

4. FINANCIAL MATTERS**A. PRESENTATION OF DELINQUENT TAX LIST**

Pursuant to §58.1-3921 of the Code of Virginia, Mr. Britt has finalized the lists for delinquent real and personal property taxes. The list covers the last 20 years for real property and the last 5 years for personal property, the maximum time allowed by statute to enforce property liens. Because of the size of the lists, they are not attached herewith, but will be available at Monday's meeting to anyone that would like to see them.

§58.1-3924 provides that the governing body may publish the list in the newspaper or make it available on the county website. Based upon the cost of publication, Mr. Britt will seek your consideration in making the list available on the county website for the next 60 days.

MOTION REQUIRED: A motion is required to direct publication of the 2011 delinquent tax lists on the county website through December 1, 2012.

B. REPORT ON DELINQUENT TAX COLLECTIONS

Mr. Britt has invited a representative from the firm of David, Kamp & Frank to provide you with a report regarding their ongoing delinquent tax collection efforts.

C. CONSIDERATION OF REVENUE ANTICIPATION NOTE

On September 13, the Treasurer informed me that cash flow will likely be insufficient to cover anticipated expenditures for the months of September, October, and perhaps November. Section 15.2-2629 of the Public Finance Act provides that localities may borrow money and issue a note in anticipation of the collection of taxes for the current year provided that the amount of the note may not exceed anticipated revenues.

Mr. Britt sought competitive proposals from 3 banks – the best proposal was offered by SunTrust Bank, which offered a tax exempt, bank qualified, \$3,000,000 non-revolving line of credit, allowing up to 2 draws per month. The rate is variable based on the following formula: $(1 \text{ month LIBOR} + 1.75\%) \times .65$ – based on the current 1-month LIBOR rate, that equates to 1.29% for the month of September. Since January 2010, the highest 1-month LIBOR peaked at 0.35% - that would equate to a rate of 1.37%. Please note, however, that there is a \$6,000 up-front bank fee.

The Board is required to adopt a resolution authorizing the issuance and sale of a revenue anticipation note, before the Treasurer may act - I've attached a draft copy of the required resolution, including the Form of Note, for your reference.

MOTION REQUIRED: A motion is required to adopt the attached resolution.

D. MONTHLY BILLS

Attached for your reference please find spreadsheets itemizing the accounts payable for Southampton County.

This list has been pre-audited by county staff to determine the legality of each expenditure. Specifically, we have checked to assure that funds have been appropriated and are available to cover the expenditure. Each claim has been checked to assure that the obligation has been incurred or that the goods and/or services have been received.

MOTION REQUIRED: A motion is required to authorize payment of the monthly bills.

County of Southampton
Proposed Terms and Conditions

General Structure: Listed below is an indicative outline of the significant terms and conditions of the financing, subject to completion of due diligence and final credit approval by the Bank.

Borrower: County of Southampton (the "County")

Amount: Up to \$3,000,000

Facility: Tax Exempt, Bank Qualified Non-Revolving Line of Credit Revenue Anticipation Note (the "Note")

Security: The Note will be a General Obligation of the County.

Purpose: To provide funding for cash short falls in anticipation of the receipt of taxes and other revenues by December 31, 2012.

Final Maturity: December 31, 2012

Interest Rate:

Variable Rate - Tax Exempt Note

	Current Rate
Variable Rate - 65% of (1 month LIBOR plus 1.75%)	*1.29%
<i>Upfront Costs</i>	
Bank Fee	\$6,000
Accrual basis shall be Actual/360 days	

**This rate is an indication only. Actual rate will be set at closing and adjusted monthly thereafter based on the formula above.*

Interest Due: Monthly, in arrears.

Amortization: None prior to maturity. The Note will be required to be paid off by December 31, 2012.

Draw Schedule: The County may draw funds up to 2 times per month in a minimum amount of \$50,000.

Optional Redemption: The County may prepay the Note, in whole or in part, at any time without penalty.

County of Southampton
Proposed Terms and Conditions

- Closing Date:** To be determined upon acceptance.
- Yield Maintenance Language:** The interest rates quoted herein take into consideration a marginal maximum federal corporate tax rate of 35%. In the event of a decrease in the marginal maximum corporate tax rate, the Bank shall have the right to adjust the interest rate upwards in order to maintain the same after tax yield for the Bank.
- Documentation:** 
 - Note between SunTrust and the County;
 - General Obligation resolution passed by County's Board of Supervisors authorizing the proposed RAN transaction;
 - Others as required by Bond Counsel.
- Legal Fees and Transaction Costs:** The County will pay all fees and expenses of the transaction including but not limited to reasonable fees and expenses of its counsel. In order to reduce the County's financing costs, SunTrust would not anticipate using outside Bank Counsel.
- Legal Opinions:** Bond Counsel will give the customary opinion as to authorization, validity, permits and other matters requested by the Bank. A satisfactory opinion of recognized bond counsel as to bank qualification and the exclusion of interest from gross income for Federal and State income taxes would be necessary at or prior to closing.
- General Covenants:**
 - Timely payment of principal and interest as required by the Note ;
 - The County will provide written assurance that no material deterioration exists in the financial condition from that reported in Fiscal 2011 audited financial statements.

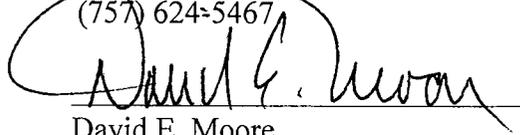
County of Southampton
Proposed Terms and Conditions

Acceptance of Proposal:

Acceptance of SunTrust's proposal should be directed to the following:

Submitted By:

David E. Moore
(757) 624-5467



David E. Moore
Senior Vice President
SunTrust Bank

Disclaimer

This Term sheet is presented to the above-referenced borrower in connection with a credit facility proposed by SunTrust Bank. This Term Sheet describes some of the basic terms proposed to be included in loan documents between the Bank and the borrower. This Term Sheet is for discussion purposes only and is not a commitment, nor does it purport to summarize all of the conditions, covenants, representations, warranties, events of default or other provisions that may be contained in documents required to consummate this financing. The terms are subject to standard credit underwriting and approval and to negotiation and execution of loan documents in form and substance satisfactory to the Bank and its counsel. This Term Sheet is confidential and may not be disclosed to third parties without prior consent of the Bank.

**A RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SOUTHAMPTON, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF
THE COUNTY'S REVENUE ANTICIPATION NOTE**

WHEREAS, the Board of Supervisors (the "Board") of the County of Southampton, Virginia (the "County") proposes to authorize the issuance of a revenue anticipation note in anticipation of the collection of the taxes and revenues of the County for the 2012 calendar year pursuant to Section 15.2-2629 of the Code of Virginia of 1950, as amended;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SOUTHAMPTON, VIRGINIA:

1. Authorization of Note. The Board of Supervisors hereby authorizes the issuance and sale of the County's revenue anticipation note (the "Note") in the maximum principal amount of \$3,000,000 in anticipation of the collection of the taxes and revenues of the County for the 2012 calendar year.

2. Details and Sale of Note. The Note shall be issued upon the terms established pursuant to this Resolution and upon such other terms as may be determined in the manner set forth in this Resolution. The Note shall be issued in fully registered form, shall be dated the date of its issuance and delivery, shall be in the form of a single registered note and shall mature not later than December 31, 2012, subject to prepayment as set forth therein. The County Administrator and the County Treasurer, or either of them, is authorized and directed to accept a proposal for the purchase of the Note and to approve the terms of the Note, provided that the principal amount of the Note shall not exceed the amount set forth in paragraph 1, the Note shall mature not later than December 31, 2012 and the interest rate on the Note shall not exceed 5.0%.

3. Execution of Note. The Treasurer is authorized and directed to execute an appropriate negotiable Note and the Clerk of the Board of Supervisors is authorized and directed to affix the seal of the County thereto and such officers are authorized and directed to deliver the Note to the purchaser thereof.

4. Non-Arbitrage Certificate and Tax Covenants. The County Administrator and the Treasurer, or either of them, and such officers and agents of the County as either such officer may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the Note and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended ("Code"), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds."

5. Bank Qualification. The Board designates the Note as a "qualified tax-exempt obligation" eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations in accordance with the provisions of Section 265(b)(3) of the Code. The Board does not reasonably anticipate that it and any "subordinate entities" will issue more than \$10,000,000 in tax-exempt obligations during

6. Further Actions. The County Administrator, the Treasurer, and such officers and agents of the County as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the issuance and sale of the Note and all actions taken by such officers and agents in connection with the issuance and sale of the Note are ratified and confirmed.

7. Effective Date; Applicable Law. This Resolution shall take effect immediately.

At meeting of the Board of Supervisors of the County of Southampton, Virginia, held on the 24th day of September, 2012, the following Board of Supervisors members were recorded as present or absent:

PRESENT:

ABSENT:

On motion by _____, seconded by _____, the attached Resolution was adopted by a majority of the members of the Board of Supervisors by a recorded vote, the votes being recorded as follows:

MEMBER

VOTE

Clerk, County of Southampton, Virginia

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

COUNTY OF SOUTHAMPTON

**REVENUE ANTICIPATION NOTE
SERIES 2012**

For value received, **COUNTY OF SOUTHAMPTON, VIRGINIA** (the "County") acknowledges itself indebted and promises to pay to the order of _____ (the "Bank"), as registered owner of this Note or legal representative, the principal amount of

_____ DOLLARS (\$ _____),

together with interest thereon at the annual rate of _____%. Subject to prior redemption, principal of this Note and all accrued and unpaid interest on this Note shall be paid at maturity on _____. Interest on this Note shall be calculated on the basis of a 360 day count applied to actual days elapsed. Both principal of and interest on this Note are payable in lawful money of the United States of America. Principal and interest are payable upon presentation and surrender hereof at the office of the County Treasurer.

This Note is subject to optional prepayment in whole or in part before maturity at any time or from time to time without penalty or premium upon payment of the principal amount to be prepaid plus accrued interest on such amount to the prepayment date. The County shall give the Bank at least [15] days written notice of its intent to prepay this Note.

This Note has been duly authorized by the Board of Supervisors of the County and is issued in anticipation of the collection of taxes and revenues of the County for the current year and such taxes and revenues are pledged for the payment of the principal of and interest on this Note in accordance with its terms.

This Note is issued under the authority of and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, and, more particularly, issued pursuant to the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended and a resolution adopted by the Board of Supervisors of the County on September 24, 2012 ("Resolution").

This Note may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in a form satisfactory to the County Administrator, as Note Registrar. Such transfer shall be made in the registration books kept by the Note Registrar upon presentation and surrender hereof and the County shall execute, and the Note Registrar shall authenticate and deliver in exchange, a new Note having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rate, and registered

in such name as requested by the then registered owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the County, except that the Note Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The County Administrator may designate a successor Note Registrar and/or paying agent, provided that written notice specifying the name and location of the principal office of any such successor shall be given to the registered owner of this Note. Upon registration of transfer of this Note, the Note Registrar shall furnish written notice to the transferee of the name and location of the principal office of the Note Registrar and/or the paying agent.

The Note Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Note have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Note is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Southampton, Virginia, has caused this Note to be signed by the signature of the County Treasurer and its seal to be affixed and this Note to be dated _____, 2012.

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
Treasurer, County of Southampton, Virginia

[SEAL]

Attest:

Clerk, Board of Supervisors,
County of Southampton, Virginia