



TOWN COUNCIL
Special Meeting
Town Hall
November 14, 2013
6:00 p.m.

1. Call to Order: Roll Call

2. Public Comments re: Agenda Items Only

3. Order of Business
 - *A. Davenport & Company – Review of Financing Options
 - *B. Historic District Review Board Vacancy

4. Motion to Adjourn

 TOWN OF CAPE CHARLES	AGENDA TITLE: Davenport & Company – Review of Financing Options		AGENDA DATE: November 14, 2013
	SUBJECT/PROPOSAL/REQUEST: Review financing options provided by Davenport & Company and schedule public hearing		ITEM NUMBER: 3A
	ATTACHMENTS: Results Presentation and Capital Improvement Projects Spreadsheet		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Heather Arcos	REVIEWED BY: Heather Arcos, Town Manager	

BACKGROUND:

On September 19, 2013, Council approved the execution of the Notice of Acceptance enabling the Town to obtain financial advisor services through Davenport & Company, LLC under the City of Poquoson’s cooperative agreement.

Davenport & Company issued a request for proposals (RFP) to local, regional and national banks to solicit options for refinancing the Town’s existing debt for capital projects and potential new financing for future capital needs.

DISCUSSION:

David Rose of Davenport & Company will present the results of the RFP for Council review.

The proposal will include options for the Town to refinance two of the water and wastewater loans currently financed through USDA Rural Development.

The Town also has an option to borrow up to \$1M in new financing for current and future capital needs.

If the Town Council approves moving forward with the refinancing and the new financing for capital needs, the projected total debt service for both the refinanced loans and the new projects will be less than the Town currently pays for the two water and wastewater loans.

A public hearing must be held before the Town can move forward with the financing options.

RECOMMENDATION:

Staff recommends Council review the information provided by Davenport & Company, and schedule a public hearing for December 5, 2013.

Results of the RFP Process



Town of Cape Charles, Virginia

November 14, 2013

Prepared By
Davenport & Company LLC
Member NYSE • FINRA • SIPC

Background



- On August 22 Davenport met with Town Staff regarding a preliminary plan to Refinance the Town’s 1992 Rural Development Loan and 2003 Rural Development Loan (collectively, the “RD Loans”) for Debt Service Savings (the “Potential Refinancing”). The details of the RD Loans are as follows:

RD Loan Date	1992	2003	Total
Interest Rate	5.00%	3.25%	4.88%
Maturity (FY)	FY 2033	FY 2044	-
Payment (Annual)	\$93,060	\$2,844	\$95,904
Original Par Amt.	\$1,579,300	\$62,500	\$1,641,800
Est. Remaining Par Amt.	\$1,140,000	\$54,600	\$1,194,600
Est. Remaining Debt Service	\$1,768,185	\$85,8144	1,853,999

- Both of the RD Loans are Paid from Water and Sewer Revenues (i.e. No General Fund Support), but also Carry the General Obligation Backing of the Town.
- Based on our understanding of the Financial Markets at the time, and the Town’s Financial and Debt Profiles, Davenport preliminarily estimated that the Town could achieve approximately \$200,000 in debt service savings by refinancing these RD Loans.

- Our August presentation to Town Staff also discussed financing up to \$1 million in Potential Capital Projects for the Town.

- Preliminarily, \$700,000 of the New Money Needs would be tied to the Enterprise (Water and Sewer) Fund and \$300,000 to the General Fund.

- Based on these New Money Needs and the potential Refinancing Opportunity, Davenport recommended that the Town pursue the following two Potential Financing Scenarios via a competitive Bank Request for Proposal (RFP) Process:
 - I. The Potential Refinancing on its own; and,

 - II. A Strategic Layering of the New Money Needs around the Potential Refinancing.

- By requesting that banks provide proposals for the above Two Potential Financing Scenarios, the Town would have the flexibility to move forward with both the Potential Refinancing and the New Money Needs, with either one or the other, or neither.



- After receiving the Town’s authorization to do so at the September Town Council Meeting, Davenport distributed an RFP for the Potential Financing to local, regional and national banking institutions on Tuesday, October 15, 2013.
- On Tuesday, October 29, Davenport received three (3) proposals from: PNC Bank, N.A., SunTrust Institutional & Government, and Towne Bank. The basic terms of the proposals are as follows:

	PNC	SunTrust	Towne Bank
Interest Rate	2.65% with 10-year Rate Reset	3.10% fixed to Maturity	3.51% with 10-year Rate Reset*
Term of Loan	20 Years	15 Years	20 Years
Prepayment Terms	Prepay anytime without penalty	Prepay anytime without penalty	Prepay anytime without penalty

** Towne Bank also provided 5 and 7-year rate reset options; see Appendix B for full details.*

- A Summary Matrix of the key terms and conditions of the three proposals appears in Appendix B.**

Goals and Objectives



Town of Cape Charles, VA

- Going into the Bank RFP Process, Town Staff, in cooperation with Davenport, identified the following Goals and Objectives:
 1. Take advantage of the historically-low interest rate environment and lock-in interest savings;
 2. Achieve debt service savings of at least \$200,000 or 3.0% Present Value (the industry-wide standard for a successful refinancing);
 3. Obtain bids on approximately \$1 million to finance the Town's New Money Needs; and
 4. With firm proposals in hand, demonstrate what the cash-flow impact of the potential Refinancing and New Money would be to the Town's Enterprise and Utility Funds.
- Working with Town Staff, our key focus has been how the Town can both **maximize debt service savings** from the Potential Refinancing while **minimizing the cash-flow impact** of the New Money Needs.
- **Based upon the combination of the above Goals and Objectives, Davenport recommends PNC Bank for the Refinancing, and, if desired, the New Money. The following pages highlight the results via PNC Bank.**

Summary of Refinancing Results via PNC Proposal - Enterprise Fund Cash-flow Impact



Town of Cape Charles, VA

- The **savings** provided by the PNC 2.65% 10-year fixed interest rate proposal is shown below in Column F.
- The New Refunding Enterprise Fund Debt Service (Column D) has been structured to free-up cash flow savings through FY 2017.
- The Town achieves **Known Savings of approximately \$231,000** from FY 2018-2024, when the rate is fixed, and from 2033-2044, where the RD loan debt service has been taken out.

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
FY	Total Existing EF Debt Service	Refinanced Enterprise Fund Debt Service	New Refunding Enterprise Fund Debt Service	Total EF Debt Service Post-Refi	EF Savings Before New Money (B-C)
2014	\$588,815	\$48,187	\$14,064	\$554,691	\$34,124
2015	579,621	95,901	49,890	533,609	46,011
2016	587,673	96,048	42,471	534,096	53,577
2017	583,970	95,901	46,227	534,296	49,674
2018	580,284	95,901	93,559	577,942	2,342
2019	566,661	95,901	93,559	564,319	2,342
2020	566,831	96,022	93,680	564,489	2,342
2021	568,293	95,901	93,558	565,950	2,343
2022	569,121	95,901	93,559	566,779	2,342
2023	569,778	95,901	93,559	567,436	2,342
2024	565,692	95,991	93,642	563,343	2,349
2025	565,853	95,901	93,405	563,358	2,496
2026	565,794	95,901	93,406	563,300	2,495
2027	569,608	95,901	93,405	567,112	2,496
2028	526,793	95,954	93,458	524,297	2,496
2029	525,695	95,901	93,405	523,200	2,496
2030	524,476	95,901	93,405	521,980	2,496
2031	353,482	95,901	93,406	350,987	2,495
2032	353,489	95,908	93,413	350,994	2,495
2033	2,843	2,843	-	-	2,843
2033 - 2045	31,516	31,516	-	-	31,516
Total	\$10,374,964			\$10,092,178	\$251,270

Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500. See Appendix A for full cash-flow detail.

Known Savings: 231,305.21

Summary of New Money Results via PNC Proposal – Enterprise Fund Cash-Flow Impact



Town of Cape Charles, VA

- The Total Enterprise Fund Debt Service resulting from the Refinancing appears in Column C, and the Total Enterprise Fund Debt Service after the Potential New Money is shown in Column E.
- **The total resulting Cash-Flow Impact to the Town of both the Refinancing and the New Money versus the existing 2014 level is shown in Column F.**

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
FY	Total Existing EF Debt Service	Total EF Debt Service Post-Refi	Enterprise Fund New Money Debt Service	Total EF Debt Service: Refi. + New Money	Total New EF Debt Service Impact vs. FY 14
2014	\$588,815	\$554,691	\$4,114	\$558,805	\$30,010
2015	579,621	533,609	36,061	569,670	19,145
2016	587,673	534,096	47,584	581,679	7,135
2017	583,970	534,296	46,789	581,085	7,730
2018	580,284	577,942	25,994	603,936	(15,121)
2019	566,661	564,319	37,263	601,582	(12,767)
2020	566,831	564,489	37,528	602,017	(13,202)
2021	568,293	565,950	37,792	603,742	(14,927)
2022	569,121	566,779	38,058	604,837	(16,022)
2023	569,778	567,436	38,323	605,759	(16,944)
2024	565,692	563,343	41,587	604,930	(16,116)
2025	565,853	563,358	41,773	605,131	(16,316)
2026	565,794	563,300	41,958	605,258	(16,443)
2027	569,608	567,112	40,271	607,383	(18,568)
2028	526,793	524,297	76,900	601,197	(12,383)
2029	525,695	523,200	76,503	599,703	(10,888)
2030	524,476	521,980	76,106	598,086	(9,271)
2031	353,482	350,987	40,314	391,300	197,514
2032	353,489	350,994	40,314	391,308	197,507
2033	2,843	-	40,314	40,314	548,501
2033 - 2045	31,516	-		80,627	508,188
Total	\$10,374,964	\$10,092,178		\$11,078,665	

**FY 2014-2017
Cash-flow: \$64,019**

Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500. See Appendix A for full cash-flow detail.

Summary of New Money Results via PNC Proposal – General Fund Cash-Flow Impact



Town of Cape Charles, VA

- The debt service for the approximately \$300,000 in New Money Needs appears in Column C.
- **The Cash-Flow Impact to the Town’s General Fund of the New Money versus the existing 2014 General Fund debt service level is shown in Column E.**

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
FY	Total Existing GF Debt Service	General Fund New Money Debt Service	Total Resulting General Fund Debt Service	Total New GF Debt Service Impact vs. FY 14
2014	\$108,364	\$2,026	\$110,390	(\$2,026)
2015	109,154	8,896	118,050	(9,686)
2016	100,115	13,896	114,011	(5,647)
2017	106,052	8,763	114,815	(6,451)
2018	111,232	8,763	119,996	(11,632)
2019	92,196	23,763	115,960	(7,596)
2020	89,999	23,366	113,365	(5,001)
2021	90,800	22,968	113,768	(5,405)
2022	91,395	22,571	113,966	(5,602)
2023	91,938	22,173	114,111	(5,747)
2024	91,874	21,776	113,650	(5,286)
2025	91,943	21,378	113,321	(4,957)
2026	91,708	22,981	114,689	(6,325)
2027	91,672	22,530	114,202	(5,838)
2028	15,704	30,363	46,067	62,297
2029	15,609	30,362	45,971	62,393
2030	15,508	30,362	45,870	62,494
2031	-	30,362	30,362	78,002
2032	-	30,362	30,362	78,001
2033	-	30,362	30,362	78,001
2034	-	30,362	30,362	78,002
Total	\$1,405,263	\$458,384	\$1,863,647	

Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500. See Appendix A for full cash-flow detail.

Davenport Recommendation



Town of Cape Charles, VA

- Execute the PNC Proposal for the Enterprise Fund Refinancing.
 - **The Known Savings of approximately \$231,000** exceed the August Planning Estimate of \$200,000, and the **Present Value Savings of 17.6%** exceed the industry-wide 3% PV Savings threshold.
 - Take advantage of the “Up-Front” Savings to layer-in New Money with limited cash-flow impact over the next decade.

- Consider financing \$1 million of New Money via the PNC Proposal.
 - The Enterprise Fund would be able to absorb approximately \$700,000 of New Money Impact over the next decade without any material cash-flow impact.
 - The General Fund Portion of \$300,000 would have a relatively modest net cash-flow cost to the General Fund over the next decade.



Next Steps

Proposed Timetable for Action



Town of Cape Charles, VA

- **Thursday, November 14**
 - ✓ **Special Meeting of Town Council:**
Davenport/Town Staff to Present Plan of Finance Update, Results of Competitive Bidding Process, and Recommendation.

Obtain Council Feedback/Direction.

Town Council approves Refinancing Portion, and considers setting a Public Hearing for December 5 (*Note: the Public Hearing is required for the New Money Needs only*).

- **Late November/Early December**
 - ✓ **Close on Refinancing Portion**

- **Wednesday, November 20**
 - ✓ **First posting of Notice of Public Hearing for New Money Needs**

- **Wednesday, November 27**
 - ✓ **Second posting of Notice of Public Hearing for New Money Needs**

- **Thursday, December 5**
 - ✓ **Special Meeting for Public Hearing:**
Earliest Possible approval of New Money Portion.

Proposed Timetable for Action



Town of Cape Charles, VA

- **Thursday, December 19** ✓ **Regular Meeting of Town Council:**
Latest possible approval of New Money Portion

- **By Friday, December 20** ✓ **Close on New Money Bond**
(Interest Rate from PNC is held through this date.)



***Appendix A:
Detailed Analysis of the PNC
Proposal***

PNC Proposal Characteristics



- PNC’s 2.65% 10-year interest rate and 20-year repayment term provides the Town with a great deal of flexibility to structure (“layer-in”) debt service to accommodate desired cash-flow goals at a very competitive cost of funds.
- A summary of the key features of the 2013 Financing via PNC’s proposal is as follows:

Scenario 1 - PNC for Refinancing and New Money			
	Refinancing	Enterprise Fund New Money	General Fund New Money
Interest Rate	2.65%	2.65%	2.65%
Term	18	20	20
Years Fixed	10	10	10
Amount	\$1,197,098	\$681,542	\$335,685
Amount Subject to Reset	\$665,520	\$448,352	\$240,685
Total Known Savings ¹	\$231,305	N/A	N/A
Known Net PV Savings Percent	17.64%	N/A	N/A

¹ Savings for which the interest rate on the refunding debt service is fixed

Results include estimated \$37,500 costs of issuance and are preliminary and subject to change.

PNC Proposal– Refinancing Enterprise Fund Cash-flow Detail



Town of Cape Charles, VA

Aggregate Existing Enterprise Fund				Refunded EF Debt Service			New Refunding Enterprise Fund			Aggregate Enterprise Fund Post Refunding				Savings
FY	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	FY	Principal	Interest	Total	Known Savings:
2014	437,623	151,192	588,815	19,398	28,789	48,187	6,838	7,226	14,064	2014	425,063	129,628	554,691	231,305
2015	434,990	144,631	579,621	39,908	55,994	95,901	18,348	31,542	49,890	2015	413,430	120,179	533,609	34,124
2016	448,349	139,324	587,673	41,929	54,119	96,048	11,415	31,056	42,471	2016	417,835	116,260	534,096	46,011
2017	451,853	132,118	583,970	44,053	51,848	95,901	15,474	30,753	46,227	2017	423,274	111,023	534,296	53,577
2018	455,879	124,405	580,284	46,285	49,616	95,901	63,216	30,343	93,559	2018	472,810	105,132	577,942	49,674
2019	449,320	117,342	566,661	48,631	47,271	95,901	64,891	28,668	93,559	2019	465,580	98,739	564,319	2,342
2020	456,369	110,462	566,831	51,095	44,927	96,022	66,732	26,948	93,680	2020	472,006	92,483	564,489	2,342
2021	465,325	102,968	568,293	53,685	42,216	95,901	68,378	25,180	93,558	2021	480,017	85,932	565,950	2,343
2022	474,412	94,709	569,121	56,407	39,494	95,901	70,191	23,368	93,559	2022	488,196	78,583	566,779	2,342
2023	483,638	86,140	569,778	59,268	36,633	95,901	72,051	21,508	93,559	2023	496,421	71,014	567,436	2,342
2024	488,425	77,268	565,692	62,273	33,718	95,991	74,044	19,598	93,642	2024	500,195	63,148	563,343	2,349
2025	497,949	67,905	565,853	65,432	30,469	95,901	75,769	17,636	93,405	2025	508,286	55,072	563,358	2,496
2026	507,634	58,161	565,794	68,751	27,150	95,901	77,778	15,628	93,406	2026	516,660	46,640	563,300	2,495
2027	522,072	47,536	569,608	72,240	23,661	95,901	79,838	13,567	93,405	2027	529,670	37,442	567,112	2,496
2028	489,359	37,434	526,793	75,906	20,048	95,954	82,006	11,452	93,458	2028	495,460	28,838	524,297	2,496
2029	497,796	27,899	525,695	79,758	16,143	95,901	84,127	9,278	93,405	2029	502,165	21,035	523,200	2,496
2030	506,421	18,056	524,476	83,806	12,095	95,901	86,356	7,049	93,405	2030	508,970	13,010	521,980	2,496
2031	345,642	7,840	353,482	88,061	7,840	95,901	88,645	4,761	93,406	2031	346,226	4,761	350,987	2,495
2032	350,113	3,376	353,489	92,532	3,376	95,908	91,001	2,412	93,413	2032	348,582	2,412	350,994	2,495
2033	2,014	829	2,843	2,014	829	2,843	-	-	-	2033	-	-	-	2,843
2034	2,081	763	2,843	2,081	763	2,843	-	-	-	2034	-	-	-	2,843
2035	2,149	694	2,843	2,149	694	2,843	-	-	-	2035	-	-	-	2,843
2036	2,220	625	2,845	2,220	625	2,845	-	-	-	2036	-	-	-	2,845
2037	2,293	550	2,843	2,293	550	2,843	-	-	-	2037	-	-	-	2,843
2038	2,369	474	2,843	2,369	474	2,843	-	-	-	2038	-	-	-	2,843
2039	2,447	396	2,843	2,447	396	2,843	-	-	-	2039	-	-	-	2,843
2040	2,528	316	2,844	2,528	316	2,844	-	-	-	2040	-	-	-	2,844
2041	2,611	232	2,843	2,611	232	2,843	-	-	-	2041	-	-	-	2,843
2042	2,697	146	2,843	2,697	146	2,843	-	-	-	2042	-	-	-	2,843
2043	2,786	57	2,843	2,786	57	2,843	-	-	-	2043	-	-	-	2,843
2044	236	1	237	236	1	237	-	-	-	2044	-	-	-	237
Total	9,223,611	1,710,337	10,933,948	1,175,850	630,491	1,806,341	1,197,098	357,973	1,555,071	Total	9,244,859	1,437,819	10,682,678	251,270

Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500.

PNC Proposal– New Money Enterprise Fund Cash-flow Detail



Town of Cape Charles, VA

Aggregate Enterprise Fund Post Refunding				Enterprise Fund New Money				Aggregate Enterprise Fund Post Ref. + NM				DS Increase	Incr. vs FY14
FY	Principal	Interest	Total	FY	Principal	Interest	Total	FY	Principal	Interest	Total		
2014	425,063	129,628	554,691	2014	-	4,114	4,114	2014	425,063	133,742	558,805	(30,010)	(30,010)
2015	413,430	120,179	533,609	2015	18,000	18,061	36,061	2015	431,430	138,240	569,670	(9,950)	(19,145)
2016	417,835	116,260	534,096	2016	30,000	17,584	47,584	2016	447,835	133,844	581,679	(5,993)	(7,135)
2017	423,274	111,023	534,296	2017	30,000	16,789	46,789	2017	453,274	127,812	581,085	(2,885)	(7,730)
2018	472,810	105,132	577,942	2018	10,000	15,994	25,994	2018	482,810	121,126	603,936	23,652	15,121
2019	465,580	98,739	564,319	2019	21,534	15,729	37,263	2019	487,114	114,468	601,582	34,921	12,767
2020	472,006	92,483	564,489	2020	22,370	15,158	37,528	2020	494,376	107,641	602,017	35,186	13,202
2021	480,017	85,932	565,950	2021	23,227	14,565	37,792	2021	503,244	100,498	603,742	35,449	14,927
2022	488,196	78,583	566,779	2022	24,108	13,950	38,058	2022	512,304	92,533	604,837	35,716	16,022
2023	496,421	71,014	567,436	2023	25,012	13,311	38,323	2023	521,433	84,325	605,759	35,981	16,944
2024	500,195	63,148	563,343	2024	28,939	12,648	41,587	2024	529,134	75,796	604,930	39,238	16,116
2025	508,286	55,072	563,358	2025	29,892	11,881	41,773	2025	538,178	66,953	605,131	39,278	16,316
2026	516,660	46,640	563,300	2026	30,869	11,089	41,958	2026	547,529	57,729	605,258	39,463	16,443
2027	529,670	37,442	567,112	2027	30,000	10,271	40,271	2027	559,670	47,713	607,383	37,775	18,568
2028	495,460	28,838	524,297	2028	67,424	9,476	76,900	2028	562,884	38,314	601,197	74,404	12,383
2029	502,165	21,035	523,200	2029	68,814	7,689	76,503	2029	570,979	28,724	599,703	74,008	10,888
2030	508,970	13,010	521,980	2030	70,240	5,866	76,106	2030	579,210	18,876	598,086	73,610	9,271
2031	346,226	4,761	350,987	2031	36,309	4,005	40,314	2031	382,535	8,765	391,300	37,818	
2032	348,582	2,412	350,994	2032	37,272	3,042	40,314	2032	385,854	5,454	391,308	37,819	
2033	-	-	-	2033	38,259	2,055	40,314	2033	38,259	2,055	40,314	37,470	
2034	-	-	-	2034	39,273	1,041	40,314	2034	39,273	1,041	40,314	37,470	
2035	-	-	-	2035	-	-	-	2035	-	-	-	(2,843)	
2036	-	-	-	2036	-	-	-	2036	-	-	-	(2,845)	
2037	-	-	-	2037	-	-	-	2037	-	-	-	(2,843)	
2038	-	-	-	2038	-	-	-	2038	-	-	-	(2,843)	
2039	-	-	-	2039	-	-	-	2039	-	-	-	(2,843)	
2040	-	-	-	2040	-	-	-	2040	-	-	-	(2,844)	
2041	-	-	-	2041	-	-	-	2041	-	-	-	(2,843)	
2042	-	-	-	2042	-	-	-	2042	-	-	-	(2,843)	
2043	-	-	-	2043	-	-	-	2043	-	-	-	(2,843)	
2044	-	-	-	2044	-	-	-	2044	-	-	-	(237)	
Total	9,244,859	1,437,819	10,682,678	Total	681,542	224,318	905,860	Total	9,926,401	1,662,137	11,588,538		

Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500.

PNC Proposal – General Fund New Money Cash-flow Detail



Town of Cape Charles, VA

Aggregate Existing General Fund				General Fund New Money			Aggregate General Fund Post New Money				DS Increase	Incr. vs FY14
FY	Principal	Interest	Total	Principal	Interest	Total	FY	Principal	Interest	Total		
2013	66,434	47,355	113,789			-	2013	66,434	47,355	113,789		
2014	63,797	44,566	108,364	-	2,026	2,026	2014	63,797	46,593	110,390	2,026	2,026
2015	67,499	41,655	109,154	-	8,896	8,896	2015	67,499	50,551	118,050	8,896	9,686
2016	61,161	38,954	100,115	5,000	8,896	13,896	2016	66,161	47,850	114,011	13,896	5,647
2017	69,782	36,270	106,052	-	8,763	8,763	2017	69,782	45,033	114,815	8,763	6,451
2018	77,987	33,245	111,232	-	8,763	8,763	2018	77,987	42,008	119,996	8,763	11,632
2019	61,892	30,304	92,196	15,000	8,763	23,763	2019	76,892	39,068	115,960	23,763	7,596
2020	62,308	27,692	89,999	15,000	8,366	23,366	2020	77,308	36,057	113,365	23,366	5,001
2021	65,942	24,858	90,800	15,000	7,968	22,968	2021	80,942	32,826	113,768	22,968	5,405
2022	69,577	21,818	91,395	15,000	7,571	22,571	2022	84,577	29,389	113,966	22,571	5,602
2023	73,211	18,727	91,938	15,000	7,173	22,173	2023	88,211	25,900	114,111	22,173	5,747
2024	76,430	15,444	91,874	15,000	6,776	21,776	2024	91,430	22,220	113,650	21,776	5,286
2025	80,065	11,878	91,943	15,000	6,378	21,378	2025	95,065	18,256	113,321	21,378	4,957
2026	83,699	8,009	91,708	17,000	5,981	22,981	2026	100,699	13,990	114,689	22,981	6,325
2027	87,749	3,922	91,672	17,000	5,530	22,530	2027	104,749	9,452	114,202	22,530	5,838
2028	14,128	1,576	15,704	25,283	5,080	30,363	2028	39,411	6,656	46,067	30,363	(62,297)
2029	14,543	1,066	15,609	25,952	4,410	30,362	2029	40,495	5,476	45,971	30,362	(62,393)
2030	14,967	541	15,508	26,640	3,722	30,362	2030	41,607	4,263	45,870	30,362	(62,494)
2031	-	-	-	27,346	3,016	30,362	2031	27,346	3,016	30,362	30,362	(78,002)
2032	-	-	-	28,071	2,291	30,362	2032	28,071	2,291	30,362	30,362	(78,001)
2033	-	-	-	28,815	1,547	30,362	2033	28,815	1,547	30,362	30,362	(78,001)
2034	-	-	-	29,578	784	30,362	2034	29,578	784	30,362	30,362	(78,002)
Total	1,044,737	360,526	1,405,263	335,685	122,699	458,384	Total	1,380,422	483,225	1,863,647		

Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500.

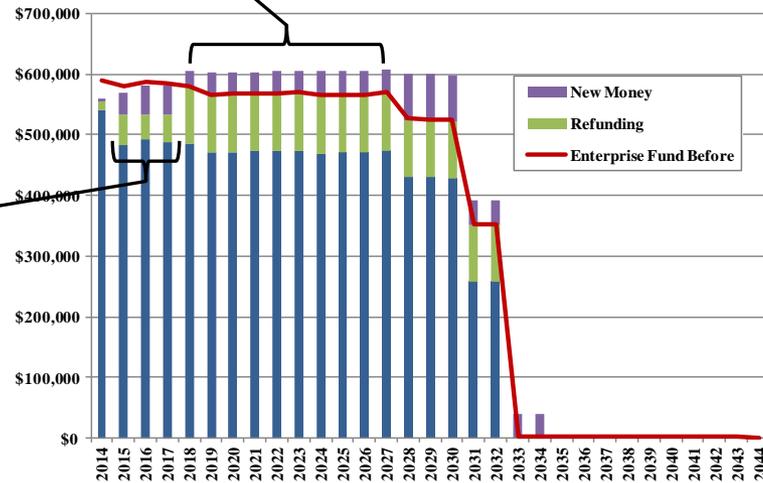
PNC Proposal – Resulting Aggregate Debt Service Structure



1. The 18-year repayment term for the Refinancing allows the Town to “carve out” debt service in FY 2015-2017, and layer-in the New Money such that **aggregate Enterprise Fund debt service does not increase vs. its current FY 2014 level until FY 2018.**
2. From FY 2018 on, aggregate debt service for the Enterprise Fund would equal roughly \$600,000 per year, an increase of about \$15,000 vs. the current FY 2014 level.
3. General Fund New Money would be structured such that aggregate debt service through FY 2027 would equal approximately \$115,000, or an increase of \$7,000 vs. FY 2014.

2. Total annual debt service of approximately \$600,000

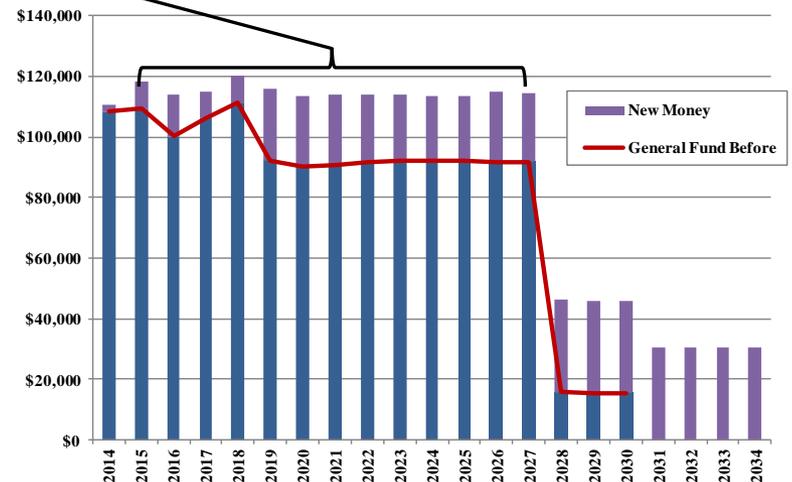
Enterprise Fund



1. New Money debt Service layered-in beneath current level.

3. Total annual G.F. debt service through 2027 of approximately \$115,000

General Fund



Note: Debt service after FY 2024 assumes rate remains 2.65%; All figures preliminary and include estimated costs of issuance of \$37,500.



***Appendix B:
Summary of Proposals
Received***

Appendix B: Summary of Proposals Received



Town of Cape Charles, VA

	PNC Bank, N.A.	SunTrust Institutional & Government	Towne Bank		
					
			Option A	Option B	Option C
NTE Amount	\$2,500,000	\$2,500,000	\$2,500,000		
Term	Up to 20 Years	15 Years	20 Years		
Final Maturity	3/1/2034	3/1/2029	3/1/2034		
Interest Rate	2.650%	3.100%	2.060%	2.670%	3.510%
Interest Mode	10-Year Rate Reset	Fixed until maturity	5-Year Reset	7-Year Reset	10-Year Reset
Prepayment Provision	Any payment date at 100%	Any time at 100%	Any time at 100%		
Bank / Legal Fees	Bank legal costs not to exceed \$1,500	\$1,000 Bank Fee; Town pays all fees including legal fees for both parties	Not specified. No commitment or annual fees		
Other	Needs: list of Top 5 taxpayers and amounts for last 3 years; info on Water & Sewer rates	N/A	N/A		

Disclaimer



Town of Cape Charles, VA

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity or obligated person without regard to its own financial or other interests, except when Davenport acts as an underwriter, as noted below, or as a registered investment advisor. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement. As a financial advisor, Davenport's fiduciary obligations to the issuer are the same as those of a registered municipal advisor.

However, should an issuer choose to consider Davenport as an underwriter, under the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 Davenport is obligated to disclose that the underwriter's primary role is to purchase securities with a view to distribution in an arm's length commercial transaction with the issuer and the underwriter has financial and other interests that differ from those of the issuer; unlike a municipal advisor, the underwriter does not have a fiduciary duty to the issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interest of the issuer without regard to its own financial or other interests; the underwriter has a duty to purchase securities from the issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; the underwriter will review the official statement of the issuer's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction. Rule G-17 also requires an underwriter to deal fairly at all times with both municipal issuers and investors. The SEC has clarified that in order for a person to serve as an underwriter with respect to an issuance of municipal securities there must be a relationship to a particular transaction.

Davenport's compensation when serving as an underwriter is normally contingent on the closing of a transaction. Clients generally prefer this arrangement so they are not obligated to pay a fee unless the transaction is completed. However, MSRB Rule G-17 requires an underwriter to disclose that compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the underwriter to recommend a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary. This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the author's and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory, underwriting or placement agent services for the issuers of the securities and instruments mentioned herein.

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10.17.13 DR/MM

Capital Improvement Projects - Current and Future Potential

8-Nov-13

Description	Project Total	Grant	Town Match	Justification	Assumption by Fund
General Fund					
Cape Charles Multi-Use Trail Phase 2	\$ 1,500,000	\$ 1,200,000	\$ 300,000	FY13-FY15 Completion - FY14 \$150K - FY15 \$150K	\$ 300,000
Alley Access and Parking Project	\$75,000		\$75,000	Includes Alley Access, Public Parking, Landscaping, and potential site Commercial Sanitation	\$ -
Subtotal - General Fund	\$ 1,575,000	\$ 1,200,000	\$ 375,000		General
Water Fund					
Backwash Vault Design & Construction	\$ 40,000	\$ -	\$ 40,000	Required by DEQ in FY14	\$ -
Infrastructure Connection of 2 Wells	\$ 300,000	\$ -	\$ 300,000	FY14 - \$60K Engineer & Design; FY15 - FY16 Construction of Connection	\$ 300,000
Subtotal - Water Fund	\$ 340,000	\$ -	\$ 340,000		Water
Sewer Fund					
Comminutor/Grinder - Mason Ave Pump Station	\$ 30,000	\$ -	\$ 30,000	Replacement; O&M cost effective for Pump Station and WWTP	\$ -
Manhole Repairs	\$ 100,000	\$ -	\$ 100,000	Reducing I&I; Storm water Collection with an overall decrease of treatment exps. \$1000 x 100 manholes	\$ 100,000
Pump Stations - <i>Improvements Plum & Pine Street</i>	\$ 460,000	\$ -	\$ 460,000	FY14 - \$30K Engineering & Design; FY 15 - FY16 Construction of Improvements; \$230K each	\$ 300,000
Subtotal - Sewer Fund	\$ 590,000	\$ -	\$ 590,000		Sewer
Harbor Fund					
Existing A Dock Attenuator replaced/relocated to B Dock	\$240,000	\$75,000	\$165,000	FY14 - \$25K Match	\$ -
Extension of A Dock Attenuator 50Ft. Into Federal Channel	\$85,000		\$85,000	USACO Permit required, Construction & Engineering. Need for Additional Protection Inner Harbor	\$ -
Breakwaters - Construction of 1/3 segments	\$869,000	\$500,000	\$369,000	Breakwaters - 3 x \$800K each; Can use VPA \$500K by June 2014 for 1st year	\$ -
Subtotal - Harbor Fund	\$1,194,000	\$575,000	\$619,000		Harbor
TOTAL	\$ 3,699,000	\$ 1,775,000	\$ 1,924,000		\$ 1,000,000

Criteria for Prioritized Capital Project Needs

- Public Safety
- Environmental Protection
- Economic Development

 <p>TOWN OF CAPE CHARLES</p>	AGENDA TITLE: Historic District Review Board Vacancy		AGENDA DATE: November 14, 2013
	SUBJECT/PROPOSAL/REQUEST: Appointment of Planning Commission Representative to the Historic District Review Board		ITEM NUMBER: 3B
	ATTACHMENTS: None		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Rob Testerman	REVIEWED BY:	

BACKGROUND:

The Historic District Review Board (HDRB) oversees the Town’s Historic District and reviews applications and plans for renovations to existing structures or new construction within the Historic District. The Board consists of five members serving five-year terms.

On October 28, 2013, Theodore Warner tendered his resignation from the HDRB.

DISCUSSION:

Section 8.9 Historic District Review Board – Qualifications and Article 2-2 of the Historic District Review Board By-Laws states “members of the Historic District Review Board shall have demonstrated interest and knowledge in the historical and architectural development of the Town and when possible be a licensed architect or engineer, planning commission member, or licensed building contractor.”

There are currently no members of Planning Commission on the Board, and at the November 5 Planning Commission meeting, the Commission discussed the vacancy along with HDRB by-laws and voted to nominate Mrs. Sandra Salopek to be considered to serve as the Planning Commission representative on the Historic District Review Board.

RECOMMENDATION:

Staff recommends discussion and appointment of Mrs. Sandra Salopek as the Planning Commission Representative to the Historic District Review Board.