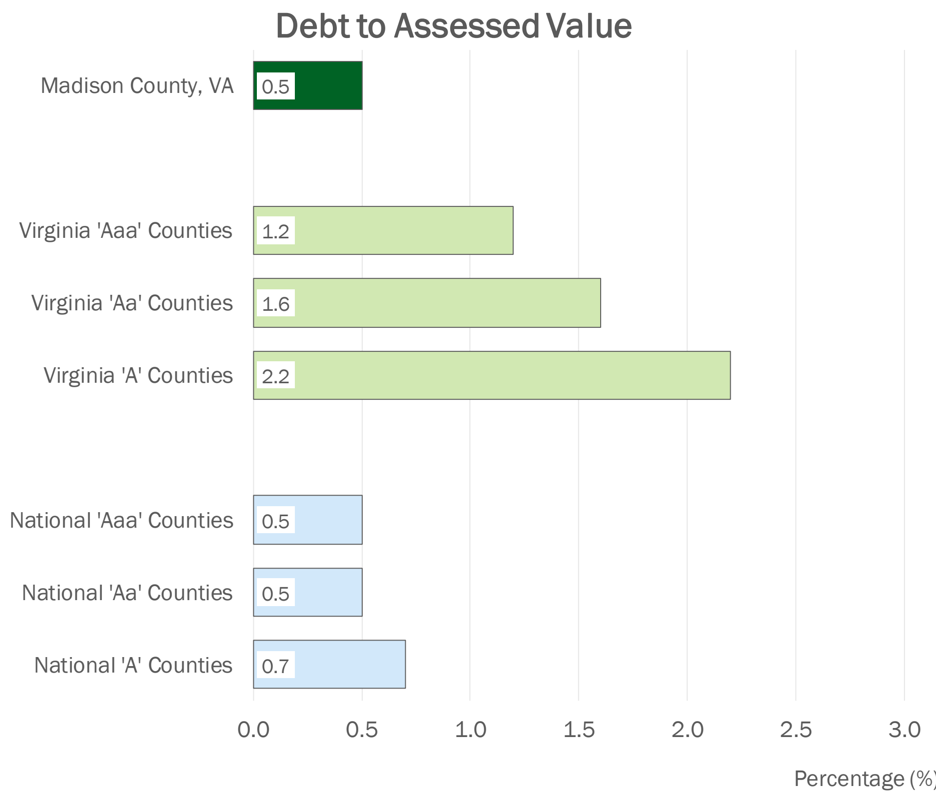
- This ratio is an important metric that indicates whether or not a locality is back-loading its debt.

- The County may want to consider adopting a Financial Policy Guideline governing its 10-Year Payout Ratio for Tax Supported Debt.

Source: County CAFRs, Moody's MFRA.

Key Debt Ratio | Debt to Assessed Value





- Existing Debt to Assessed Value
  - FY 2020: 0.5%

- Assumed Future Growth Rates
  - 2019 Assessed Value: $1,914,177,833
  - 2020 & Beyond: 0.0%

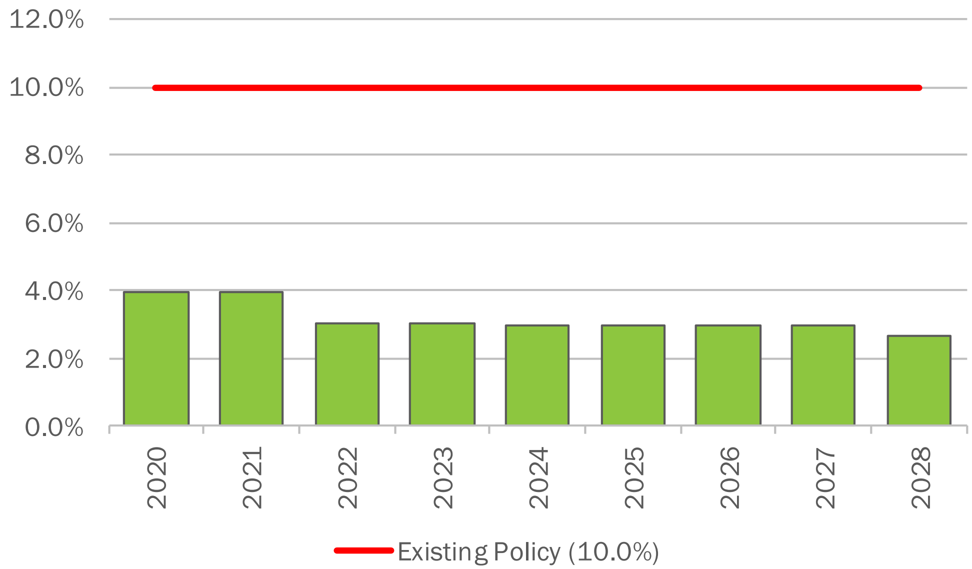
- The County may want to consider updating its Financial Policy regarding Debt to Assessed Value ratio.

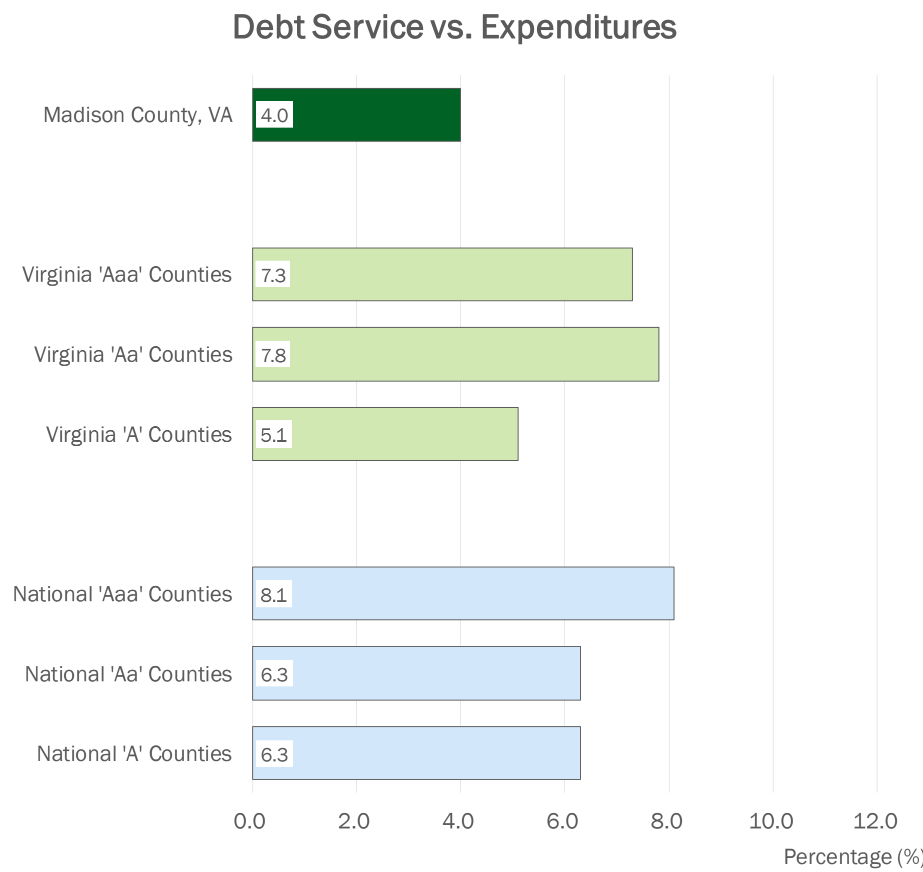
Moody's Criteria for General Obligation Credits defines categories of Debt to Assessed Values as[1]:
Very Strong: <0.75% Strong: 0.75% - 1.75% Moderate: 1.75% - 4.00% Weak – Very Poor: >4%

(1) Moody's Investors Service.

Source: 2019 CAFR, Moody's MFRA.

Key Debt Ratio | Debt Service vs. Expenditures





- Existing Debt Service vs. Expenditures
  - FY 2020: 4.0%
- Assumed Future Growth Rates
  - 2019 Adjusted Expenditures: $36,314,117
  - 2020 & Beyond 0.0%
- The County may want to consider updating its Financial Policy regarding Debt Service vs. Expenditures ratio.

Standard & Poor's Criteria for General Obligation Credits Defines categories of Debt Service as a % of Governmental Expenditures as[1]:
Very Strong: <8% Strong: 8% - 15% Adequate: 15% - 25% Weak: 25% - 35% Very Weak: >35%.

Note: Governmental Expenditures include the General Fund and Component Unit (School) data, net of local transfers.

(1) U.S. Local Governments General Obligation Ratings Methodology.

Source: 2019 CAFR, Moody's MFRA.

D. Multi-Year Capital Funding Analysis

Madison County, Virginia

Capital Funding Analysis
Overview and Key Assumptions

- Davenport analyzed the County's ability to strategically and responsibly issue new debt using the following important concepts as a framework:

  1. <u>Debt Capacity</u>
     - Debt Capacity is defined as the "relative level(s) of debt a local government can reasonably take on over a period of years and remain comparable to its peers and financial policies."
     - Can be measured in terms of compliance with the County's Financial Policies and industry wide best practices.

  2. <u>Debt Affordability</u>
     - Debt Affordability is defined as the "cash-flow impact to a locality when taking on a certain level(s) of debt on your current and future annual budgets."
     - Can be measured in terms of Real Estate Tax Equivalent impact.

- The enclosed analysis incorporates planning estimates for financing of:

  1. Radio Project ($5.66 million – order of magnitude planning estimate); and

  2. School Project ($9.00 million – approximate current project cost based on bids).

Total Project Funding is approximately $14.7M.

- The enclosed analysis does not yet incorporate:

  1. The impact of operating pressures including Public Safety, Social Services, Schools, etc.; or

  2. The impact of other general fund and school capital and rolling stock related requirements.

Capital Funding Analysis (cont.)
Overview and Key Assumptions

- Assumes the County strategically utilizes a Debt Service Stabilization Fund to pay for debt service during years in which payments exceed revenues.
  - The County's Debt Service Stabilization Fund will begin FY 2020 with a balance of $1,242,497[1].
- The Debt Affordability Analysis assumes the County begins with annual, recurring revenues (i.e. Debt Service Budget) of $1,437,407 – equal to FY 2020 payments on existing debt.
- The cash-flow impact of the Capital Funding (i.e. the additional revenue needed to pay debt service) is measured in terms of Real Estate Tax Equivalent units.
  - Assumes the Value of 1 penny on the Real Estate Tax Rate = $175,000.
  - No growth in the Value of 1 penny is assumed in the analysis.
- The interest rates used in the capital planning are purposely conservative relative to the current market.

(1) From reimbursement of the initial payment on the Motorola Project made in January 2020 per County Staff.

Capital Funding Assumptions – Summary of Cases

- **Case 1 – Permanent Financing for Capital Projects**
  - Radio Project – 15 year Permanent Financing issued in FY 2021 – Level Debt Service – 4.00% Interest Rate
  - School Project – 20 year Permanent Financing issued in FY 2021 – Level Debt Service – 4.25% Interest Rate

- **Case 2 – Structured Permanent Financing for Capital Projects**
  - Radio Project – 15 year Permanent Financing issued in FY 2021 – **Structured** Debt Service – 4.00% Interest Rate
  - School Project – **25 year** Permanent Financing issued in FY 2021 – **Structured** Debt Service – 4.50% Interest Rate

- **Case 3 – Interim and Structured Permanent Financing for Capital Projects**
  - Radio Project – 15 year Permanent Financing issued in FY 2021 – **Structured** Debt Service – 4.00% Interest Rate
  - School Project – **3 year Interim Financing** issued in FY 2021 – 3.50% Interest Rate
  - School Project – **25 year Permanent Financing** issued in FY 2024 – Structured Debt Service – 4.50% Interest Rate

- **Case 4 – Refunding/Restructuring of Existing Debt and Interim and Structured Permanent Financing for Capital Projects**
  - Radio Project – 15 year Permanent Financing issued in FY 2021 – **Structured** Debt Service – 4.00% Interest Rate
  - School Project – **3 year Interim Financing** issued in FY 2021 – 3.50% Interest Rate
  - School Project – **25 year Permanent Financing** issued in FY 2024 – Structured Debt Service – 4.50% Interest Rate
  - **Refunding/Restructuring of existing debt in FY 2021 at 3.50%**

Note: Interest rates shown above are estimated for planning purposes as of 1/10/20. Actual interest rates may vary significantly from these estimates.

Summary of Cases – Assumptions and Results

	Case 1	Case 2	Case 3	Case 4
New Money Funding Type	Radio - Permanent (FY 2021) School - Permanent (FY 2021)	Radio - Permanent (FY 2021) School - Permanent (FY 2021)	Radio - Permanent (FY 2021) School - Interim (FY 2021) --> Permanent (FY 2024)	Radio - Permanent (FY 2021) School - Interim (FY 2021) --> Permanent (FY 2024)
New Money Structuring?	No	Yes	Yes	Yes
Strategic Refunding/Restructuring?	No	No	No	Yes
Total Project Funds	Radio - $5.66 Million School - $9.00 Million	Radio - $5.66 Million School - $9.00 Million	Radio - $5.66 Million School - $9.00 Million	Radio - $5.66 Million School - $9.00 Million
Max Debt Service vs. Expenditures	6.39% (FY 2023)	5.45% (FY 2022)	5.25% (FY 2026)	4.90% (FY 2025)
Max Debt vs. Assessed Value	1.21% (FY 2021)	1.21% (FY 2021)	1.21% (FY 2021)	1.22% (FY 2021)
Estimated Total Debt Service Paid Over the Life of the Debt Profile(1)	$32,279,441	$35,064,864	$35,583,076	$37,558,161
Real Estate Tax Equivalent Impact				
FY 2021	2.0¢	1.0¢	1.0¢	1.0¢
FY 2022	0.0¢	0.0¢	0.0¢	0.0¢
FY 2023	2.5¢	1.0¢	0.5¢	0.0¢
Total	**4.5¢**	**2.0¢**	**1.5¢**	**1.0¢**

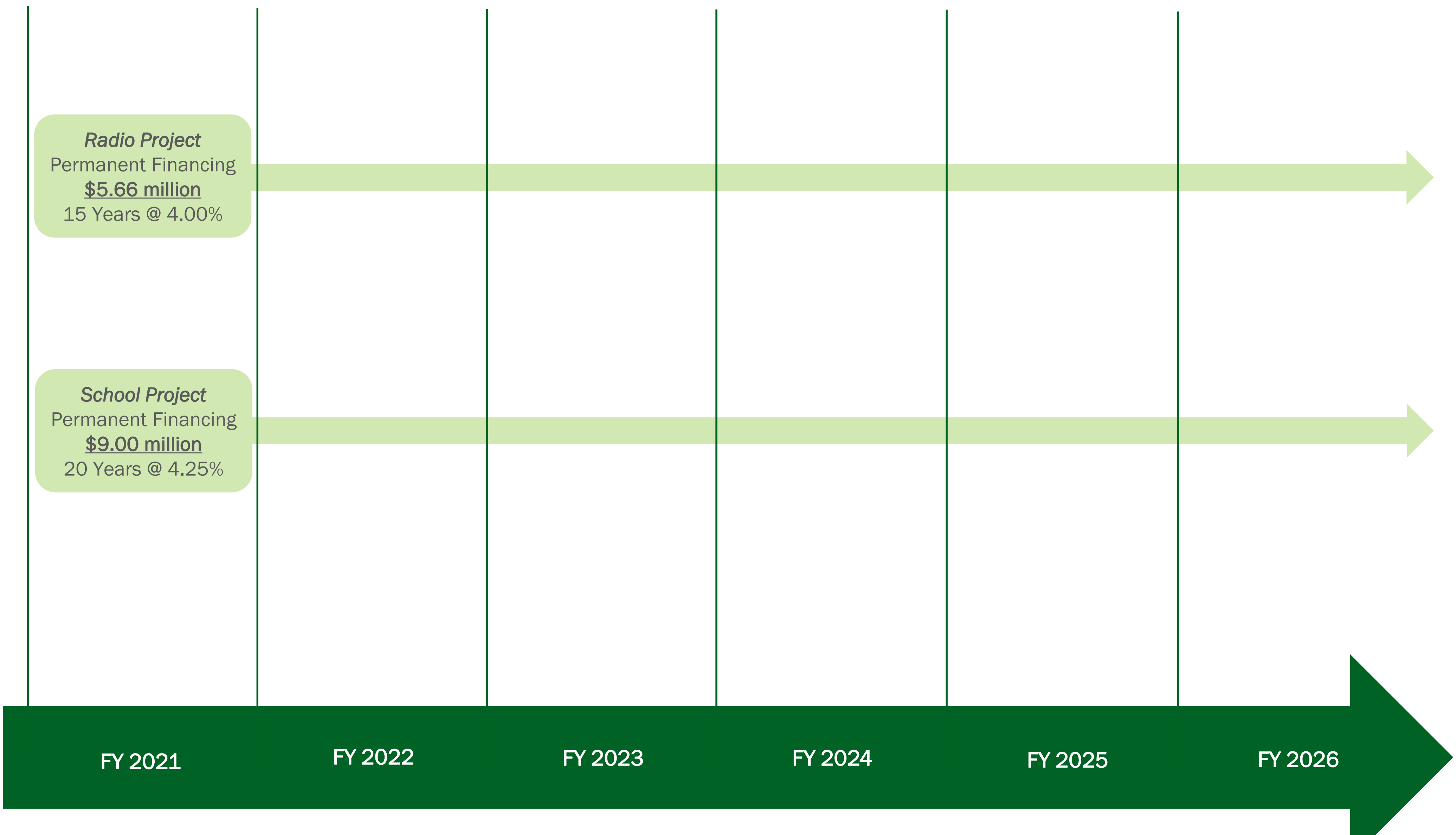
Notes: Estimated results are preliminary and subject to change. Based on planning interest rates estimated as of 1/10/20. Actual results may vary from these estimates.
(1) Cases 1-3 include existing debt service plus estimated debt service on the Radio and School Project financings. Case 4 includes estimated debt service resulting from a strategic refunding/restructuring of existing debt plus estimated debt service on the Radio and School Project financings.

Capital Funding Case 1

Radio Project – FY 2021 Permanent Financing (Level Debt Service)

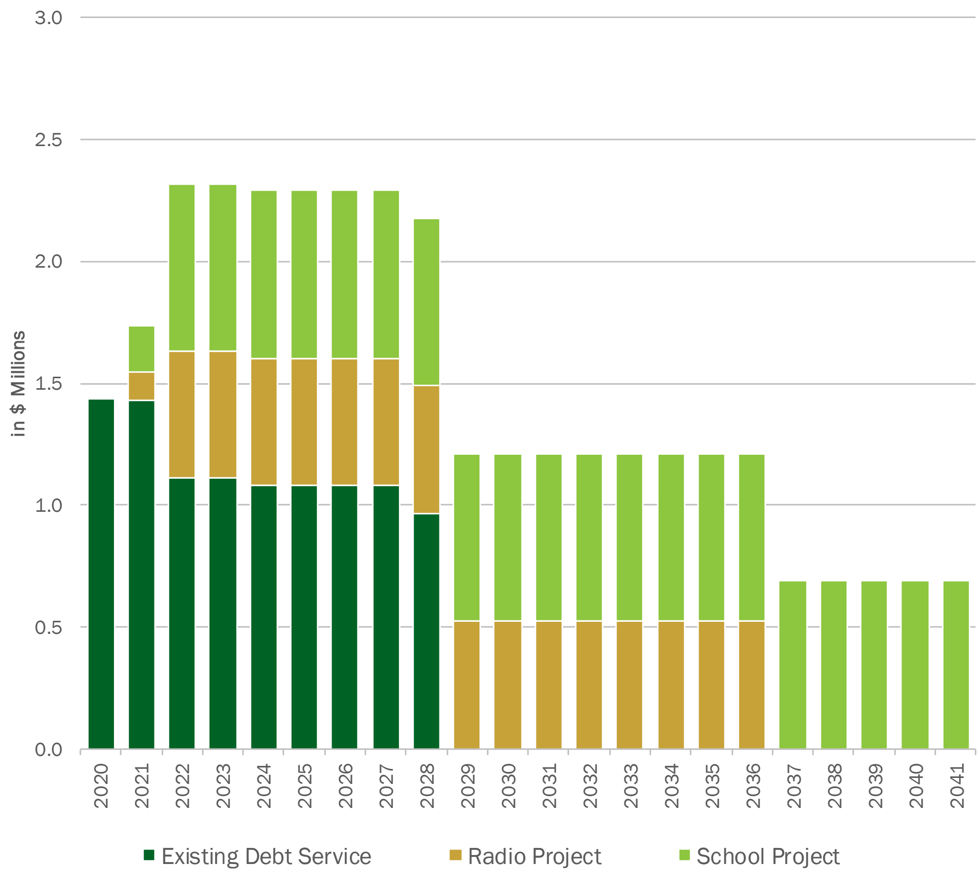
School Project – FY 2021 Permanent Financing (Level Debt Service)

Case 1 – Estimated Financing Timeline



Note: Interest rates shown above are estimated for planning purposes as of 1/10/20. Actual interest rates may vary significantly from these estimates.

Resulting Debt Service – Case 1



	A	B	sum of A : B
FY	Existing Debt Service	Total New Money Debt Service	Total Debt Service
Total	$ 10,378,898	$ 21,900,543	$ 32,279,441
2020	1,437,407	-	1,437,407
2021	1,428,490	310,438	1,738,928
2022	1,109,231	1,209,920	2,319,151
2023	1,109,439	1,209,920	2,319,359
2024	1,081,765	1,209,920	2,291,685
2025	1,081,793	1,209,920	2,291,713
2026	1,081,956	1,209,920	2,291,876
2027	1,081,751	1,209,920	2,291,671
2028	967,066	1,209,920	2,176,986
2029	-	1,209,920	1,209,920
2030	-	1,209,920	1,209,920
2031	-	1,209,920	1,209,920
2032	-	1,209,920	1,209,920
2033	-	1,209,920	1,209,920
2034	-	1,209,920	1,209,920
2035	-	1,209,920	1,209,920
2036	-	1,209,920	1,209,920
2037	-	688,261	688,261
2038	-	688,261	688,261
2039	-	688,261	688,261
2040	-	688,261	688,261
2041	-	688,261	688,261

Note: Estimated results shown above are preliminary, subject to change based on planning interest rates. Actual results may vary significantly from these estimates.

Penny Impact Analysis – Case 1

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

	A	B	C	D = sum A : C	E	F = D - E	G	H	I = E + H
Fiscal Year	Existing Debt Service(1)	Radio Project	School Project	Total Existing and Proposed Debt Service	Debt Service Budget(2)	Additional Revenue Required	*Incremental Equivalent Real Estate Tax Impact (3)*	Additional Revenue Produced by Tax Increase(4)	Total Available Revenues
2020	$1,437,407	$0	$0	**$1,437,407**	$1,437,407	--	-	$0	$1,437,407
2021	1,428,490	116,000	194,438	**1,738,928**	1,437,407	301,521	***2.0¢***	350,000	1,787,407
2022	1,109,231	521,658	688,261	**2,319,151**	1,437,407	881,744	-	350,000	1,787,407
2023	1,109,439	521,658	688,261	**2,319,359**	1,437,407	881,952	***2.5¢***	787,500	2,224,907
2024	1,081,765	521,658	688,261	**2,291,685**	1,437,407	854,278	-	787,500	2,224,907
2025	1,081,793	521,658	688,261	**2,291,713**	1,437,407	854,306	-	787,500	2,224,907
2026	1,081,956	521,658	688,261	**2,291,876**	1,437,407	854,469	-	787,500	2,224,907
2027	1,081,751	521,658	688,261	**2,291,671**	1,437,407	854,264	-	787,500	2,224,907
2028	967,066	521,658	688,261	**2,176,986**	1,437,407	739,579	-	787,500	2,224,907
2029	0	521,658	688,261	**1,209,920**	1,437,407	--	-	787,500	2,224,907
2030	0	521,658	688,261	**1,209,920**	1,437,407	--	-	787,500	2,224,907
							4.5¢		

(1) Existing tax supported debt service as of 6/30/2019.

(2) Debt Service Budget based on the County's existing FY 2020 Debt Service.

(3) Value of one penny on the real estate tax rate assumed to be $175,000.

(4) Additional Revenue equal to cumulative penny increase(s) multiplied by $175,000.

Estimated results are preliminary, subject to change. Based on a 4.00% 15-year planning rate for Radio Project Financing and a 4.25% 20-year planning rate for the School Project Financing. Actual results may vary from these estimates.

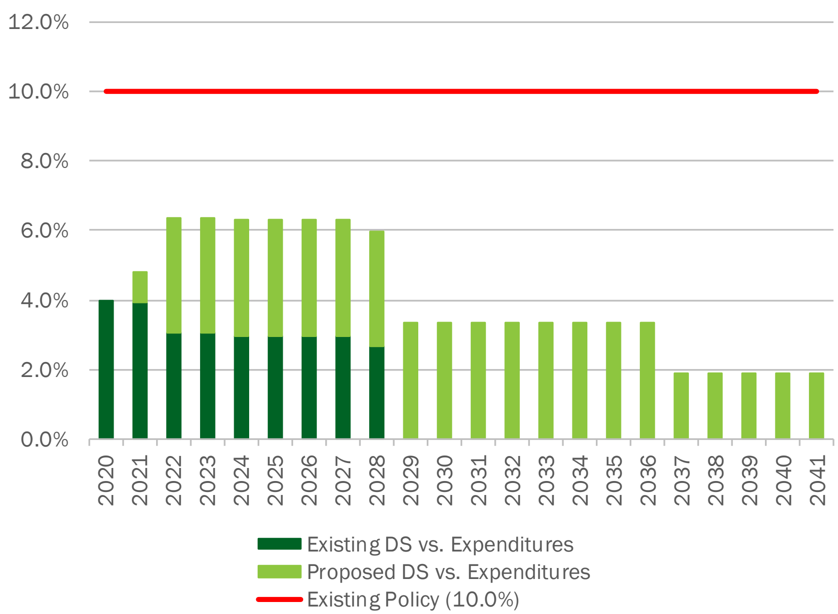
Debt Service Stabilization Fund – Case 1

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

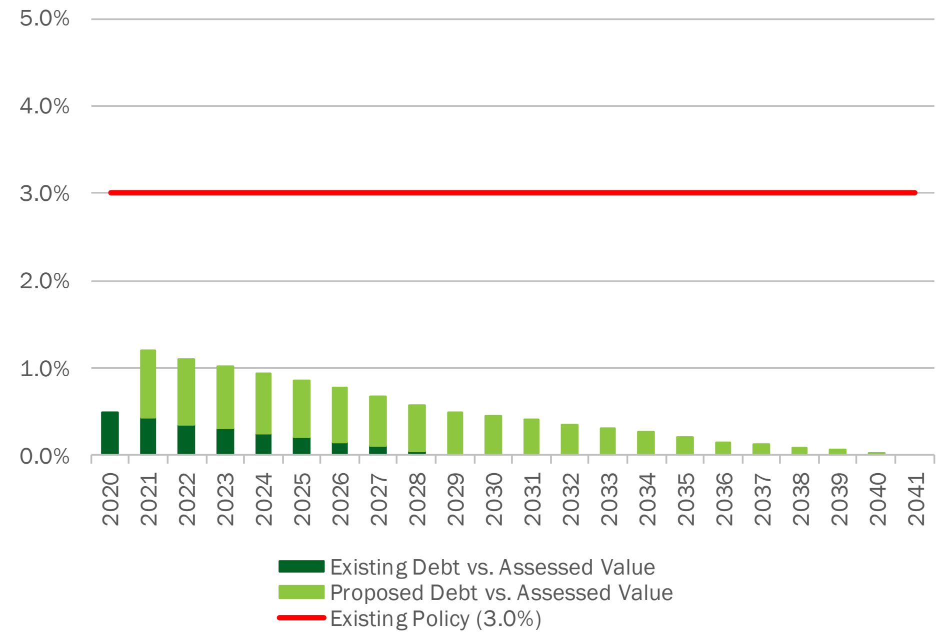
	I = E + H	J = D	K = I - J	L	M = K - L	N
Fiscal Year	Total Available Revenues	Total Existing and Proposed Debt Service	Surplus/(Deficit) before use of Debt Service Stabilization Fund	Debt Service Stabilization Fund used for Debt Service	Surplus/(Deficit) after use of Debt Service Stabilization Fund	Debt Service Stabilization Fund Balance
2020	$1,437,407	$1,437,407	$0	$0	$0	$1,242,497
2021	1,787,407	1,738,928	48,480	0	48,480	1,290,976
2022	1,787,407	2,319,151	(531,744)	(531,744)	0	759,232
2023	2,224,907	2,319,359	(94,452)	(94,452)	0	664,780
2024	2,224,907	2,291,685	(66,778)	(66,778)	0	598,002
2025	2,224,907	2,291,713	(66,806)	(66,806)	0	531,197
2026	2,224,907	2,291,876	(66,969)	(66,969)	0	464,228
2027	2,224,907	2,291,671	(66,764)	(66,764)	0	397,464
2028	2,224,907	2,176,986	47,921	0	47,921	445,385
2029	2,224,907	1,209,920	1,014,987	0	1,014,987	1,460,372
2030	2,224,907	1,209,920	1,014,987	0	1,014,987	2,475,359

Debt Ratios – Case 1

Debt Service vs. Expenditures



Debt vs. Assessed Value



- **Standard & Poor's Criteria for General Obligation Credits Defines categories of Debt Service as a % of Governmental Expenditures as[1]:**
  - Very Strong: <8%
  - Strong: 8% - 15%
  - Adequate: 15% - 25%
  - Weak: 25% - 35%
  - Very Weak: >35%

- **Moody's Criteria for General Obligation Credits defines categories of Debt to Assessed Values as[1]:**
  - Very Strong (Aaa): <0.75%
  - Strong (Aa): 0.75% - 1.75%
  - Moderate (A): 1.75% - 4.00%
  - Weak - Very Poor (Baa and below): >4.00%

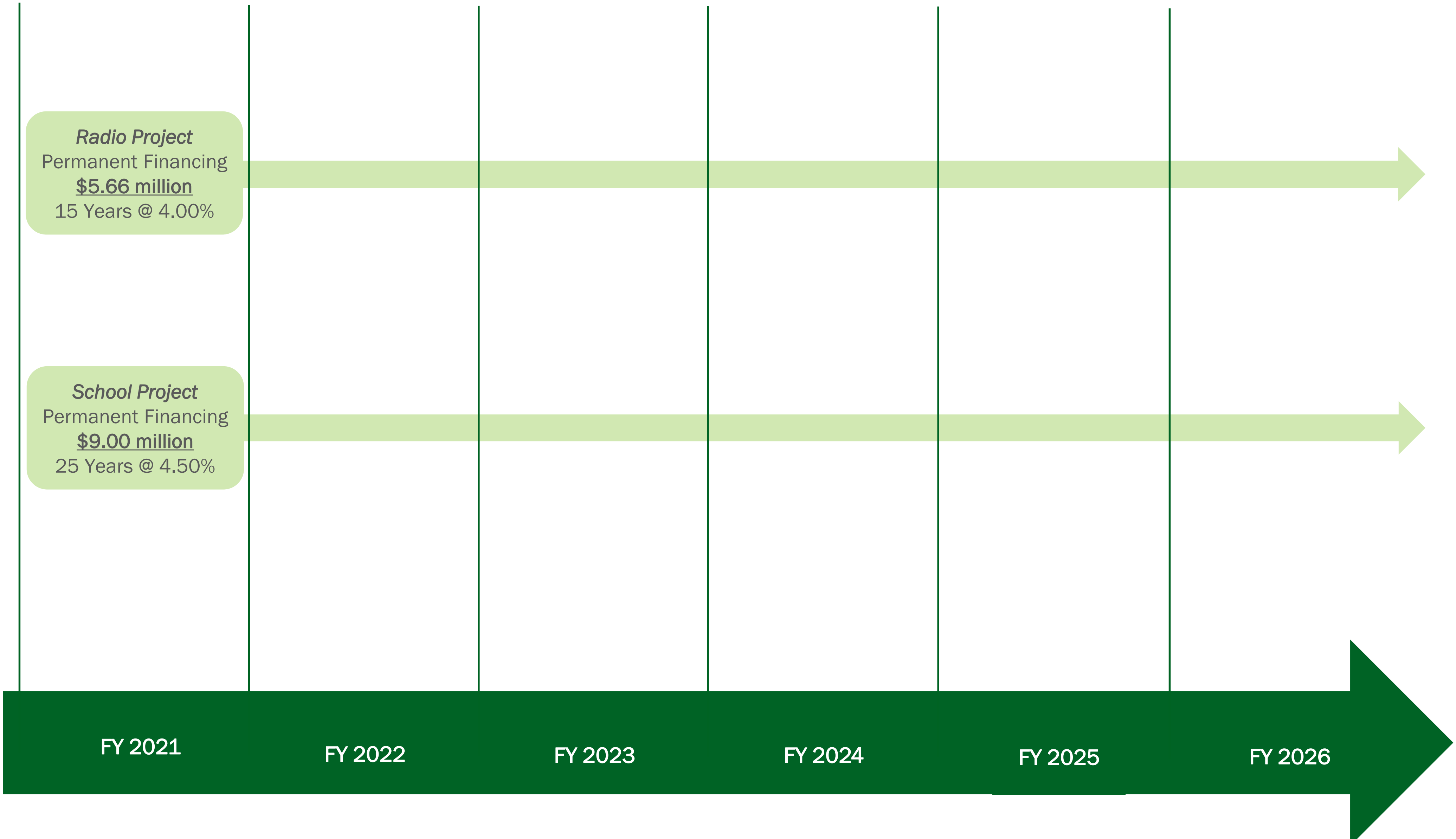
Source: Moody's and Standard & Poor's Criteria for General Obligation Credit

Capital Funding Case 2

Radio Project – FY 2021 Permanent Financing (Structured Debt Service)

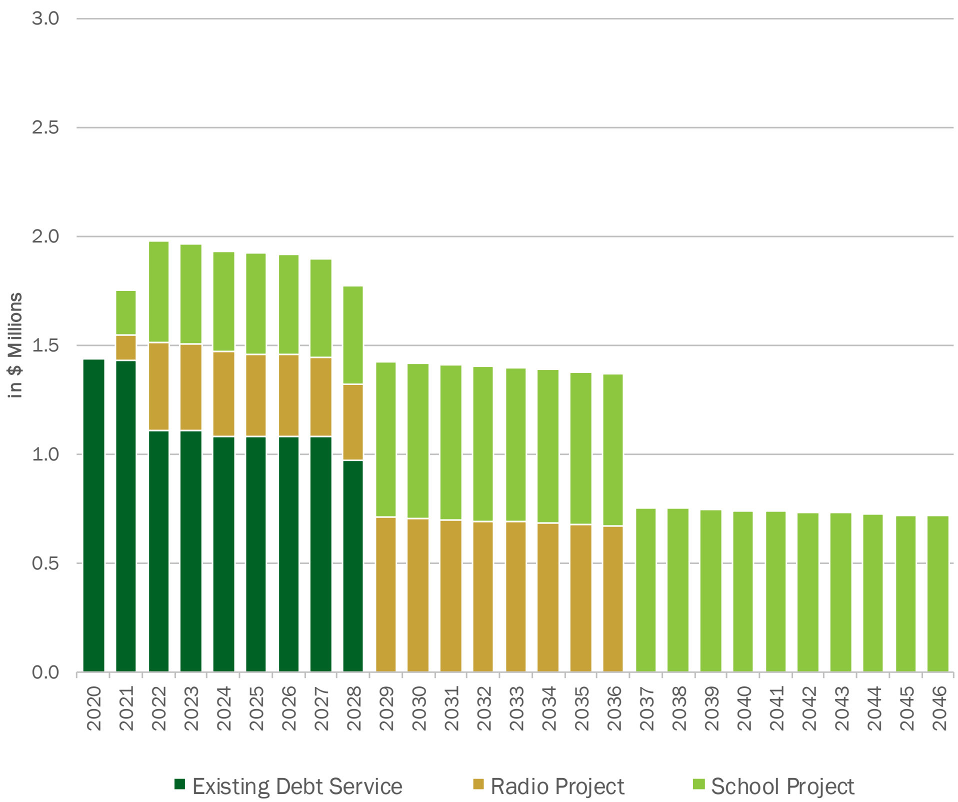
School Project – FY 2021 Permanent Financing (Structured Debt Service)

Case 2 – Estimated Financing Timeline



Note: Interest rates shown above are estimated for planning purposes as of 1/10/20. Actual interest rates may vary significantly from these estimates.

Resulting Debt Service – Case 2



	A	B	sum of A : B
FY	Existing Debt Service	Total New Money Debt Service	Total Debt Service
Total	$ 10,378,898	$ 24,685,966	$ 35,064,864
2020	1,437,407	-	1,437,407
2021	1,428,490	321,875	1,750,365
2022	1,109,231	868,725	1,977,956
2023	1,109,439	855,275	1,964,714
2024	1,081,765	847,875	1,929,640
2025	1,081,793	841,325	1,923,118
2026	1,081,956	830,600	1,912,556
2027	1,081,751	813,450	1,895,201
2028	967,066	805,150	1,772,216
2029	-	1,421,650	1,421,650
2030	-	1,414,200	1,414,200
2031	-	1,406,750	1,406,750
2032	-	1,399,300	1,399,300
2033	-	1,391,850	1,391,850
2034	-	1,384,400	1,384,400
2035	-	1,376,950	1,376,950
2036	-	1,369,500	1,369,500
2037	-	752,642	752,642
2038	-	748,435	748,435
2039	-	744,227	744,227
2040	-	740,020	740,020
2041	-	735,812	735,812
2042	-	731,605	731,605
2043	-	727,397	727,397
2044	-	723,190	723,190
2045	-	718,982	718,982
2046	-	714,775	714,775

Note: Estimated results shown above are preliminary, subject to change based on planning interest rates. Actual results may vary significantly from these estimates.

Penny Impact Analysis – Case 2

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

	A	B	C	D = sum A : C	E	F = D - E	G	H	I = E + H
Fiscal Year	Existing Debt Service(1)	Radio Project	School Project	Total Existing and Proposed Debt Service	Debt Service Budget(2)	Additional Revenue Required	*Incremental Equivalent Real Estate Tax Impact (3)*	Additional Revenue Produced by Tax Increase(4)	Total Available Revenues
2020	$1,437,407	$0	$0	**$1,437,407**	$1,437,407	--	-	$0	$1,437,407
2021	1,428,490	116,000	205,875	**1,750,365**	1,437,407	312,958	***1.0¢***	175,000	1,612,407
2022	1,109,231	401,658	467,067	**1,977,956**	1,437,407	540,549	-	175,000	1,612,407
2023	1,109,439	391,458	463,817	**1,964,714**	1,437,407	527,307	***1.0¢***	350,000	1,787,407
2024	1,081,765	386,858	461,017	**1,929,640**	1,437,407	492,233	-	350,000	1,787,407
2025	1,081,793	377,658	463,667	**1,923,118**	1,437,407	485,711	-	350,000	1,787,407
2026	1,081,956	374,058	456,542	**1,912,556**	1,437,407	475,149	-	350,000	1,787,407
2027	1,081,751	358,358	455,092	**1,895,201**	1,437,407	457,794	-	350,000	1,787,407
2028	967,066	351,058	454,092	**1,772,216**	1,437,407	334,809	-	350,000	1,787,407
2029	0	708,108	713,542	**1,421,650**	1,437,407	--	-	350,000	1,787,407
2030	0	702,458	711,742	**1,414,200**	1,437,407	--	-	350,000	1,787,407
							2.0¢		

(1) Existing tax supported debt service as of 6/30/2019.
(2) Debt Service Budget based on the County's existing FY 2020 Debt Service.
(3) Value of one penny on the real estate tax rate assumed to be $175,000.
(4) Additional Revenue equal to cumulative penny increase(s) multiplied by $175,000.

Estimated results are preliminary, subject to change. Based on a 4.00% 15-year planning rate for Radio Project Financing and a 4.50% 25-year planning rate for the School Project Structured Financing. Actual results may vary from these estimates.

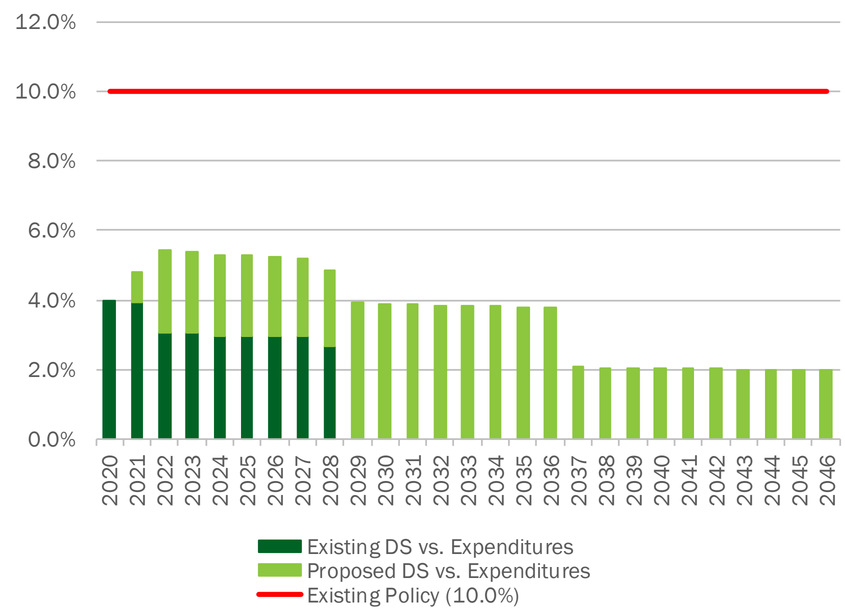
Debt Service Stabilization Fund – Case 2

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

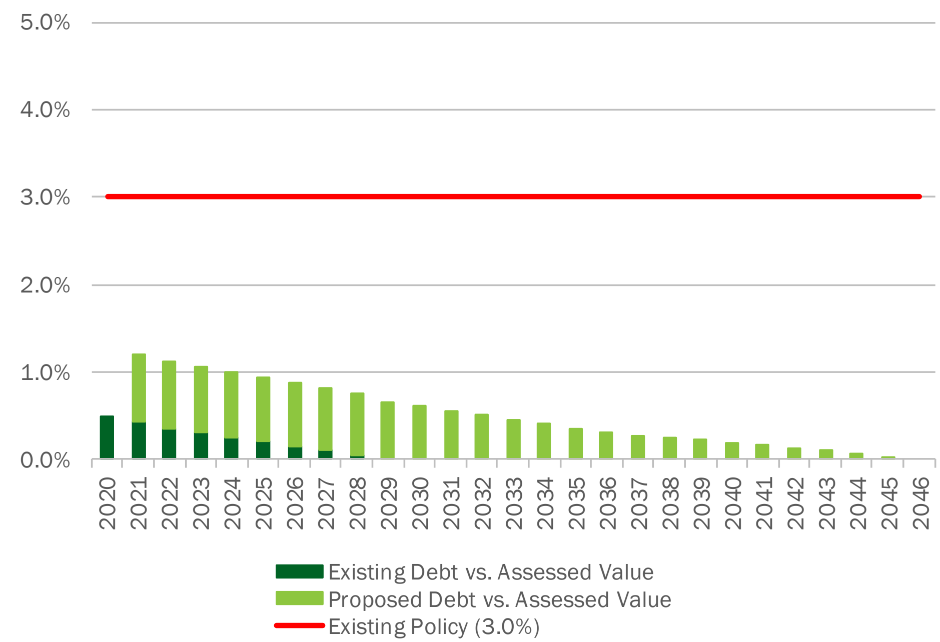
	I = E + H	*J = D*	*K = I - J*	*L*	*M = K - L*	*N*
Fiscal Year	Total Available Revenues	Total Existing and Proposed Debt Service	Surplus/(Deficit) before use of Debt Service Stabilization Fund	Debt Service Stabilization Fund used for Debt Service	Surplus/(Deficit) after use of Debt Service Stabilization Fund	Debt Service Stabilization Fund Balance
2020	$1,437,407	$1,437,407	$0	$0	$0	$1,242,497
2021	1,612,407	1,750,365	(137,958)	(137,958)	0	1,104,539
2022	1,612,407	1,977,956	(365,549)	(365,549)	0	738,989
2023	1,787,407	1,964,714	(177,307)	(177,307)	0	561,682
2024	1,787,407	1,929,640	(142,233)	(142,233)	0	419,448
2025	1,787,407	1,923,118	(135,711)	(135,711)	0	283,737
2026	1,787,407	1,912,556	(125,149)	(125,149)	0	158,587
2027	1,787,407	1,895,201	(107,794)	(107,794)	0	50,793
2028	1,787,407	1,772,216	15,191	0	15,191	65,983
2029	1,787,407	1,421,650	365,757	0	365,757	431,740
2030	1,787,407	1,414,200	373,207	0	373,207	804,946

Debt Ratios – Case 2

Debt Service vs. Expenditures



Debt vs. Assessed Value



- Standard & Poor's Criteria for General Obligation Credits Defines categories of Debt Service as a % of Governmental Expenditures as[1]:

—	Very Strong:	<8%
—	Strong:	8% - 15%
—	Adequate:	15% - 25%
—	Weak:	25% - 35%
—	Very Weak:	>35%

- Moody's Criteria for General Obligation Credits defines categories of Debt to Assessed Values as[1]:

—	Very Strong (Aaa):	<0.75%
—	Strong (Aa):	0.75% - 1.75%
—	Moderate (A):	1.75% - 4.00%
—	Weak - Very Poor (Baa and below):	>4.00%

Source: Moody's and Standard & Poor's Criteria for General Obligation Credit

Capital Funding Case 3

Radio Project – FY 2021 Permanent Financing (Structured Debt Service)

School Project – FY 2021 Interim Financing and FY 2024 Permanent Financing (Structured Debt Service)

Case 3 – Estimated Financing Timeline

Radio Project
Permanent Financing
$5.66 million
15 Years @ 4.00%

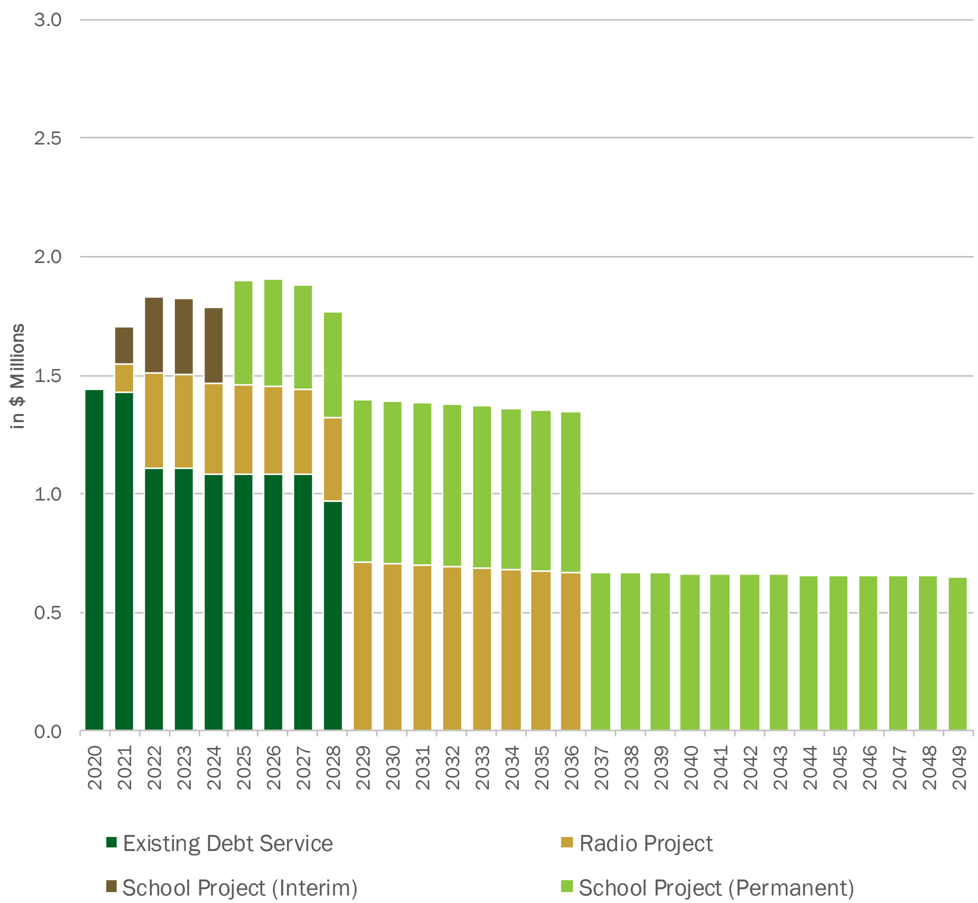
School Project
Interim Financing
$9.00 million
3 Years @ 3.50%

School Project
Permanent Financing
$9.00 million
25 Years @ 4.50%

FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026

Note: Interest rates shown above are estimated for planning purposes as of 1/10/20. Actual interest rates may vary significantly from these estimates.

Resulting Debt Service – Case 3



	A	B	sum of A : B
FY	Existing Debt Service	Total New Money Debt Service	Total Debt Service
Total	$ 10,378,898	$ 25,204,178	$ 35,583,076
2020	1,437,407	-	1,437,407
2021	1,428,490	276,125	1,704,615
2022	1,109,231	721,908	1,831,139
2023	1,109,439	711,708	1,821,147
2024	1,081,765	707,108	1,788,873
2025	1,081,793	819,725	1,901,518
2026	1,081,956	824,000	1,905,956
2027	1,081,751	801,175	1,882,926
2028	967,066	797,425	1,764,491
2029	-	1,398,250	1,398,250
2030	-	1,390,800	1,390,800
2031	-	1,383,350	1,383,350
2032	-	1,375,900	1,375,900
2033	-	1,368,450	1,368,450
2034	-	1,361,000	1,361,000
2035	-	1,353,550	1,353,550
2036	-	1,346,100	1,346,100
2037	-	667,665	667,665
2038	-	666,229	666,229
2039	-	664,792	664,792
2040	-	663,356	663,356
2041	-	661,919	661,919
2042	-	660,482	660,482
2043	-	659,046	659,046
2044	-	657,609	657,609
2045	-	656,173	656,173
2046	-	654,736	654,736
2047	-	653,300	653,300
2048	-	651,863	651,863
2049	-	650,427	650,427

Note: Estimated results shown above are preliminary, subject to change based on planning interest rates. Actual results may vary significantly from these estimates.

Penny Impact Analysis – Case 3

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

	A	B	C	D	E = sum A : D	F	G = E - F	H	I	J = F + I
Fiscal Year	Existing Debt Service(1)	Radio Project	School Project (Interim)	School Project (Permanent)	Total Existing and Proposed Debt Service	Debt Service Budget(2)	Additional Revenue Required	*Incremental Equivalent Real Estate Tax Impact (3)*	Additional Revenue Produced by Tax Increase(4)	Total Available Revenues
2020	$1,437,407	$0	$0	$0	**$1,437,407**	$1,437,407	--	-	$0	$1,437,407
2021	1,428,490	116,000	160,125	0	**1,704,615**	1,437,407	267,208	***1.0¢***	175,000	1,612,407
2022	1,109,231	401,658	320,250	0	**1,831,139**	1,437,407	393,732	-	175,000	1,612,407
2023	1,109,439	391,458	320,250	0	**1,821,147**	1,437,407	383,740	***0.5¢***	262,500	1,699,907
2024	1,081,765	386,858	320,250	0	**1,788,873**	1,437,407	351,466	-	262,500	1,699,907
2025	1,081,793	377,658	0	442,067	**1,901,518**	1,437,407	464,111	-	262,500	1,699,907
2026	1,081,956	374,058	0	449,942	**1,905,956**	1,437,407	468,549	-	262,500	1,699,907
2027	1,081,751	358,358	0	442,817	**1,882,926**	1,437,407	445,519	-	262,500	1,699,907
2028	967,066	351,058	0	446,367	**1,764,491**	1,437,407	327,084	-	262,500	1,699,907
2029	0	708,108	0	690,142	**1,398,250**	1,437,407	--	-	262,500	1,699,907
2030	0	702,458	0	688,342	**1,390,800**	1,437,407	--	-	262,500	1,699,907
								1.5¢		

(1) Existing tax supported debt service as of 6/30/2019.
(2) Debt Service Budget based on the County's existing FY 2020 Debt Service.
(3) Value of one penny on the real estate tax rate assumed to be $175,000.
(4) Additional Revenue equal to cumulative penny increase(s) multiplied by $175,000.

Estimated results are preliminary, subject to change. Based on a 4.00% 15-year planning rate for Radio Project Financing, a 3.50% 3-year planning rate for the Interim School Project Financing and a 4.50% 25-year planning rate for the Permanent School Project Structured Financing. Actual results may vary from these estimates.

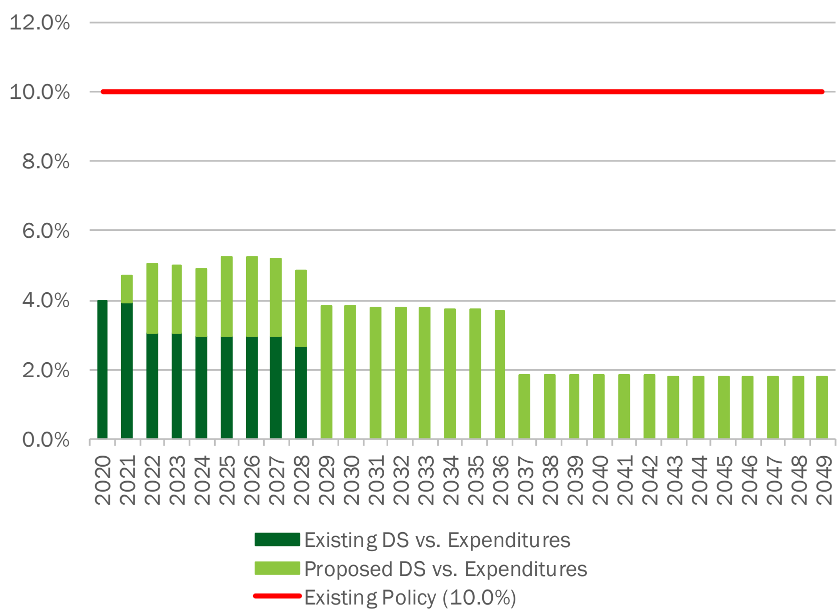
Debt Service Stabilization Fund – Case 3

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

	J = F + I	K = E	L = J - K	M	N = L - M	O
Fiscal Year	Total Available Revenues	Total Existing and Proposed Debt Service	Surplus/(Deficit) before use of Debt Service Stabilization Fund	Debt Service Stabilization Fund used for Debt Service	Surplus/(Deficit) after use of Debt Service Stabilization Fund	Debt Service Stabilization Fund Balance
2020	$1,437,407	$1,437,407	$0	$0	$0	$1,242,497
2021	1,612,407	1,704,615	(92,208)	(92,208)	0	1,150,289
2022	1,612,407	1,831,139	(218,732)	(218,732)	0	931,556
2023	1,699,907	1,821,147	(121,240)	(121,240)	0	810,316
2024	1,699,907	1,788,873	(88,966)	(88,966)	0	721,349
2025	1,699,907	1,901,518	(201,611)	(201,611)	0	519,738
2026	1,699,907	1,905,956	(206,049)	(206,049)	0	313,688
2027	1,699,907	1,882,926	(183,019)	(183,019)	0	130,669
2028	1,699,907	1,764,491	(64,584)	(64,584)	0	66,084
2029	1,699,907	1,398,250	301,657	0	301,657	367,741
2030	1,699,907	1,390,800	309,107	0	309,107	676,847

Debt Ratios – Case 3

Debt Service vs. Expenditures



- Standard & Poor's Criteria for General Obligation Credits Defines categories of Debt Service as a % of Governmental Expenditures as[1]:

—	Very Strong:	<8%
—	Strong:	8% - 15%
—	Adequate:	15% - 25%
—	Weak:	25% - 35%
—	Very Weak:	>35%

Debt vs. Assessed Value

- Moody's Criteria for General Obligation Credits defines categories of Debt to Assessed Values as[1]:

—	Very Strong (Aaa):	<0.75%
—	Strong (Aa):	0.75% - 1.75%
—	Moderate (A):	1.75% - 4.00%
—	Weak - Very Poor (Baa and below):	>4.00%

Source: Moody's and Standard & Poor's Criteria for General Obligation Credit

Capital Funding Case 4

Radio Project – FY 2021 Permanent Financing (Structured Debt Service)

School Project – FY 2021 Interim Financing and FY 2024 Permanent Financing (Structured Debt Service)

Strategic Refunding/Restructuring of Existing Debt in FY 2021

Case 4 – Strategic Refunding/Restructuring Opportunity

- Davenport identified a potential opportunity to strategically refund/restructure $7.8 million of outstanding tax-supported debt (the "Refunding/Restructuring Opportunity").

- The Refunding/Restructuring Opportunity could allow the County to free up cash flow over the next 8 years in order to mitigate the budgetary impact of the Capital Projects.

- Outstanding candidates to be included in the Refunding/Restructuring are: the 2013 Public Facility Lease Revenue Bond and the 2017 Public Improvement Refunding Bond.

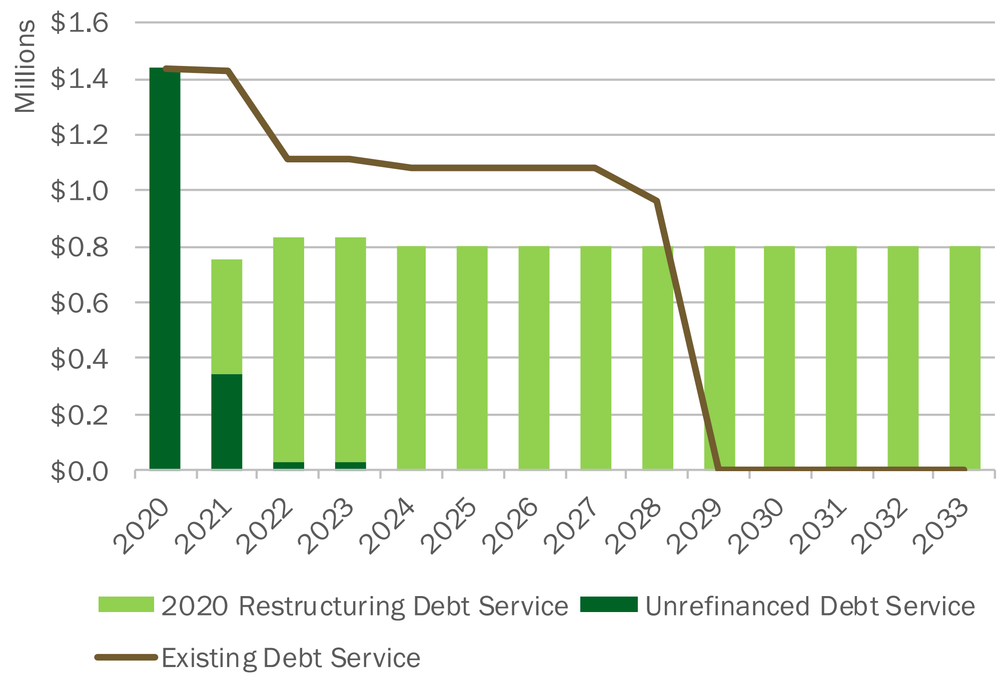
Series/Project	Outstanding 6/30/2020	Interest Rate	Final Maturity	Call Provision
2013 Public Facility Lease Revenue Bond	$ 6,205,000	2.15%	11/1/2027	11/1/2021 @ 100%
2017 Public Improvement Refunding Bond	1,565,550	2.39%	8/1/2027	8/1/2020 @ 102%
Totals	**$ 7,770,550**			

Case 4 – Strategic Refunding/Restructuring Opportunity (cont.)

- Based on estimated above-market interest rates, the Strategic Refunding/Restructuring could potentially:
  - Free up nearly $2.5 million in cash flow in FY 2021-2028 (see yellow shading below);
  - At a Present Value Cost of approximately $500,000.

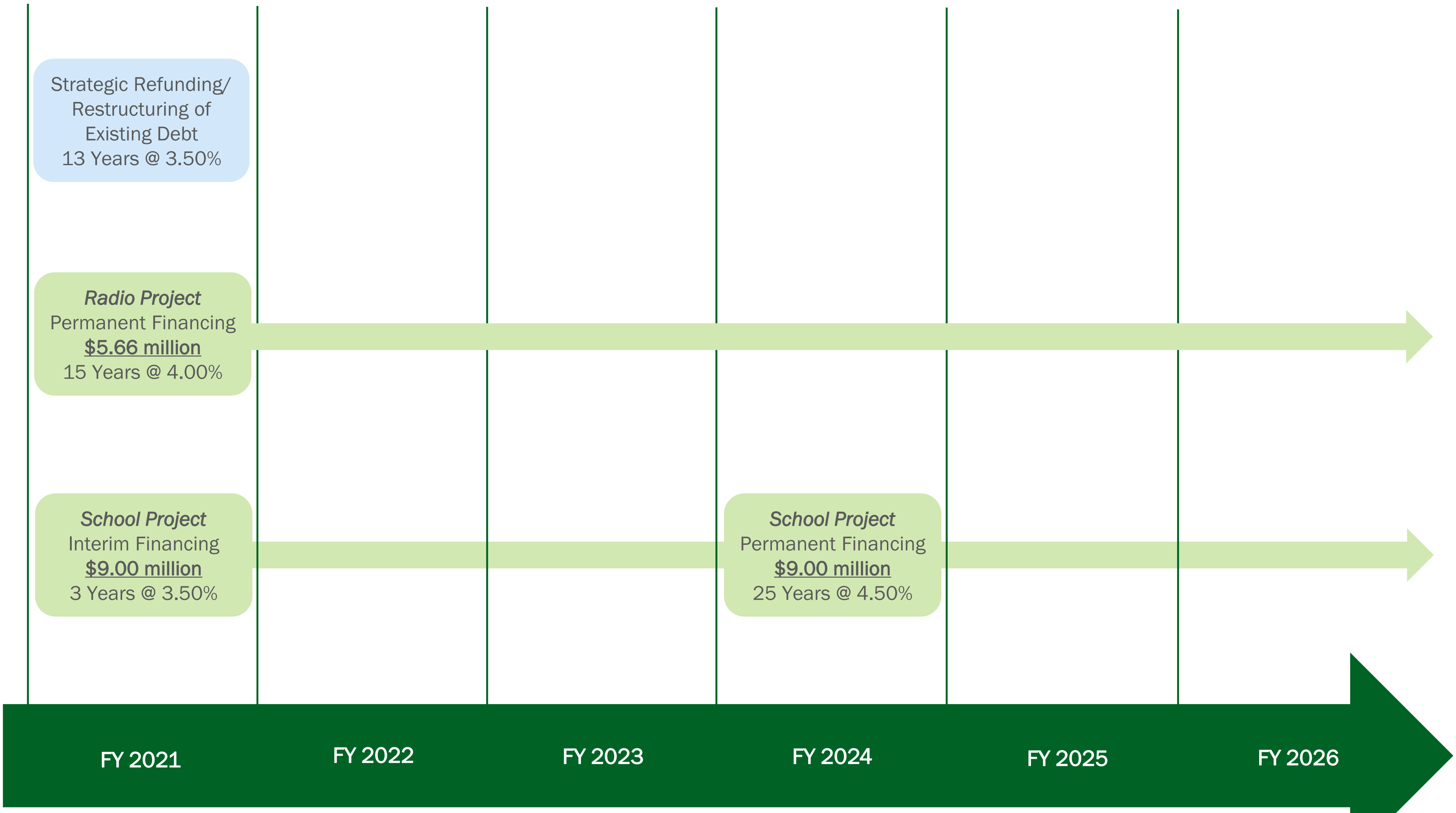
	A	B	C	D = A - B + C	E = A - D
FY	Existing Debt Service	Restructured Debt Service	2020 Restructuring Debt Service	Resulting Debt Service	Savings
Total	$10,378,898	$8,539,595	$10,070,830	$11,910,133	($1,531,235)
2020	$1,437,407	$0	$0	$1,437,407	$0
2021	1,428,490	1,081,658	409,475	756,307	672,183
2022	1,109,231	1,081,699	805,300	832,832	276,399
2023	1,109,439	1,081,907	805,645	833,177	276,262
2024	1,081,765	1,081,765	804,325	804,325	277,440
2025	1,081,793	1,081,793	805,375	805,375	276,418
2026	1,081,956	1,081,956	804,690	804,690	277,266
2027	1,081,751	1,081,751	804,305	804,305	277,446
2028	967,066	967,066	805,185	805,185	161,881
2029	-	-	805,260	805,260	(805,260)
2030	-	-	805,530	805,530	(805,530)
2031	-	-	804,960	804,960	(804,960)
2032	-	-	805,550	805,550	(805,550)
2033	-	-	805,230	805,230	(805,230)

Estimated Debt Service Before & After the Refunding/Restructuring



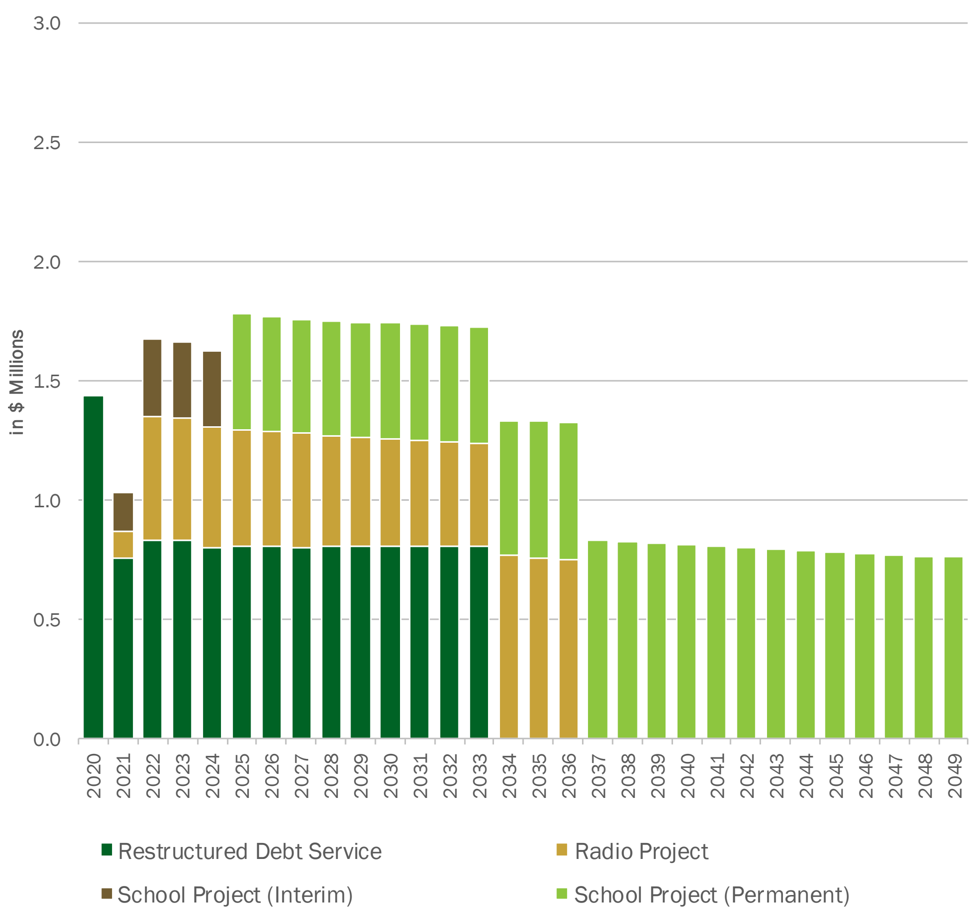
Note: Estimated results are preliminary, subject to change. Based on a planning interest rate of 3.50% as of 1/10/20. Actual results may vary from these estimates.

Case 4 – Estimated Financing Timeline



Note: Interest rates shown above are estimated for planning purposes as of 1/10/20. Actual interest rates may vary significantly from these estimates.

Resulting Debt Service – Case 4



	A	*B*	*sum of A : B*
FY	Restructured Debt Service	Total New Money Debt Service	Total Debt Service
Total	$ 11,910,133	$ 25,648,028	$ 37,558,161
2020	1,437,407	-	1,437,407
2021	756,307	276,125	1,032,432
2022	832,832	841,908	1,674,740
2023	833,177	831,908	1,665,085
2024	804,325	822,308	1,626,633
2025	805,375	974,925	1,780,300
2026	804,690	967,200	1,771,890
2027	804,305	955,100	1,759,405
2028	805,185	943,850	1,749,035
2029	805,260	938,450	1,743,710
2030	805,530	938,675	1,744,205
2031	804,960	934,300	1,739,260
2032	805,550	930,550	1,736,100
2033	805,230	922,425	1,727,655
2034	-	1,335,150	1,335,150
2035	-	1,331,525	1,331,525
2036	-	1,327,900	1,327,900
2037	-	835,309	835,309
2038	-	829,113	829,113
2039	-	822,917	822,917
2040	-	816,721	816,721
2041	-	810,525	810,525
2042	-	804,329	804,329
2043	-	798,132	798,132
2044	-	791,936	791,936
2045	-	785,740	785,740
2046	-	779,544	779,544
2047	-	773,348	773,348
2048	-	767,152	767,152
2049	-	760,956	760,956

Note: Estimated results shown above are preliminary, subject to change based on planning interest rates. Actual results may vary significantly from these estimates.

Penny Impact Analysis – Case 4

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

	A	B	C	D	E = sum A : D	F	G = E - F	H	I	J = F + I
Fiscal Year	Restructured Debt Service(1)	Radio Project	School Project (Interim)	School Project (Permanent)	Total Restructured and Proposed Debt Service	Debt Service Budget(2)	Additional Revenue Required	*Incremental Equivalent Real Estate Tax Impact (3)*	Additional Revenue Produced by Tax Increase(4)	Total Available Revenues
2020	$1,437,407	$0	$0	$0	**$1,437,407**	$1,437,407	--	-	$0	$1,437,407
2021	756,307	116,000	160,125	0	**1,032,432**	1,437,407	--	*1.0¢*	175,000	1,612,407
2022	832,832	521,658	320,250	0	**1,674,740**	1,437,407	237,333	-	175,000	1,612,407
2023	833,177	511,658	320,250	0	**1,665,085**	1,437,407	227,678	-	175,000	1,612,407
2024	804,325	502,058	320,250	0	**1,626,633**	1,437,407	189,226	-	175,000	1,612,407
2025	805,375	492,858	0	482,067	**1,780,300**	1,437,407	342,893	-	175,000	1,612,407
2026	804,690	484,058	0	483,142	**1,771,890**	1,437,407	334,483	-	175,000	1,612,407
2027	804,305	475,658	0	479,442	**1,759,405**	1,437,407	321,998	-	175,000	1,612,407
2028	805,185	467,658	0	476,192	**1,749,035**	1,437,407	311,628	-	175,000	1,612,407
2029	805,260	460,058	0	478,392	**1,743,710**	1,437,407	306,303	-	175,000	1,612,407
2030	805,530	452,858	0	485,817	**1,744,205**	1,437,407	306,798	-	175,000	1,612,407
2031	804,960	446,058	0	488,242	**1,739,260**	1,437,407	301,853	-	175,000	1,612,407
2032	805,550	439,658	0	490,892	**1,736,100**	1,437,407	298,693	-	175,000	1,612,407
2033	805,230	433,658	0	488,767	**1,727,655**	1,437,407	290,248	-	175,000	1,612,407
2034	0	768,058	0	567,092	**1,335,150**	1,437,407	--	-	175,000	1,612,407
								1.0¢		

(1) Restructured tax supported debt service as of 6/30/2019.
(2) Debt Service Budget based on the County's existing FY 2020 Debt Service.
(3) Value of one penny on the real estate tax rate assumed to be $175,000.
(4) Additional Revenue equal to cumulative penny increase(s) multiplied by $175,000.

Estimated results are preliminary, subject to change. Based on a 4.00% 15-year planning rate for Radio Project Financing, a 3.50% 3-year planning rate for the Interim School Project Financing and a 4.50% 25-year planning rate for the Permanent School Project Structured Financing. Actual results may vary from these estimates.

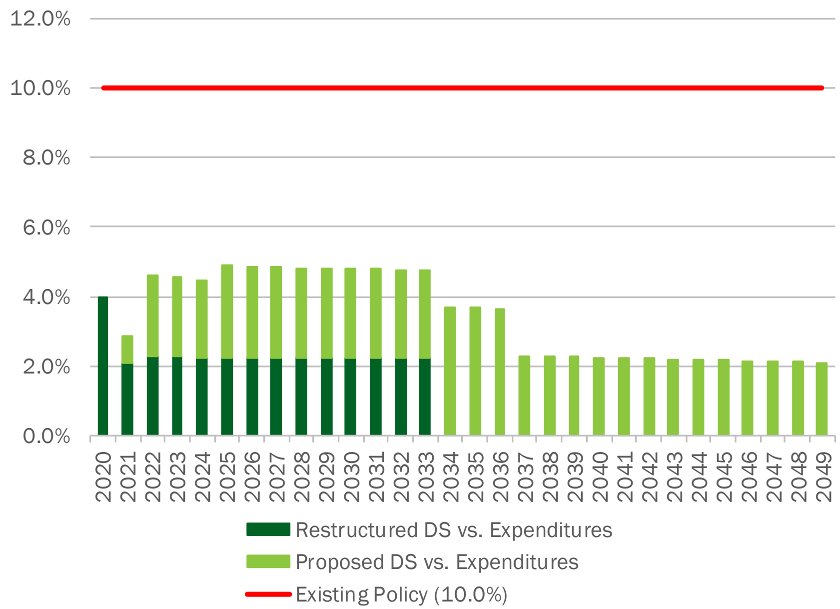
Debt Service Stabilization Fund – Case 4

- Penny Impact Analysis assumes the Value of one penny to be $175,000 with no growth in value.
- Assumes the County begins FY 2020 with a Debt Service Stabilization Fund Balance of $1,242,497.

	J = F + I	K = E	L = J - K	M	N = L - M	O
Fiscal Year	Total Available Revenues	Total Restructured and Proposed Debt Service	Surplus/(Deficit) before use of Debt Service Stabilization Fund	Debt Service Stabilization Fund used for Debt Service	Surplus/(Deficit) after use of Debt Service Stabilization Fund	Debt Service Stabilization Fund Balance
2020	$1,437,407	$1,437,407	$0	$0	$0	$1,242,497
2021	1,612,407	1,032,432	579,975	0	579,975	1,822,472
2022	1,612,407	1,674,740	(62,333)	(62,333)	0	1,760,138
2023	1,612,407	1,665,085	(52,678)	(52,678)	0	1,707,460
2024	1,612,407	1,626,633	(14,226)	(14,226)	0	1,693,233
2025	1,612,407	1,780,300	(167,893)	(167,893)	0	1,525,340
2026	1,612,407	1,771,890	(159,483)	(159,483)	0	1,365,856
2027	1,612,407	1,759,405	(146,998)	(146,998)	0	1,218,858
2028	1,612,407	1,749,035	(136,628)	(136,628)	0	1,082,229
2029	1,612,407	1,743,710	(131,303)	(131,303)	0	950,926
2030	1,612,407	1,744,205	(131,798)	(131,798)	0	819,127
2031	1,612,407	1,739,260	(126,853)	(126,853)	0	692,274
2032	1,612,407	1,736,100	(123,693)	(123,693)	0	568,580
2033	1,612,407	1,727,655	(115,248)	(115,248)	0	453,332
2034	1,612,407	1,335,150	277,257	0	277,257	730,588

Debt Ratios – Case 4

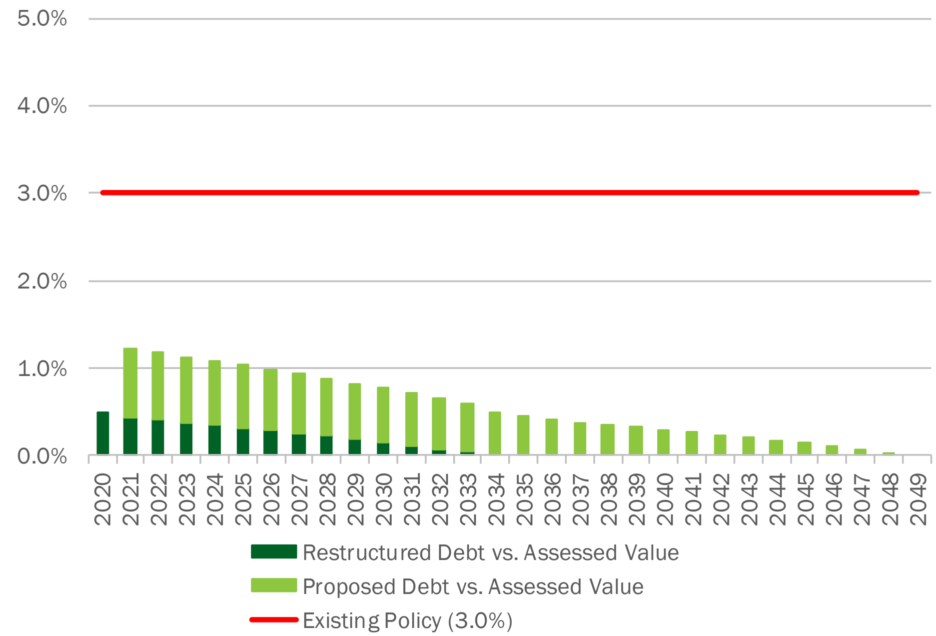
Debt Service vs. Expenditures



- Standard & Poor's Criteria for General Obligation Credits Defines categories of Debt Service as a % of Governmental Expenditures as[1]:

— Very Strong:	<8%
— Strong:	8% - 15%
— Adequate:	15% - 25%
— Weak:	25% - 35%
— Very Weak:	>35%

Debt vs. Assessed Value



- Moody's Criteria for General Obligation Credits defines categories of Debt to Assessed Values as[1]:

— Very Strong (Aaa):	<0.75%
— Strong (Aa):	0.75% - 1.75%
— Moderate (A):	1.75% - 4.00%
— Weak - Very Poor (Baa and below):	>4.00%

Source: Moody's and Standard & Poor's Criteria for General Obligation Credit

Next Steps

Madison County, Virginia

Next Steps

Date	Action
Spring 2020	- Davenport solicits Direct Bank Loan financing proposals from local, regional, and national lending institutions through a competitive RFP process. The RFP will solicit financing for: 1. Permanent Financing for the Radio Project; and 2. Interim Financing for the School Project.
Balance of Spring 2020	- Update Financial Policy Guidelines with recommendations from Davenport; - Refine FY 2021 Operating Budget requirements; and - Refine Capital Needs, if any, in addition to the Radio and School Projects.
Late Spring / Early Summer 2020	If applicable, submit an application to participate in the Summer 2020 VRA Pooled Financing Program. • Depending upon results of the Spring RFP process, the County may wish to apply for financing for the Radio Project through the Summer VRA Pool.

Next Steps

Date	Action
Mid to Late Summer 2020	If applicable, obtain financing for the Radio Project through the Summer VRA Pool.
Late Summer / Early Fall 2020	Consider applying to participate in the Fall 2020 Virginia Public School Authority's Pooled Bond Program. • The County may be able to obtain Permanent Financing for the School Project through the Fall VPSA Pool.
Fall 2020	If applicable, obtain financing for the School Project through the Fall VPSA Pool.

Appendix

Existing Tax-Supported Debt Detail

Existing Tax Supported Debt Detail

$10,762,500
2013 Public Facility Lease Revenue Bond

FY	Coupon	Principal	Interest	Total
Total		6,908,500	763,767	7,672,267
2020	2.15%	$ 703,500	$ 148,533	$ 852,033
2021	2.15%	719,000	133,408	852,408
2022	2.15%	734,500	117,949	852,449
2023	2.15%	750,500	102,157	852,657
2024	2.15%	766,500	86,022	852,522
2025	2.15%	783,000	69,542	852,542
2026	2.15%	800,000	52,707	852,707
2027	2.15%	817,000	35,507	852,507
2028	2.15%	834,500	17,942	852,442

Dated Date:	1/25/2013	Next Call:	11/1/2021 at 100%
Purpose:	School Improvement	Lender:	Bank of America
Payment Dates:	November 1	Maturity Date:	11/1/2017

$2,028,000
2017 Public Improvement Refunding Bond

FY	Coupon	Principal	Interest	Total
Total		1,753,990	194,612	1,948,602
2020	2.39%	$ 188,440	$ 40,801	$ 229,241
2021	2.39%	192,980	36,270	229,250
2022	2.39%	197,620	31,630	229,250
2023	2.39%	202,370	26,880	229,250
2024	2.39%	207,230	22,013	229,243
2025	2.39%	212,220	17,031	229,251
2026	2.39%	217,320	11,929	229,249
2027	2.39%	222,540	6,704	229,244
2028	2.39%	113,270	1,354	114,624

Dated Date:	7/28/2017	Next Call:	8/1/2022 at 102%
Purpose:	Refund 2014 VRDO	Lender:	Signature
Payment Dates:	February 1, August 1	Maturity Date:	8/1/2027

$6,200,000
2000 State Literary Fund Loan

FY	Coupon	Principal	Interest	Total
Total		620,000	27,900	647,900
2020	3.00%	$ 310,000	$ 18,600	$ 328,600
2021	3.00%	310,000	9,300	319,300
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-

Dated Date:	12/1/2000	Next Call:	Non-Callable
Purpose:	School Project	Lender:	Literary Fund
Coupon Dates:	December 1	Maturity Date:	12/1/2020

$126,126
2017 Capital Lease

FY	Coupon	Principal	Interest	Total
Total		102,365	7,764	110,129
2020	2.99%	$ 24,472	$ 3,061	$ 27,533
2021	2.99%	25,203	2,329	27,532
2022	2.99%	25,957	1,575	27,532
2023	2.99%	26,733	799	27,532
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-

Dated Date:	10/20/2017	Next Call:	TBD
Purpose:	Election Equipment	Lender:	TBD
Coupon Dates:	October (Annual)	Maturity Date:	October 2022

Source: 2019 CAFR and Bond Documents.

Municipal Advisor Disclaimer

The enclosed information relates to an existing or potential municipal advisor engagement.

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