

At a special called meeting of the Charlotte County Board of Supervisors held in the Administration Building of said county on August 20, 2020 at 6:00 p.m.

Present: Garland H. Hamlett, Jr. Chairman
Gary D. Walker, Vice Chairman
Robert L. Shook, Jr.
Kay M. Pierantoni
Tony Reeves
Donna Fore

Absent: Will Garnett

Chairman Hamlett called the meeting to order.

Chairman Hamlett gave the invocation.

Motion by Tony Reeves, seconded by Robert L. Shook, Jr. and carried with Will Garnett absent and all other members present and voting yes to approve the agenda as presented.

Will Garnett arrived at 6:05 p.m.

Mr. Witt contacted Mr. Steve Mulroy and Mr. Taylor Bryant at VML VACo by phone. Mr. Mulroy provided the Board with information concerning refinancing of existing debt for School Projects. Mr. Mulroy provided the following background on VML/VACo

A non-profit corporation established by the Virginia Municipal League and Virginia Association of Counties in 2003.

Services are offered to local governments in these areas:

Municipal Advisory services: Registered Municipal Advisor,
Municipal Securities Rulemaking Board and SEC
Governmental financing: \$1.1B
Investment management: \$2.5B
Accounting Services

Mr. Bryant addressed the Board to provide the following refinancing opportunities.

Refinancing Opportunity

Prior Debt 2017	BB&T Loan –Eureka Elementary School
Outstanding Balance	\$5,357,000
Interest Rate	2.60%
Average Annual Debt Service (approx.)	\$525,400
Final Maturity	2/1/2032

Refunding Option 1 – Level Annual Savings

Average Annual Savings (Approx.)	\$47,200
Gross Debt Service Savings (est.)	\$566,200
Net Present Value Savings (est.)	\$543,100
Net PV Savings as % of Refunded Debt	10.1%

Refunding Option 2 – Upfront Savings

Annual Savings (Approx.)	Year 1: \$405,300 Year 2: \$113,700 Thereafter: <\$5,000
Gross Debt Service Savings (est.)	\$546,200
Net Present Value Savings (est.)	\$542,700

Net PV Savings as % of Refunded Debt 10.1%

Financing Timeline (tent.)

August 31, 2020 – VPSA Application due

Weeks of August 31 & September 7 – Due Diligence call with VPSA & Bond Counsel

No later than Week of September 14 – School Board passes resolution requesting financing

October 5 – Deadline for BOS to adopt resolution

October 20 – Bond sale (interest rates determined)

November 10 – Tentative closing

Mr. Mulroy discussed VML/VAcO's transaction fee which would be \$4500.00. Mr. Mulroy and Mr. Bryant answered questions from the Board members and discussed the financing options further.

Being no further discussion or comments, the conference call ended.

Mr. Ted Cole with Davenport addressed the Board. Mr. Cole stated as Financial Advisor to the County, Davenport frequently monitors the County's existing debt portfolio in order to alert the County to potential refunding opportunities. Recently, Davenport conducted such a review and related analyses and has determined that the County could potentially refund its Tax-Exempt Industrial Development Authority Virginia Lease Revenue Bond, Series 2017 (the "2017 Bond"). To that end, Davenport has prepared the Scope of Services and related Fee Proposal below.

Transaction Related Scope of Services and Fee Proposal

Based on preliminary current market estimates as of August 7, 2020, the County could potentially refund its 2017 Bond through the public markets via the Virginia Public School Authority's ("VPSA") Fall Pool.

Building upon the research, modeling, and refunding analyses conducted to date, Davenport has prepared the following Scope of Services and Fee Proposal, should the County wish to pursue this potential opportunity for cash flow savings. As the County's Financial Advisor, Davenport would be responsible for coordinating all aspects of the necessary financing, including but not limited to the following:

- A. Prepare a detailed schedule for the refunding, such that the Working Group stays coordinated and on-track to meet deadlines for required notices, public hearings, and agenda deadlines for both School and County Board meetings, identify key dates for appropriate actions of the Board(s), among other;
- B. Develop the application for financing through VPSA (due August 31);
- C. Coordinate with VPSA during its credit evaluation process;
- D. Work with VPSA in modeling the structure of the refunding so as to ensure the County's Goals & Objectives are met (i.e., level savings, upfront savings or shorten the life of the debt);
- E. Attend School and County board meetings and present information and recommendations as requested by Staff;
- F. In cooperation with the Working Group, assist in preparing and/or reviewing the necessary financing related documentation;
- G. Draft a Closing Memo, which will provide the Working Group with a single reference point for pertinent information regarding the refunding and clearly illustrate the flow of fund; and
- H. Assist in the coordination of Closing;

Fee Proposal

Transaction fees are traditionally included in the financing(s) and do not come from annual operating budgets. Our transaction related fee typically ranges from \$1.00 to \$3.00 per \$1,000 of the par/loan amount depending on the complexity of the

transaction and advisory services required. For the services described above, Davenport would propose a similar pricing structure, subject to a not-to-exceed fee of \$40,000. Given the nature of this transaction and the potential for interest rate movements that could impact the savings derived from the refunding, Davenport is willing to work on the engagement at-risk such that our fee would only be paid if the County is able to achieve its predetermined minimum savings parameter(s). Should this be the case, Davenport would bill the County for its direct expenses associated with any mileage and meals to attend meetings. These expenses would be capped at \$750.00.

1.2 Reimbursable Expenses

With respect to the Scope of Services and Fee Proposal above, Davenport proposes to be reimbursed for its related expenses. Customary direct out-of-pocket expenses (meals, lodging, mileage) will be billed at cost. In addition, Davenport shall be reimbursed at four percent (4%) of the fee amount for indirect expenses such as conference calls, printing, binding, postage and other incidental expenses.

The Financial Advisory Fees and the reimbursement of expenses will be paid upon the successful completion of the services as determined by the County, or at such other time as mutually agreed upon.

1.3 Termination

The County or Davenport may terminate this Agreement at any time upon (30) days written notice without cause. If any party terminates this agreement as set forth above, it is understood and agreed that the only amount due to Davenport will be for services provided and expenses incurred through the date of termination.

Proposed Timeline

Davenport is committed to accomplishing all work in a timely and accurate fashion. The Proposed Timeline below is preliminarily based on key dates published by VPSA and is subject to change. As Financial Advisor, Davenport will work with School and County Staff in order to identify key deliverables, and the appropriate times at which to present these to the Board(s). Davenport will be proactive in our communications and coordination with Staff regarding Board meetings, agenda deadlines and other time sensitive events with respect to the overall plan and obtaining the necessary Board approvals.

August 31	VPSA Fall Pool Application Deadline.
September 8	County Board Meeting County Board hold Public Hearing County Board considers approval of resolution authorizing the refinancing through the VPSA Fall Pool Based on the County's desired savings parameters. School Board Meeting School Board considers adopting resolution which request the County to issue its General Obligation School Bonds and consents to and authorizes application to the VPSA Fall Pool.
September 16	VPSA Board Meeting Deadline for School Board actions by participating localities VPSA Board considers credit approval of applicants
October 5	Deadline for County Board actions.
October 20	VPSA (tentative) Bond Sale Date.

November 10

VPSA Closing Date.

Mr. Cole entertained questions from the Board and discussed the refinancing options further.

The Board members requested more discussion with Mr. Mulroy and Mr. Cole.

Motion was made by Kay M. Pierantoni, seconded by Donna Fore to continue with VML VACo financing and include the new money needed in the financing amount up to \$11 million dollars.

Substitute Motion was made by Gary D. Walker, seconded by Robert L. Shook, Jr. to accept the contract presented by Davenport and to include Phase 2 for the Schools.

Roll call vote as follows: Gary D. Walker-Aye; Robert L. Shook, Jr.-Aye; Will Garnett-No; Tony Reeves-Aye; Kay M. Pierantoni-No; Donna Fore-No and Garland H. Hamlett, Jr.-Aye.

Substitute motion carried 4-3.

Being no further discussion, the meeting was adjourned.