

PRESENTATION TO:

FLUVANNA COUNTY, VIRGINIA

FINANCING UPDATE

November 7, 2012

CAPITAL LEASES

- Sheriff Vehicles – \$256,750 Non-Bank Qualified Loan
 - Issued to BB & T - interest rate of 2.05%
 - Estimated loan payment over 3 years - \$88,200
 - ***Actual loan payment - \$87,325***

 - Fire truck - \$541,321 Non-Bank Qualified Loan
 - Issued to BB & T – interest rate of 2.64%
 - Estimated loan payment over 10 years - \$61,260
 - ***Actual annual loan payment - \$61,257***
- FY13 Budget savings \$30,000**

SERIES 2010 INTERIM FINANCING – SCHOOL PROJECT – \$2,704,077

- Issued through the EDA in 2007 in anticipation of obtaining a 3% Literary Loan from the Commonwealth of Virginia
- Refinanced through SunTrust Bank at 1.59% in 2010
- \$2,704,077 due on January 1, 2013
- 2012 financing summary:
 - Fixed rate for 20 years into the Virginia Public School Authority fall 2012 pool
 - Pricing took place on October 24 with closing on November 15
 - Estimated interest rate of 3.09% - **Actual Rate of 2.55%**
 - Estimated annual VPSA loan payment for 20 years - \$181,000 (an increase of \$134,000 annually)
 - **Average annual debt service is \$176,650 (an increase of \$129,650 annually)**
- **FY13 Budget savings \$236,000 (no payment until 7/2013)**

SERIES 2007 – SCHOOL PROJECT - \$1,900,000

- Issued through the EDA for the school projects including high school
- Purchased by BB&T at a Bank Qualified interest rate of 3.91%
- Current balance: \$1,500,900
- Call date – On any debt service date with 1% premium (next call date Jan 15, 2013)
- Refinancing summary:
 - Refinance into the VPSA pool
 - Estimated true interest rate of 1.99% - **Actual rate 1.52%**
 - Average annual savings: \$13,500 through 2023
 - **Actual average annual savings -\$19,903**
- **FY13 Budget savings \$141,000**

SAVINGS IN FY13 APPROVED BUDGET

•Capital Leases	\$ 30,000	
•School Project (\$2.7M)	\$236,000	
•School Project (\$1.9M)	\$141,000	

•Subtotal	\$407,000	(Actual)

SERIES 2008 – SCHOOL PROJECT - \$67,525,000

- Originally issued through VPSA on a stand-alone basis (not in VPSA pool)
- First possible payoff date is December 1, 2018
 - Can be refinanced in advance of payoff date
- Current balance: \$66,825,000
- Current interest rates range from 4.00% in 2013 to 6.5% in 2035
- **Two VPSA Pool Refinancing Options Available**
 - Refinance:
 - All Callable Maturities
 - Best Callable Maturities
 - Earliest refunding possibility – early - December 2012 or late January 2013 pricing

SERIES 2008 – SCHOOL PROJECT - \$67,525,000

•All Callable Maturities (2019 – 2035 maturities)

Bond Refunded	\$55,420,000
Interest Financed to Call Date (12/1/2018)	20,258,625
Estimated Earnings on Escrow (SLGS)	<u>-3,313,850</u>
Total funds needed to refund bonds	72,364,775
Estimated Cost of Issuance	<u>470,823</u>
Total bond proceeds needed	72,835,598
Bond premium / (discount) at sale	<u>3,890,598</u>
New Bonds Issued	\$68,945,000

- Current estimated PV savings of \$6.3 million or 11.427%
- Current estimated savings of \$1.4 million in FY 2013 and \$337,000 per year thru FY 2036
- True Interest Cost 2.84%

SERIES 2008 – SCHOOL PROJECT - \$67,525,000

- **Best Callable Maturities (2023 – 2035 maturities)**

Bond Refunded	\$46,950,000
Interest Financed to Call Date (12/1/2018)	17,590,425
Estimated Earnings on Escrow (SLGS)	<u>-2,815,155</u>
Total funds needed to refund bonds	61,725,270
Estimated Cost of Issuance	<u>445,107</u>
Total bond proceeds needed	62,170,378
Bond premium / (discount) at sale	<u>2,570,378</u>
New Bonds Issued	\$59,600,000

- Current estimated present value savings of \$6.04 million or 12.86%
- Current estimated savings of \$1.24 million in FY 2013 and \$330,000 thereafter
- True Interest Cost 2.95%

**SERIES 2008 –
SCHOOL PROJECT - \$67,525,000**

**The County may
determine how much
savings, if any, to
realize in FY13**

As of Nov 5, 2012

FY Ending Dates
6/30/2013
6/30/2014
6/30/2015
6/30/2016
6/30/2017
6/30/2018
6/30/2019
6/30/2020
6/30/2021
6/30/2022
6/30/2023
6/30/2024
6/30/2025
6/30/2026
6/30/2027
6/30/2028
6/30/2029
6/30/2030
6/30/2031
6/30/2032
6/30/2033
6/30/2034
6/30/2035
6/30/2036
Gross Savings

PV Savings \$
PV Savings %
New Issue Size
Interest Cost
Escrow Earnings Rate

Refund Best Maturities	
Savings into Fund Balance	Savings into Debt
\$1,240,461	\$0
329,811	403,573
329,018	402,113
331,250	403,103
330,818	406,553
332,745	402,535
332,030	405,478
332,078	404,105
333,138	403,745
330,035	404,148
333,048	405,563
328,366	403,959
330,578	404,145
328,254	404,696
330,919	405,134
332,994	404,981
329,056	404,016
331,683	404,813
329,438	405,663
332,655	401,973
330,585	402,998
330,883	406,238
331,225	404,445
330,675	401,760
\$8,851,738	\$9,295,732

\$6,039,036	\$6,029,589
12.86%	12.84%
\$59,600,000	\$58,425,000
2.95%	2.95%
0.86%	0.86%

SAVINGS IN FY13 APPROVED BUDGET

•Capital Leases	\$ 30,000	
•School Project (\$2.7M)	\$236,000	
•School Project (\$1.9M)	\$141,000	

•Subtotal	\$407,000	(Actual)
•School Project (\$67M)	\$1,240,000	(Estimated)

•Potential FY13 Total	\$1,647,000	

SERIES 2008 – SCHOOL PROJECT - \$67,525,000

- **County action required**

- **BOS approval today**

- **School Board approval tonight**

SERIES 2008 – SCHOOL PROJECT - \$67,525,000

MOTIONS

I move the Board of Supervisors approve the resolution entitled “Authorizing the Issuance of Not To Exceed \$70,000,000 General Obligation School Refunding Bonds of the County of Fluvanna Virginia, Series 2012b, to be Sold to the Virginia Public School Authority and Providing for the Form and Details Thereof”

I move the Board of Supervisors approve the contribution of approximately \$_____ in FY13 debt service savings to the equity of the 2008A refunding.

AND/OR

I move the Board of Supervisors reserve \$_____ in FY13 debt service savings for future County use.

DISCLAIMER

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

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Refinancing Opportunities (cont.)

CURRENT DEBT / NEW DEBT / DIFFERENCE (AS OF 11/1/2012)

Outstanding Debt: +\$12.65 million Interest Paid: -\$21.5 million Savings: +\$8.8 million

Current Payment Schedule				Refunding Payment Schedule				Gross Payment Difference		
Date	Principal	Interest	Total P+I	Principal	Interest	VPSA Fee	Total P+I	Principal	Interest & Fees	Total P+I
6/30/2013	\$0	\$1,911,500	\$1,911,500	\$0	\$671,039	\$0	\$671,039	\$0	(\$1,240,461)	(\$1,240,461)
6/30/2014	\$1,485,000	\$3,793,300	\$5,278,300	\$2,095,000	\$2,835,113	\$18,377	\$4,948,489	\$610,000	(\$939,811)	(\$329,811)
6/30/2015	\$1,545,000	\$3,732,700	\$5,277,700	\$2,160,000	\$2,759,188	\$29,495	\$4,948,683	\$615,000	(\$944,018)	(\$329,018)
6/30/2016	\$1,620,000	\$3,659,275	\$5,279,275	\$2,255,000	\$2,663,838	\$29,188	\$4,948,025	\$635,000	(\$966,250)	(\$331,250)
6/30/2017	\$1,700,000	\$3,581,688	\$5,281,688	\$2,355,000	\$2,567,000	\$28,870	\$4,950,870	\$655,000	(\$985,818)	(\$330,818)
6/30/2018	\$1,770,000	\$3,507,906	\$5,277,906	\$2,440,000	\$2,476,619	\$28,543	\$4,945,161	\$670,000	(\$1,002,745)	(\$332,745)
6/30/2019	\$1,855,000	\$3,422,813	\$5,277,813	\$2,550,000	\$2,367,575	\$28,208	\$4,945,783	\$695,000	(\$1,027,030)	(\$332,030)
6/30/2020	\$1,955,000	\$3,322,675	\$5,277,675	\$2,675,000	\$2,242,738	\$27,860	\$4,945,598	\$720,000	(\$1,052,078)	(\$332,078)
6/30/2021	\$2,060,000	\$3,217,413	\$5,277,413	\$2,805,000	\$2,111,775	\$27,500	\$4,944,275	\$745,000	(\$1,078,138)	(\$333,138)
6/30/2022	\$2,170,000	\$3,111,663	\$5,281,663	\$2,945,000	\$1,979,500	\$27,128	\$4,951,628	\$775,000	(\$1,105,035)	(\$330,035)
6/30/2023	\$2,285,000	\$2,994,575	\$5,279,575	\$3,085,000	\$1,834,788	\$26,740	\$4,946,528	\$800,000	(\$1,133,048)	(\$333,048)
6/30/2024	\$2,425,000	\$2,855,956	\$5,280,956	\$3,235,000	\$1,691,250	\$26,340	\$4,952,590	\$810,000	(\$1,138,366)	(\$328,366)
6/30/2025	\$2,580,000	\$2,699,550	\$5,279,550	\$3,365,000	\$1,559,250	\$24,723	\$4,948,973	\$785,000	(\$1,115,578)	(\$330,578)
6/30/2026	\$2,745,000	\$2,533,144	\$5,278,144	\$3,505,000	\$1,421,850	\$23,040	\$4,949,890	\$760,000	(\$1,088,254)	(\$328,254)
6/30/2027	\$2,925,000	\$2,355,956	\$5,280,956	\$3,650,000	\$1,278,750	\$21,288	\$4,950,038	\$725,000	(\$1,055,919)	(\$330,919)
6/30/2028	\$3,115,000	\$2,167,206	\$5,282,206	\$3,800,000	\$1,129,750	\$19,463	\$4,949,213	\$685,000	(\$1,017,994)	(\$332,994)
6/30/2029	\$3,315,000	\$1,966,269	\$5,281,269	\$3,940,000	\$994,650	\$17,563	\$4,952,213	\$625,000	(\$954,056)	(\$329,056)
6/30/2030	\$3,525,000	\$1,756,925	\$5,281,925	\$4,060,000	\$874,650	\$15,593	\$4,950,243	\$535,000	(\$866,683)	(\$331,683)
6/30/2031	\$3,740,000	\$1,538,975	\$5,278,975	\$4,185,000	\$750,975	\$13,563	\$4,949,538	\$445,000	(\$774,438)	(\$329,438)
6/30/2032	\$3,970,000	\$1,307,675	\$5,277,675	\$4,310,000	\$623,550	\$11,470	\$4,945,020	\$340,000	(\$672,655)	(\$332,655)
6/30/2033	\$4,215,000	\$1,062,125	\$5,277,125	\$4,445,000	\$492,225	\$9,315	\$4,946,540	\$230,000	(\$560,585)	(\$330,585)
6/30/2034	\$4,490,000	\$789,750	\$5,279,750	\$4,585,000	\$356,775	\$7,093	\$4,948,868	\$95,000	(\$425,883)	(\$330,883)
6/30/2035	\$4,790,000	\$488,150	\$5,278,150	\$4,725,000	\$217,125	\$4,800	\$4,946,925	(\$65,000)	(\$266,225)	(\$331,225)
6/30/2036	\$5,115,000	\$166,238	\$5,281,238	\$4,875,000	\$73,125	\$2,438	\$4,950,563	(\$240,000)	(\$90,675)	(\$330,675)
Total	\$65,395,000	\$57,943,425	\$123,338,425	\$78,045,000	\$35,973,095	\$468,592	\$114,486,687	\$12,650,000	(\$21,501,738)	(\$8,851,738)