

# Bertie County Board of Commissioners



February 2, 2015

Chairman	Ronald "Ron" Wesson	District 1
	Stewart White	District II
Vice Chairman	Tammy A. Lee	District III
	John Trent	District IV
	Ernestine (Byrd) Bazemore	District V

**BERTIE COUNTY BOARD OF COMMISSIONERS**

**February 2, 2015**

**4:00pm**

**Agenda**

*This agenda is only a tentative schedule of matters the Commissioners may address at their meeting and all items found on it may be deleted, amended or deferred. The Commissioners may also, in their absolute discretion, consider matters not shown on this agenda.*

**2:00-3:45** Informal Tour and orientation—Data Center operations overview of County’s fiber network serving various remote locations

**4:00-4:05** Call to Order and Welcome by Chairman Wesson

**4:05-4:10** Invocation and Pledge of Allegiance by Commissioner Bazemore

**4:10-4:25** Public Comments

**(A)**

**\*\*\* APPOINTMENTS \*\*\***

**4:25-4:40** ABC Board Chair Miles Davis: Receive update on operations for the fiscal year ended June 30, 2014

**4:40-4:55** Bertie County Transformation Zone program update presentation by Ms. Bobbi Holley, Implementation Coordinator and Dr. Denuvo M. Robinson, Albemarle Smart Start Partnership

**4:55-5:15** Superintendent Elaine White: a) consider property transaction for accepting Central Office building  
b) Consider allocation of \$150,000 for school capital outlay purposes;  
c) Receive update on bus garage project

**Board Appointments (B)**

- 1. There are no Board appointments.

**Consent Agenda (C)**

- 1. Approve minutes for Regular Session 1-20-15 (C-1)
- 2. Approve Tax Department Error Ledger – December 2014 (C-2)
- 3. Tax Administrator Jodie Rhea (C-3):
  - a) Report to the Board of Commissioners on total unpaid 2014-2015 taxes that are lien on real property as required by NCGS 105-369(a);
  - b) Review upcoming tax calendar items (e.g. publication of delinquent taxpayers, Board of Equalization schedule for April-May);

**\*\*\*OTHER ITEMS\*\*\***

**Discussion Agenda (D)**

- 1. Financial Advisor Ted Cole (D-1):
  - a) Review of County’s debt structure;
  - b) Discuss sinking fund requirements for Bertie High School QSCB financing (federal Qualified School Construction Bonds);
  - c) Receive update on the impact of US Congressional sequestration budget reductions;
  - d) Examine other potential debt refinancing options
- 4. CPA Bob Segal: consider proposal for revenue enhancement and expenditure reduction project proposal (D-2)

**Commissioners’ Reports (E)**

**County Manager’s Reports (F)**

**County Attorney’s Reports (G)**

**Public Comments Continued**

**Closed Session**

Pursuant to N.C.G.S. § 143-318.11(a)(3) to go into closed session to consult with the County Attorney in order to preserve the attorney-client privilege that exists between the attorney and this public body.

Pursuant to N.C.G.S. § 143-318.11(a)(4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations. The action approves the signing of an economic development contract or commitment, or the action authorizing the payment of economic development expenditures, shall be taken in an open session.

Pursuant to N.C.G.S. § 143-318.11(a)(5) to establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; or (ii) the amount of compensation and other material terms of an employment contract or proposed employment contract.

Pursuant to N.C.G.S. § 143-318.11(a)(6) to consider the qualifications, competence, performance, character, fitness, conditions of employment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.

**Adjourn**



# BERTIE COUNTY SCHOOLS

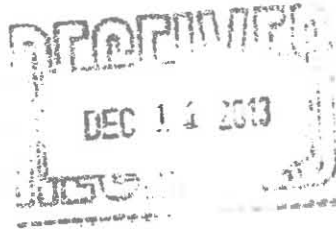
P.O. BOX 10  
222 COUNTY FARM ROAD  
WINDSOR, NORTH CAROLINA 27983  
PHONE (252) 794-3173 - FAX: (252) 794-9727

*Elaine White*  
Superintendent

**BOARD MEMBERS**  
*EMMA JOHNSON, Chair*  
*BOBBY OCC'ENA, Vice-Chairman*  
*TARSHA B. DUDLEY*  
*RICKET M. FRIEMAN*  
*ALTON PARKER*

12/9/13

Scott Sauer  
Bertie County Manager  
106 Dundy Street  
P.O. Box 487  
Windsor, NC 27983



Dear Sir:

At the December meeting, Bertie County Board of Education declared the Central Office building located at 222 County Farm Road, as surplus property pending relocation of our central office to 715 US Highway 13 North, Windsor, NC. According to board policy (61001.1), "the Board will offer the Board of County Commissioners the first option to obtain the property at a fair market price or at price negotiated between the two Boards".

The most recent DPI insurance appraisal lists the replacement value of the property at \$915,500.00 and the actual cash value at \$697,944.00. If the Board of County Commissioners is interested in the above property, our Board is prepared to negotiate a price with you.

We look forward to hearing from you in the near future. Our best wishes for your continued successful service to our county.

Sincerely,

*Elaine M White*

Elaine White  
Superintendent

EW/knc

c: Bertie County Schools

Bertie County Board of Education  
222 County Farm Road  
Windsor, NC 27983

Property Size – 3.26 Acres  
Main Building – Built in 1975  
5,675 sq. ft

Addition – Built in 1998 by the Bertie High School Carpentry Class and  
Moved to location  
- 3,480 sq. ft.

Utilities – Water, sewage and electric  
Department of Public Utilities of Windsor

Heat and cooling – Heat pumps  
The heat pumps has an average age of 15 years

Parking Lot – Asphalt

Main Building – Metal building with brick front, duro last roofing

Addition – Wood frame with vinyl siding, shingle roof

**Improvement in Last 3 Years**

Security System - \$1,942.80 (Year, 2012)  
Carpet – Board Room and Back Hall - \$8,438.00 (Year, 2012)  
Roof-Main Building - \$27,830.00 (Year, 2012)  
Painting of entire building - \$630.00 (Year, 2012)  
Landscaping - \$7,804.00 (Year, 2013)  
Fire Alarm - \$12, 486.00 (Year, 2012)

**Make-up of Building**

26 offices – sizes vary  
3 Bathrooms  
5 Storage Areas  
1 Board Room  
Small Kitchen  
Lobby Area



Elaine White,  
Superintendent

Phone: 252-794-6000  
Fax: 252-794-6071  
E-mail: [www.bertie.k12.nc.us/](http://www.bertie.k12.nc.us/).com

Primary Business Address  
222 County Farm Road  
Windsor, NC 27983

## Bertie County Board of Education



## Bertie County Schools Administration Building



# Office Space Available

222 County Farm Road | Windsor | NC | 27983

- Property Size 3.26 Acres
- Main Building Built in 1975 5,675 sq. ft.
- Addition—Built in 1998 by BHS Carpentry Class and Moved to Location -3, 480 sq. ft.
- HVAC average age 15 years
- Flexible Floorplan
- Asphalt Parking Lot
- Beautiful Landscaping
- Large meeting room

Move your office or retail business right in!! Super clean office building with all of the amenities totaling over 9000 Square Feet. Includes reception area, open office area, 5 storage areas, 26 offices, a kitchen and 3 restrooms. Parking on side and in the rear.

### Improvements Made in Last 3 years:

- Security System—\$1,942.80 (2012)
- Carpet—Board Room and Back Hall—\$8438.00 (2012)
- Roof—Main Building—\$27,830.00 (2012)
- Painting of Entire Building—\$630.00 (2012)
- Landscaping- \$7,804.00 (2013)
- Fire Alarm- \$12,486.00 (2012)

**Windsor, North Carolina**  
**January 20, 2015**  
**Regular Meeting**

The Bertie County Board of Commissioners met for their regularly scheduled meeting at 7:00pm inside the Aulander Community Building located at 116 S. Commerce Street, Aulander, NC. The following members were present or absent:

Present: Ronald "Ron" Wesson, District I  
 Stewart White, District II  
 Tammy A. Lee, District III  
 John Trent, District IV  
 Ernestine (Byrd) Bazemore, District V

Absent: None

Staff Present: County Manager Scott Sauer  
 Clerk to the Board Sarah S. Tinkham  
 Assistant County Attorney Jonathan Huddleston  
 Network Administrator Joe Wilkes  
 Finance Director William Roberson  
 Economic Development Director Steve Biggs  
 Planning Director Traci White  
 NET Coordinator Ian Trainor  
 Emergency Services Director Mitch Cooper  
 EMS Division Chief Matt Leicester  
 Code Enforcement Official G.T. Pittman  
 Compliance Officer Crystal Freeman  
 Civil Processing Officer Vernon Lee

Gene Motley of the Roanoke-Chowan News Herald was present from the media.

Chairman Wesson welcomed all of those present, and thanked them for their attendance. He also asked that Aulander Mayor Larry Drew say a few words.

Mayor Drew thanked all of those present for their attendance and stated that he was excited to have the Board back in Aulander.

**INVOCATION/PLEDGE OF ALLEGIANCE**

Vice Chairman Lee gave the Invocation and Pledge of Allegiance.

## **PUBLIC COMMENTS**

There were no Public Comments at this time.

## **APPOINTMENTS**

### **Public Hearing – Green Engineering – informing the public of the County’s intention to seek FY2015 CDBG funding under Title I of the Housing and Community Development Act**

Chairman Wesson introduced County Manager Scott Sauer to deliver remarks regarding this item.

County Manager Sauer stated that the County was simply working to progress the Board’s Economic Development initiatives. Mr. Sauer informed all of those present that there were currently no specific projects in the works, but that preliminary steps were needed to apply for funding in the near future.

County Manager Sauer further explained that the Bertie County Board of Commissioners has previously shown support for the County’s efforts to improve infrastructure and support economic development through continued application(s) for Community Development Block Grant (CDBG) funds made available through NCDENR and the NC Commerce Finance Center. Prior to any application for CDBG Infrastructure or CDBG Economic Development funds made available in FY15 (approximately \$40 million in total CDBG funding available statewide), the County is required to hold a preliminary CDBG public hearing. The purpose of this public hearing is to allow citizens, county staff, and elected officials to express concerns or interests related to community development throughout Bertie County. Prior to the actual filing of an application for any specific FY15 CDBG project, a second public hearing will be required to outline the project activities and budget.

Chairman Wesson opened the floor to Public Comments. Hearing none, the Public Hearing was closed.

Chairman Wesson requested that if any particular municipalities had causes or eligible projects that required funding under the CDBG guidelines to present those projects to the Board.

### **Paramedic EMS Annual Report by Emergency Services Director, Mitch Cooper, and EMS Division Chief, Matt Leicester**

Emergency Services Director, Mitch Cooper, came before the Board with a report detailing the County’s first year of the County owned Paramedic EMS operation.

Mr. Leicester stated that 3,462 calls were received in the year 2014. The average chute time for 2014 was 77.62 seconds with a State requirement of 90 seconds. The average response time was 10.13 minutes with a State requirement of 20 minutes. 94% of all EMS responses were below the 20 minute requirement.

Mr. Leicester also detailed the EMS Division's various programs that took place in 2014.

After several questions and discussion with the Board, Vice Chairman Lee praised the efforts of the prior Board in its effort to establish the all Paramedic system.

Commissioner White shared that he was hearing very positive feedback from citizens in Hertford County who have been following Bertie's progress, and the design of the system.

**Presentation of CADA of NC, Inc's 2015-2016 work plan and Community Services Block Grant funding proposal by Windsor NC Works Center Director, Andre Rowe**

Windsor NC Works Center Director, Andre Rowe, approached the Board on behalf of CADA of NC, Inc. regarding a proposed funding cut from the Community Services Block Grant.

Mr. Rowe stated that this cut is an entire CADA of NC, Inc. service area cut, and that the proposed funding amount totaled \$45,000 for FY2015 in comparison to \$93,000 in FY2014.

Mr. Rowe requested that the County not only support the proposed CSBG application, but that the Board consider holding a work session with CADA representatives to discuss other funding matters.

After some discussion, Commissioner Bazemore made a **MOTION** to support CADA's proposed CSBG application for FY2015 with reservation, and indicated the need for the State to re-examine its funding formula. Commissioner Trent **SECONDED** the motion. The **MOTION PASSED** unanimously.

Chairman Wesson also commended Mr. Rowe for his assistance with the two latest job fairs hosted in collaboration with the NC Works Center.



## BOARD APPOINTMENTS

There were no citizen appointments, but Chairman Wesson reiterated that any individual could apply for any available Board vacancy.

### **Commissioner Boards/Committee Assignments**

Chairman Wesson opened the floor to the Commissioners regarding their interest in any of the Boards/Committees. A one-page summary document was provided in the Board's electronic agenda packet detailing the current Commissioner vacancies.

Commissioner Trent volunteered to serve as the Commissioner Representative on the Bertie-Martin Regional Jail Commission.

Commissioner Bazemore made a **MOTION** to appoint Commissioner Trent to the Bertie-Martin Regional Jail Commission. Vice Chairman Lee **SECONDED** the motion. The **MOTION PASSED** unanimously.

Commissioner White volunteered to serve as the Commissioner Representative on the Economic Development Commission.

Commissioner Trent made a **MOTION** to appoint Commissioner White to the Economic Development Commission. Commissioner Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

Commissioner Bazemore volunteered to serve as the Commissioner Representative on the Department of Social Services Board upon the completion of former Commissioner Charles L. Smith's term.

Commissioner White made a **MOTION** to appoint Commissioner Bazemore to the Department of Social Services Board under the required condition. Vice Chairman Lee **SECONDED** the motion. The **MOTION PASSED** unanimously.

Vice Chairman Lee volunteered to serve as the Commissioner Representative on both the Albemarle Regional Health Board, as well as the East Carolina Behavioral Health Finance Committee.

Commissioner Trent made a **MOTION** to appoint Vice Chairman Lee to both boards. Commissioner Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

Commissioner Bazemore volunteered to serve as the Commissioner Representative on the Juvenile Crime Prevention Council (JCPC).

Commissioner Trent made a **MOTION** to appoint Commissioner Bazemore to the Juvenile Crime Prevention Council. Vice Chairman Lee **SECONDED** the motion. The **MOTION PASSED** unanimously.

Commissioner Bazemore volunteered to serve as the Commissioner Representative on Rural Transportation Advisory Committee.

Commissioner Trent made a **MOTION** to appoint Commissioner Bazemore to the Rural Transportation Advisory Committee. Vice Chairman Lee **SECONDED** the motion. The **MOTION PASSED** unanimously.

Vice Chairman Lee volunteered to serve as the Commissioner Representative on the Tri-County Airport Authority.

Commissioner Bazemore made a **MOTION** to appoint Vice Chairman Lee to the Tri-County Airport Authority. Commissioner White **SECONDED** the motion. The **MOTION PASSED** unanimously.

Chairman Wesson volunteered to serve on the Moses B. Gilliam Center Advisory Board.

Commissioner Trent made a **MOTION** to appoint Chairman Wesson to the Moses B. Gilliam Center Advisory Board. Commissioner Bazemore **SECONDED** the motion. The **MOTION PASSED** unanimously.

### **CONSENT AGENDA**

#### **Approve minutes for Regular Session 1-5-15**

County Manager Sauer and Assistant County Attorney Jonathan Huddleston recommended this item for approval.

Vice Chairman Lee made a **MOTION** to approve the minutes for Regular Session 1-5-15. Commissioner Trent **SECONDED** the motion. The **MOTION PASSED** unanimously.

## **DISCUSSION AGENDA**

### **Economic Development Update**

Economic Development Director, Steve Biggs, was present to update the Board on various projects and activities of his office.

First, Mr. Biggs briefed the Board regarding the available training and manufacturing space at the Bertie Correctional facility, which has been vacant and unused since the facility was put into to service. A meeting has been set for February 12<sup>th</sup> in Raleigh with Department of Correction staff and representatives for the North Carolina State University's Industrial Extension Service to discuss Prison Industry Enterprises. Vice Chairman Lee offered to represent the Board at this meeting.

Second, Mr. Biggs updated the Board on planned construction of additional solar farms in the County, efforts to restore banking activities at facilities in Aulander and Roxobel, and the continuing need for natural gas extensions in the northern parts of the County.

Third, Mr. Biggs reported that the school system is working with a technology group, "MustInnov8" to promote interest in science and math for students through robotics programs. He indicated that this project was brought to his attention by the Superintendent to help with improving the skills of our workforce and that the Board will receive a report at its next regular meeting.

Lastly, Mr. Biggs informed the Board that a new recycling business was due to open inside the old Davis auction house in Roxobel, which is now owned and operated by Mr. Ismael Muldrew. This business has created 17 new jobs, and Commissioner Trent noted that Republic Services now has a contract with this company to handle receipt of recyclables.

Chairman Wesson noted that the State is holding a Forestry Summit February 11<sup>th</sup> in Williamston, NC and he encouraged Mr. Biggs to attend.

Commissioner White expressed his interest in conducting County-wide focus group meetings regarding economic development opportunities and to identify potential investors for various projects.

Commissioner White also noted that there is continuing need for a trained workforce with skills such as truck drivers and heavy equipment operators.

Commissioner Trent noted that the NC Wildlife Commission's boat ramp on the Roanoke River at Weeping Mary Road is now open.

Chairman Wesson reminded Mr. Biggs about the importance of regular economic development reports for the Board of Commissioners and County citizens.

**Introduction of matters from recent NCACC leadership training: Rules of Procedure for conducting County Board of Commissioners meetings, and Code of Ethics for Board of Commissioners**

Chairman Wesson discussed the latest conferences in which members of the Board received ethics training, as well as participated in the 2015 NCACC Legislative Goals Conference. Big topics of discussion include NC Education Lottery funds, as well as Rural Development & Infrastructure.

The Board also reviewed samples versions of a Rules of Procedure as well as a Code of Ethics for a Board of Commissioners.

Chairman Wesson stated that these two samples were simply working drafts, and the Board would continue to work towards final versions.

**Review dates for Board planning sessions**

After some discussion, the Board agreed to hold their 2015 Planning Sessions on Monday, February 9, and Tuesday, February 10 at the Roanoke Cashie River Center in Windsor.

**COMMISSIONERS' REPORTS**

Commissioner Trent informed the Board of proposed national legislation regarding methane production and usage. He stated that a proposed bill would require that 45% of all methane generated would be required to act as a power source by the year 2020.

He stated that this should be something the County could work towards if the legislation were to pass.

There were no other comments at this time.

**COUNTY MANAGER'S REPORTS**

County Manager Sauer informed the Board about an event taking place on Tuesday, January 27<sup>th</sup>, at 12:00 noon at the Town House Restaurant in Windsor. He stated that the Commissioner of Insurance, Wayne Goodwin, had invited all local officials to attend to voice their opinions and concerns.

Additionally, Mr. Sauer reported that he had received correspondence from the Office of Senator Erica Smith-Ingram. He was notified that Senator Smith-Ingram would be available to hear public comments on her listening tour of the district. The listening tour for Bertie County will

take place on Tuesday, February 3<sup>rd</sup> from 6:00-7:00pm inside the first floor Commissioners Room located at 106 Dundee Street.

Also, Mr. Sauer informed the Board that a link was recently added to the Bertie County website that could direct any interested party to the Pound the Sound website.

Lastly, Finance Officer William Roberson reported that the County audit for the fiscal year ending on January 30, 2014 was now approved by the NC Local Government Commission, and a copy of the audit was placed onto the County website for the public to view.

### **COUNTY ATTORNEY'S REPORTS**

The County Attorney gave no remarks at this time.

### **PUBLIC COMMENTS CONTINUED**

Norman Cherry, Interim Director of the Martin Community College Bertie Campus, came forward to inform the Commissioners about current programs being offered to inmates. He stated that plumbing, HVAC, and carpentry programs were just some of the many being offered to inmates so that they may have an employable skill upon their release.

Aulander Mayor, Larry Drew, approached the Board with some concerns that were expressed to him by the Aulander Town Council. Mr. Drew stated that the old Southern Bank building was now completely in the possession of the Town, and that it was important for the Town to secure another banking branch.

In addition, Mr. Drew requested assistance from the Bertie County Planning Department regarding the condemnation of various buildings within the Town limits.

Lastly, Mayor Drew informed the Board of a current issue regarding required fees from the Sallie Harrell Jenkins Library to the Albemarle Regional Library. Mr. Drew stated that the Town did not agree with the amount of fees being charged especially since Sallie Harrell Jenkins Library is one of the smaller libraries within the Albemarle Regional Library system. The library is also not as well equipped as some of the other libraries regarding computers and other features.

The Board assured Mayor Drew that they would be in contact with the new Director, Teresa Cole, and that they would work to find a solution.

The Board commended the Town of Aulander for their successful, first annual Peanut Festival, and that it was a very organized event.

Mayor Drew also shared the Town's concerns about additional recreational funding needed in the area, as well as about zoning issues with group homes.

The Board stated that they would work with the County's Planning Department to come up with a solution regarding the proper permits needed to open group homes across the County.

**ADJOURN**

Chairman Wesson adjourned the meeting at approximately 9:30pm.

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Ronald D. Wesson, Chairman

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Sarah S. Tinkham, Clerk to the Board



Bertie County Tax Department  
PO Box 527  
106 Dundee St.  
Windsor, NC 27983  
Phone: (252) 794-5310  
Fax: (252) 794-5357

January 05, 2015

William Roberson  
Bertie County Finance Officer  
Windsor, NC 27983

Dear Mr. Roberson:

Attached you will find a (1) Computer Printout and, (2) Copies of the appropriate pages of the "Error Journal" (Ledger) manually maintained in the tax office, both relative to Errors and Releases which are now ready for your approval.

The errors and releases herein are for the month of **December** and this request for your approval is made pursuant to "Resolution of the Board of Commissioners" dated August 5, 1985. This may also serve as your report to the Board of Commissioners required by the same "Resolution."

Respectfully Submitted,

  
Tax Administrator

Approved on \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_





RLS*14*365	DATE	NAME	CODE	LEVY	ADV	PEN	INT	TOTAL
	12/12/2014	Bond William 13A1522.80	G01	10.16		1.02		\$11.18
		Listed In Error		0				\$11.18

RLS*14*365	DATE	NAME	CODE	LEVY	ADV	PEN	INT	TOTAL
	12/3/2014	Rascoe, Mary Jane 08A5871685673	G01	3.29		0.06		\$3.35
		Adjustment to foreclosure fees		0				\$3.35

RLS*14*365	DATE	NAME	CODE	LEVY	ADV	PEN	INT	TOTAL
	12/12/2014	Bond, William 11A1522.80	G01	10.53		0		\$10.53
		Listed in Error		0				\$10.53

RLS*14*365	DATE	NAME	CODE	LEVY	ADV	PEN	INT	TOTAL
	12/12/2014	Bond, William 12A1522.80	G01	9.91		0.99		\$10.90
		Listed in Error		0				\$10.90

COLLECTIONS AS OF DECEMBER 31					DELINQUENT TAXES AS OF DECEMBER 31				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
2000					2000				
2001	773.05				2001		-		
2002	791.34	632.22			2002	6,110.39			
2003	1,364.91	586.51	226.27		2003	5,831.68	4,201.11	-	
2004	1,106.30	363.56	208.53	<b>571.40</b>	2004	6,735.79	5,224.97	4,745.88	<b>3,605.99</b>
2005	1,689.91	551.90	300.24	<b>873.56</b>	2005	9,449.15	6,641.69	5,235.47	<b>3,179.02</b>
2006	2,638.33	91.80	400.90	<b>724.45</b>	2006	11,058.16	8,126.16	6,230.21	<b>4,319.72</b>
2007	7,063.56	1,403.82	716.57	<b>1,203.91</b>	2007	17,847.02	12,652.19	10,598.21	<b>7,313.44</b>
2008	11,457.53	3,679.10	2,776.02	<b>2,695.28</b>	2008	26,108.92	196,243.37	15,497.18	<b>8,427.06</b>
2009	21,449.41	6,056.72	2,892.76	<b>1,818.64</b>	2009	40,609.91	26,125.23	17,792.94	<b>11,173.36</b>
2010	65,757.66	12,435.11	4,562.62	<b>2,314.07</b>	2010	89,560.92	47,940.86	29,130.78	<b>18,231.50</b>
2011	5,723,609.49	75,130.99	12,818.19	<b>5,267.58</b>	2011	1,928,452.11	97,490.87	48,720.46	<b>29,644.99</b>
2012		6,407,883.41	88,440.95	<b>34,134.18</b>	2012		2,066,741.77	161,984.68	<b>58,163.87</b>
2013			6,476,013.98	<b>105,502.01</b>	2013			2,519,588.88	<b>154,867.45</b>
2014				<b>7,090,025.82</b>	2014				<b>2,187,500.15</b>
<b>TOTAL</b>	5,837,701.49	6,508,815.14	6,589,357.03	<b>7,245,130.90</b>	<b>TOTAL</b>	2,141,764.05	2,471,388.22	2,819,524.69	<b>2,486,426.55</b>



**BERTIE COUNTY**

106 DUNDEE STREET  
POST OFFICE BOX 530  
WINDSOR, NORTH CAROLINA 27983  
(252) 794-5300  
FAX: (252) 794-5327  
WWW.CO.BERTIE.NC.US

**BOARD OF  
COMMISSIONERS**

RONALD "RON" WESSON, Chairman  
TAMMY A. LEE, Vice-Chairman  
JOHN TRENT  
ERNESTINE (BYRD) BAZEMORE  
STEWART WHITE

**Order to Advertise the 2014 Tax Liens**

Upon receipt of the Tax Collector's report of the unpaid 2014 taxes that are a lien on real property in Bertie County, and pursuant to North Carolina General Statute 105-369(s), the Bertie County Board of County Commissioners hereby orders the Tax Collector to advertise these liens.

This 2<sup>nd</sup> day of February, 2015.

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Ronald D. Wesson, Chairman  
Bertie County Board of Commissioners

(SEAL)

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Sarah S. Tinkham, Clerk to the Board  
Bertie County Board of Commissioners

# Discussion Materials

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Bertie County, North Carolina



February 2, 2015

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# Goals and Objectives

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- Discuss the County's Current Legal Debt Limit and Legal Debt Margin.
- Present a detailed analysis of the County's Existing Tax Supported Debt Profile.
  - Analyze a series of Key Financial Ratios so as to better understand the County's Existing Debt Profile and future Debt Capacity.
  - Examine a series of Peer Comparatives to understand how the County's Existing Debt Profile compares against national and North Carolina counties.
- Discuss the recent updated Local Government Rating Methodology and Scoring changes made by Moody's and S&P.
- Provide an overview of the County's 2012 modification of its 2006 BB&T IPC.
- Provide an overview of the County's 2012A (Qualified School Construction Bonds) and 2012B (Tax-Exempt) Limited Obligation Bonds.
- Present a detailed analysis of the County's Existing Utility Fund Debt Profile.
- Provide an overview of the County's 2013 Limited Obligation Bonds (Bertie Water Districts General Obligation Refunding Bonds).

# Peer Comparatives



## Peer Comparative Introduction

- The County is currently rated Aa3 by Moody’s Investors Service (May 2013).
- The following pages contain peer comparatives based on the below Moody’s rating categories.
  - National Counties
    - Aaa 78 Credits
    - Aa 519 Credits
    - A 165 Credits
  - North Carolina Counties
    - Aaa 7 Credits
    - Aa 45 Credits
    - A 11 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 January 8, 2015 (FY 2013 in most cases).

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

# North Carolina Peer Counties



- Below is a listing of all of the North Carolina Counties that are rated in the 'Aaa', 'Aa', and 'A' categories.
- As mentioned on the prior page, Bertie County is rated Aa3 by Moody's and falls into the 'Aa' category.

'Aaa' Counties	'Aa' Counties				'A' Counties
Durham (Aaa)	Alamance (Aa2)	Craven (Aa2)	Iredell (Aa2)	Rowan (Aa2)	Caswell (A1)
Forsyth (Aaa)	Beaufort (Aa3)	Cumberland (Aa1)	Johnston (Aa2)	Rutherford (Aa3)	Clay (A1)
Guilford (Aaa)	Bertie (Aa3)	Currituck (Aa3)	Lee (Aa2)	Stanly (Aa3)	Edgecombe (A1)
Mecklenburg (Aaa)	Bladen (Aa3)	Dare (Aa2)	Lenoir (Aa2)	Surry (Aa3)	Graham (A2)
New Hanover (Aaa)	Brunswick (Aa2)	Davidson (Aa2)	Lincoln (Aa3)	Transylvania (Aa2)	Halifax (A1)
Orange (Aaa)	Buncombe (Aa1)	Davie (Aa2)	Moore (Aa2)	Union (Aa1)	Hertford (A1)
Wake (Aaa)	Cabarrus (Aa1)	Franklin (Aa2)	Nash (Aa2)	Watauga (Aa2)	Martin (A1 - Implied)
	Caldwell (Aa2)	Gaston (Aa2)	Onslow (Aa2)	Wilkes (Aa3)	Northampton (A1)
	Carteret (Aa1)	Granville (Aa2)	Pender (Aa2)	Wilson (Aa2)	Robeson (A1)
	Catawba (Aa1)	Haywood (Aa3)	Randolph (Aa2)		Scotland (A2)
	Chatham (Aa1)	Henderson (Aa2)	Richmond (Aa3)		Swain (A1)
	Cleveland (Aa2)	Hoke (Aa3)	Rockingham (Aa2)		Vance (A1)

# Historical Credit Spreads



- The County’s credit rating has a direct impact on the cost of borrowing, which in turn effects the County’s debt capacity.
  - The credit spread is the premium an issuer pays to the purchaser of their bonds (i.e. higher interest rate) as compensation for increased credit risk.
  - Since the financial downturn in September 2008, credit quality of issuers has taken on a renewed importance to investors.
  - The average spread for an A rated borrower has increased from 0.33% from Nov 2004 – Dec 2008 to 0.75% since Dec 2008.



### Credit Spreads (%) vs the 30-yr AAA MMD

#### Nov 2004 - Dec 2008

Rating	Min	Max	Average
AA	0.04	0.19	0.10
A	0.15	1.26	0.33
BBB	0.30	2.52	0.60

#### Dec 2008 - Present

Rating	Min	Max	Average
AA	0.09	0.56	0.22
A	0.27	1.11	0.75
BBB	0.69	2.58	1.50

Note: credit spreads compared to the 'AAA' equivalent



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# Existing Tax Supported Debt Profile

# Legal Debt Limit and Legal Debt Margin



2014 Financial Report, Page 14

**Bertie County's Outstanding Debt  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
	Due to County	\$ -	\$ -	\$ 11,425,000	\$ 11,770,000	\$ 11,425,000
Limited obligation bonds	21,200,000	21,485,000	11,425,000	11,770,000	32,625,000	33,255,000
Installment purchases	12,969,535	14,508,640	277,046	-	13,246,581	14,508,640
Original issue discount	-	-	(48,422)	(50,588)	(48,422)	(50,588)
Original issue premium	-	-	578,703	604,605	578,703	604,605
Compensated absences	309,884	286,312	19,915	18,003	329,799	304,315
Net pension obligation	251,565	225,608	-	-	251,565	225,608
Other postemployment benefits	3,251,933	2,845,206	133,891	118,049	3,385,824	2,963,255
<b>Total</b>	<b>\$ 37,982,917</b>	<b>\$ 39,350,766</b>	<b>\$ 23,811,133</b>	<b>\$ 24,230,069</b>	<b>\$ 61,794,050</b>	<b>\$ 63,580,835</b>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Bertie County is \$67,511,914.

Additional information regarding Bertie County's long-term debt can be found in Note II.B.7 beginning on page 54 of this audited financial report.

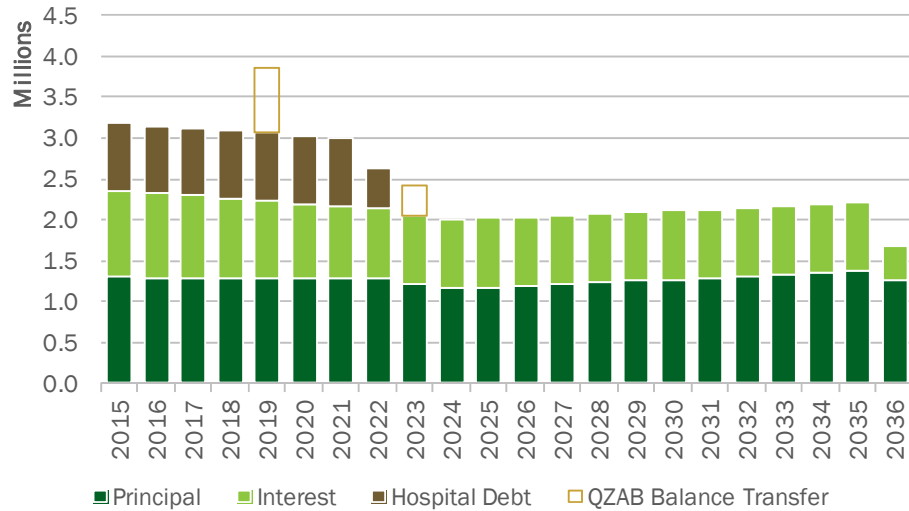
## Calculation of Legal Debt Limit and Legal Debt Margin

1	2014 Assessed Value (2014 Audit p. 111)	\$	1,271,018,233
2	Multiplied by 8%		x 8%
3	<b>Legal Debt Limit (2014 AV x 8%)</b>	<b>\$</b>	<b>101,681,459</b>
4			
5	Less Debt Applied Against Legal Debt Limit:		
6	Limited Obligation Bonds - Governmental Activities	\$	21,200,000
7	Installment Purchases - Governmental Activities (includes Hospital)	\$	12,969,535
8	<b>Total Debt Applied Against Legal Debt Limit</b>	<b>\$</b>	<b>34,169,535</b>
9			
10	<b>Legal Debt Margin (Line 3 - Line 8)</b>	<b>\$</b>	<b>67,511,924</b>

# Existing Tax Supported Debt



## Tax Supported Debt Service



## Tax Supported Debt Service

FY	Principal	Interest	Total	10-yr Payout
Total	34,169,535	20,161,231	54,330,766	
2015	1,854,769	1,323,296	3,178,066	55.4%
2016	1,880,695	1,264,836	3,145,530	56.5%
2017	1,914,944	1,203,524	3,118,468	57.8%
2018	1,950,509	1,141,101	3,091,610	59.2%
2019	2,768,460	1,076,593	3,845,052	60.8%
2020	2,018,779	1,006,412	3,025,191	61.5%
2021	2,061,022	925,703	2,986,726	63.8%
2022	1,762,355	860,055	2,622,410	66.5%
2023	1,573,230	841,460	2,414,690	70.5%
2024	1,159,971	841,460	2,001,431	75.8%
2025	1,177,436	841,460	2,018,896	82.8%
2026	1,195,164	841,460	2,036,624	91.1%
2027	1,213,159	841,460	2,054,619	100.0%
2028	1,231,424	841,460	2,072,884	100.0%
2029	1,249,965	841,460	2,091,425	100.0%
2030	1,268,785	841,460	2,110,245	100.0%
2031	1,287,888	841,460	2,129,348	100.0%
2032	1,307,279	841,460	2,148,739	100.0%
2033	1,326,961	841,460	2,168,421	100.0%
2034	1,346,940	841,460	2,188,400	100.0%
2035	1,367,220	841,460	2,208,680	100.0%
2036	1,252,581	420,730	1,673,311	100.0%

## Par Outstanding - Estimated as of 6/30/2014

Type	Par Amount
General Obligation Bonds	\$0
IPCs / COPs / LOBs	\$29,068,081
Hospital Debt	\$5,101,454
<b>Total</b>	<b>\$34,169,535</b>

Note: 2003 and 2007 QZABs are shown gross of balance transfer from interest account. 2012A LOBs are shown gross of federal subsidy and assume no sinking fund earnings. Hospital Debt is paid for from Hospital revenues.

# Key Debt Ratio: Tax Supported Payout Ratio

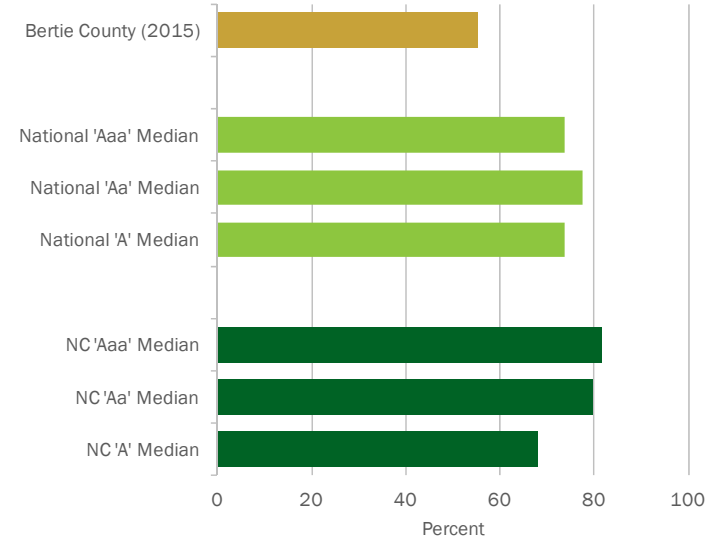


## 10-Year Payout Ratio



- Existing 10-year Payout Ratio
  - FY 2015: 55.4%
- 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 adopt a Financial Policy setting a minimum 10-Year Payout Ratio.

## 10-year Payout Ratio Peer Comparative



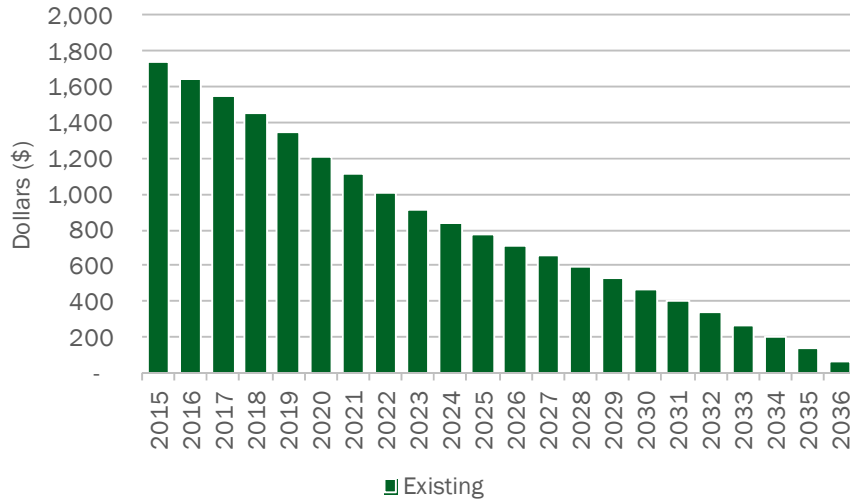
- Rating Considerations:
  - Moody’s: Moody’s rating criteria for General Obligation credits allows for a scorecard adjustment if an issuer has unusually slow or rapid amortization of debt principal.
  - S&P: A payout ratio greater than 65% results in a one point positive qualitative adjustment to the Debt & Contingent Liabilities section of S&P’s General Obligation rating methodology.



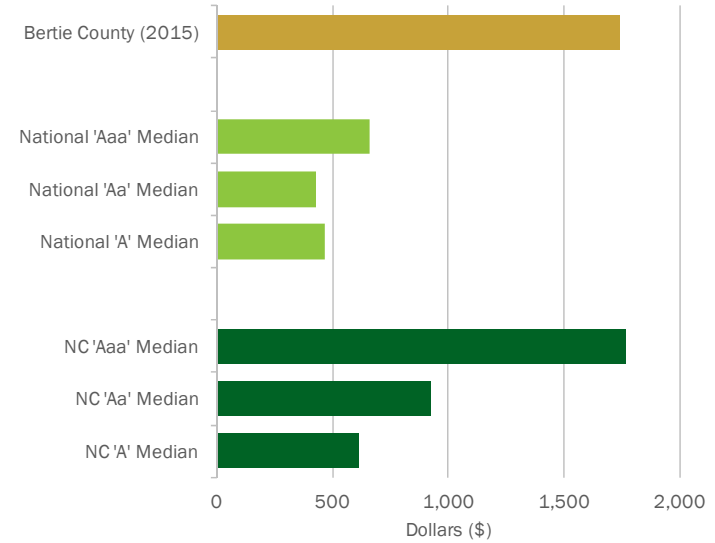
# Key Debt Ratio: Debt Per Capita



## Debt Per Capita



## Debt Per Capita Peer Comparative



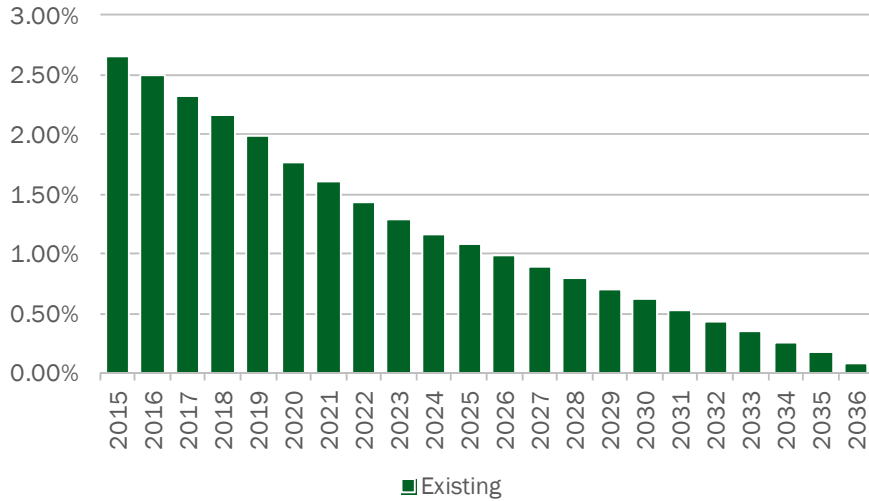
- Existing Debt Per Capita
  - FY 2015: \$1,739
  
- Assumed Future Growth Rates
  - 2014 Population Estimate: 19,651<sup>1</sup>
  - 2015 & Beyond: 0.00%

<sup>1</sup> Population shown does not include State penitentiary inmates.

# Key Debt Ratio: Debt to Assessed Value



## Debt to Assessed Value



- Existing Debt to Assessed Value

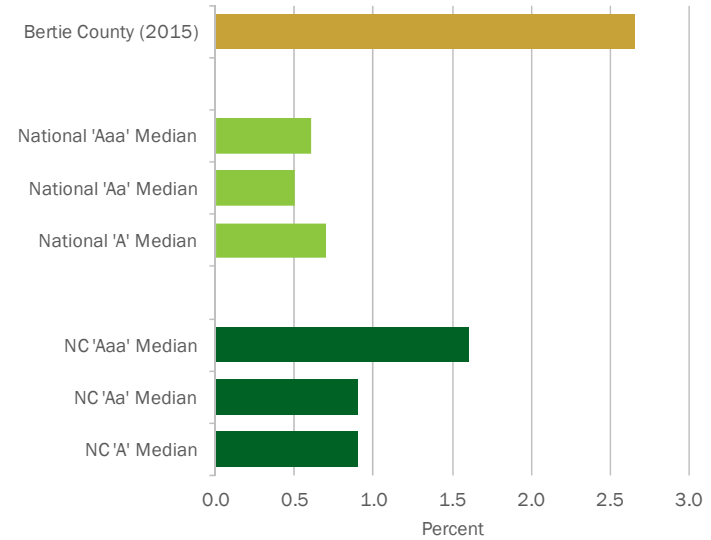
- FY 2015: 2.66%

- Assumed Future Growth Rates

- 2014 Assessed Value: \$1,271,018,233
  - 2015 & Beyond: 1.00%

- The County may want to adopt a Financial Policy setting a maximum Debt to Assessed Value.

## Debt to Assessed Value Peer Comparative



- Rating Considerations:

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

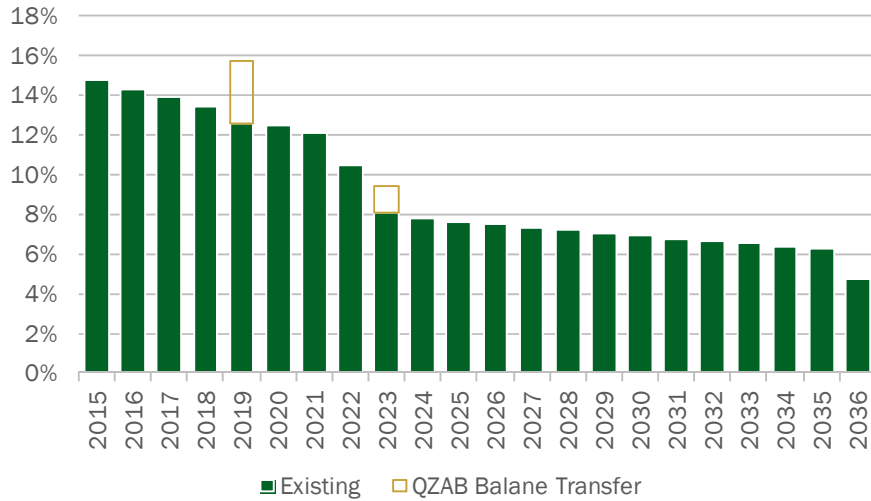
- Very Strong (Aaa): < 0.75%
    - Strong (Aa): 0.75% - 1.75%
    - Moderate (A): 1.75% - 4.00%**
    - Weak - Very Poor (Baa and below): > 4.00%

- S&P: A positive qualitative adjustment is made to the Debt and Contingent Liabilities score for a debt to market value ratio below 3.00%, while a negative adjustment is made for a ratio above 10.00%.



# Key Debt Ratio: Debt Service vs. Expenditures

## Debt Service vs. Governmental Expenditures



### Existing Debt Service vs. Expenditures

– FY 2015: 14.78%

### Assumed Future Growth Rates

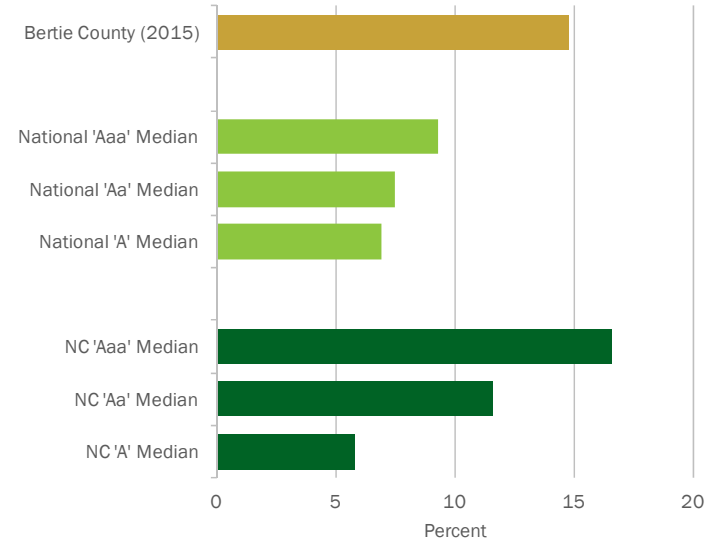
– 2014 Adjusted Expenditures: \$17,762,924

– 2015 & Beyond: 3.00%

■ The County may want to adopt a Financial Policy setting a maximum Debt Service to Expenditures Ratio.

Note: Governmental Expenditures represent the ongoing operating expenditures of the County. In this analysis, debt service and capital outlay expenditures are excluded.

## Debt Service vs. Expenditures Peer Comparative



### Rating Considerations:

– Moody's: Moody's criteria allows for a scorecard adjustment if an issuer has very high or low debt service relative to its budget Percent.

– S&P: The Debt and Contingent Liabilities section defines categories of Net Direct Debt as a % of Total Governmental Funds Expenditures as follows:

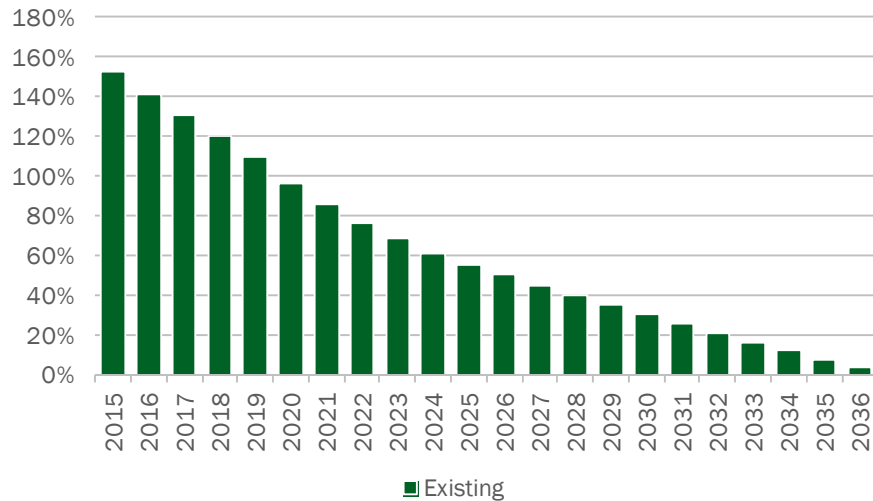
- Very Strong: <8%
- **Strong: 8% to 15%**
- Adequate: 15% - 25%
- Weak: 25% - 35%
- Very Weak: > 35%

Source: LGC Bond Ledger, 2014 CAFR, Moody's Investors Service, and S&P

# Key Debt Ratio: Debt as a % of Governmental Revenues



## Direct Net Debt as a % of Governmental Revenues



- Existing Direct Net Debt as a % of Governmental Revenues

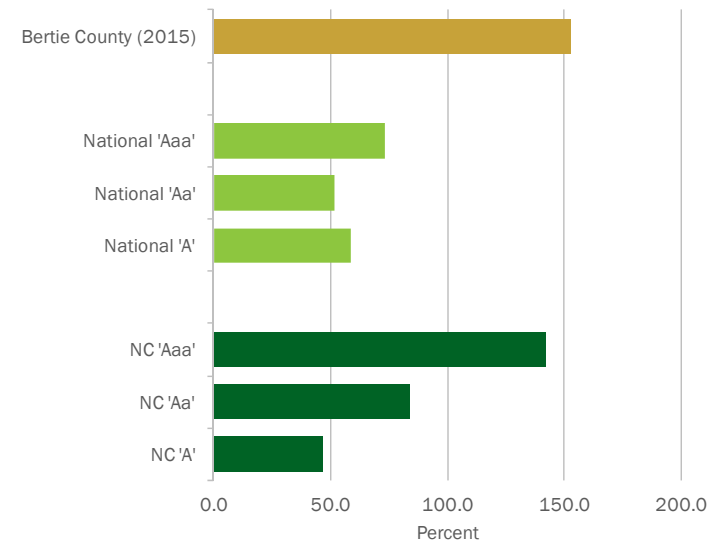
- FY 2015: 152.49%

- Assumed Future Growth Rates

- 2014 Governmental Revenues: \$21,964,533

- 2015 & Beyond: 2.00%

## Debt as a % of Governmental Revenues Peer Comparative



- Rating Considerations:

- Moody's: The Debt/Pensions section defines categories of Debt to Governmental Revenues as follows:

- Aaa: < 33%
    - Aa: 33% - 67%
    - **A: 67% - 300%**
    - Baa and below: > 300%

- S&P: The Debt and Contingent Liabilities Score defines categories of Net Direct Debt as a % of Total Governmental Funds Revenue as follows:

- Very Strong: <30%
    - Strong: 30% to 60%
    - Adequate: 60% - 120%
    - **Weak: 120% - 180%**
    - Very Weak: > 180%

# Standard & Poor's Debt and Contingent Liabilities Score



## Net Direct Debt As % of Total Governmental Funds Revenue

Total Governmental Funds Debt Service As A % of Total Governmental Funds Expenditures	<30	30 to 60	60 to 120	120 to 180	≥180
<8	1	2	3	4	5
8 to 15	2	3	4	4	5
15 to 25	3	4	5	5	5
25 to 35	4	4	5	5	5
≥35	4	5	5	5	5

A score of 1, 2, 3, 4 and 5 are very strong, strong, adequate, weak and very weak, respectively.

Qualitative factors with a positive impact on the initial score:	Qualitative factors with a negative impact on the initial score:
Overall net debt as a percentage of market value below 3%.	Significant medium-term debt plans produce a higher initial score when included.
Overall rapid annual debt amortization, with more than 65% coming due in 10 years.	Exposure to interest-rate risk or instrument provisions that could increase annual payment requirements by at least 20%.
	Overall net debt as a percentage of market value exceeding 10%
	Unaddressed exposure to large unfunded pension or OPEB obligations leading to accelerating payment obligations over the medium term that represent significant budget pressure (see paragraph 82). If there is a plan to address the obligations, the final score worsens by one point; otherwise the score worsens by two points.
	Speculative contingent liabilities or those otherwise likely to be funded on an ongoing basis by the government representing more than 10% of total governmental revenue.

For each relevant qualitative factor, the score changes by one point, except for unaddressed exposure to unfunded pension or OPEB obligations which can worsen the final score by two points. The final debt and contingent liabilities score equals the initial score adjusted up or down on the net effect of the qualitative factors. Metrics equal a cutoff point between two initial scores will equate to the worse score.

## S&P Contingent Liabilities Score

Quantitative Score	4
Qualitative Adjustments:	
Net Debt as a % of Market Value < 3%	-1
10-Year Payout > 65%	N/A
<b>Adjusted Score</b>	<b>3</b>

Note: Could be impacted by the County's future debt plans.

## S&P Contingent Liabilities Rating Scale

Very Strong	1
Strong	2
Adequate	3
Weak	4
Very Weak	5

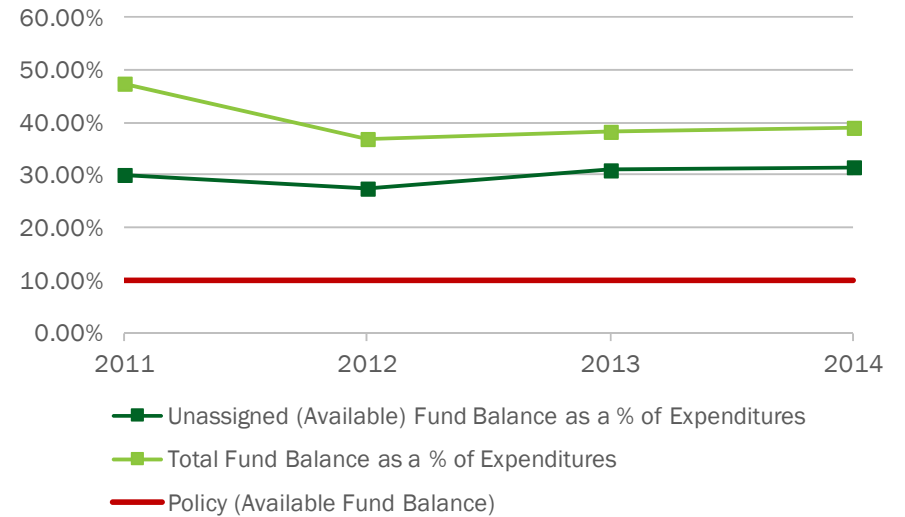
# General Fund Balance



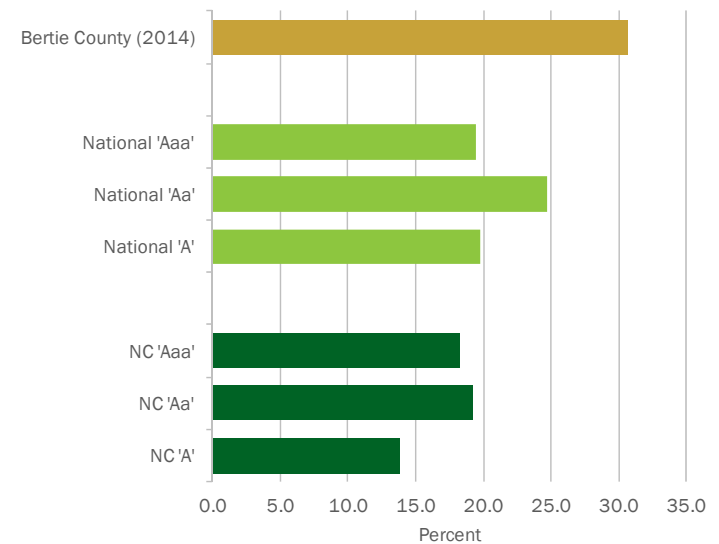
## General Fund Balance

	2011	2012	2013	2014
<b>1 General Fund</b>				
2 Revenues	18,123,785	18,248,931	19,438,929	21,125,190
3 Expenditures	18,520,149	19,477,241	19,421,974	20,538,285
4				
<b>5 General Fund Balance</b>				
6 Restricted	1,542,323	1,157,868	1,036,016	1,220,335
7 Committed	1,672,700	675,547	385,688	320,841
8 Assigned	-	-	-	-
9 Unassigned	5,571,373	5,354,671	6,012,151	6,477,912
10 <b>Total</b>	<b>8,786,396</b>	<b>7,188,086</b>	<b>7,433,855</b>	<b>8,019,088</b>
11				
12 Unassigned (Available) Fund Balance as a % of Revenues	30.74%	29.34%	30.93%	30.66%
13 Unassigned (Available) Fund Balance as a % of Expenditures	30.08%	27.49%	30.96%	31.54%
14 Total Fund Balance as a % of Revenues	48.48%	39.39%	38.24%	37.96%
15 Total Fund Balance as a % of Expenditures	47.44%	36.91%	38.28%	39.04%

## General Fund Balance as a % of Expenditures



## Unassigned Fund Balance as a % of GF Revenues





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# Local Government Rating Methodology and Scoring Changes



# Moody's – Updated Methodology Overview

- On January 15, 2014, Moody's updated its US Local Governments General Obligation Debt methodology and assumptions.
- Under the new methodology, an initial indicative rating is calculated from a weighted average of four key factors:
  - **Economy / Tax Base** **30%**
    - Tax Base Size (Full Value)
    - Full Value Per Capita
    - Wealth (Median Family Income)
  - **Finances** **30%**
    - Fund Balance (% of Revenues)
    - Fund Balance Trend (5-Year Change)
    - Cash Balance (% of Revenues)
    - Cash Balance Trend (5-Year Change)
  - **Management** **20%**
    - Institutional Framework
    - Operating History
  - **Debt / Pensions** **20%**
    - Debt to Full Value
    - Debt to Revenue
    - Moody's Adjusted Net Pension Liability (3-Year Average) to Full Value
    - Moody's Adjusted Net Pension Liability (3-Year Average) to Revenue
- Up to a one-notch adjustment can be made from the indicative rating based on other qualitative factors.



# Standard & Poor's – Updated Methodology Overview



- On September 12, 2013, Standard & Poor's updated its US Local Governments General Obligation Ratings methodology and assumptions.
- Under the new methodology, an initial indicative rating is calculated from a weighted average of seven key factors:
  - **Institutional framework** **10%**
    - Legal and practical environment in which the local government operates
  - **Economy** **30%**
    - Total Market Value Per Capita
    - Projected per capita effective buying income as a % of US projected effective buying income
  - **Management** **20%**
    - Impact of management conditions on the likelihood of repayment
  - **Budgetary flexibility** **10%**
    - Available Fund Balance as a % of Expenditures
  - **Budgetary performance** **10%**
    - Total Government Funds Net Result (%)
    - General Fund Net Revenue
  - **Liquidity** **10%**
    - Total Government Available Cash as a % of Total Governmental Funds Debt Service
    - Total Government Available Cash as a % of Total Governmental Funds Expenditures
  - **Debt and contingent liabilities** **10%**
    - Net Direct Debt as a % of Total Governmental Funds Revenue
    - Net Direct Debt as a % of Total Governmental Funds Expenditures
- Up to a one-notch adjustment can be made from the indicative rating based on other qualitative factors.



# Overview of 2012 Modification (2006 BB&T IPC)

# Modification of 2006 BB&T IPC



- On October 1, 2012, Davenport assisted the County in modifying its existing 2006 BB&T Installment Purchase Contract (Social Services Building).
- The County was able to reduce the interest rate on the existing Contract from a 3.93% to a 2.39%.
- Through the modification, the County achieved the following debt service savings:
  - Gross Savings: \$142,631.50
  - Net Present Value Savings: \$130,032.32
  - Net Present Value % Savings: 5.91%
- Below is a summary of the cash flow savings the County experienced as part of the modification.

Debt Service Comparison			
Fiscal Year	Prior Net Debt Service	Modified Cash Flow	Savings
2013	\$306,460	\$316,289*	(\$9,829)
2014	297,814	267,322	30,492
2015	289,168	262,064	27,104
2016	280,522	256,806	23,716
2017	271,876	251,548	20,328
2018	263,230	246,290	16,940
2019	254,584	241,032	13,552
2020	245,938	235,774	10,164
2021	237,292	230,516	6,776
2022	228,646	225,258	3,388
<b>Total</b>	<b>\$2,675,530.00</b>	<b>\$2,532,898.50</b>	<b>\$142,631.50</b>

\* Includes \$220,000 of principal, \$83,097.67 of interest accrued from 10/31/2011 to 10/16/2012 at a rate of 3.93%, \$2,190.83 of interest accrued from 10/16/2012 to 10/31/2012 at a rate of 2.39% and a redemption premium of \$11,000.00, paid in cash by the County on October 16, 2012.



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# Potential Refinancing / Modification Candidates



# Potential Refinancing / Modification Candidates

- The County currently has two outstanding loans with Bank of America that may be potential refinancing / modification candidates:
  - 2004 Installment Purchase Contract (Health Department Building)
    - Par Amount Outstanding (as of 6/30/14): \$311,112
    - Interest Rate: 3.570%
    - Prepayment Price: 102%
  - 2005 Installment Purchase Contract (Middle School)
    - Par Amount Outstanding (as of 6/30/14): \$2,600,000
    - Interest Rate: 3.380%
    - Prepayment Price: 103% through 11/29/15  
102% from 11/30/15 – 11/29/18  
101% thereafter
- In 2012, County Staff and Davenport approached Bank of America about modifying the interest rates on the 2004 and 2005 IPCs. At that time, Bank of America was not able to provide a lower rate.
- The County may have an opportunity to achieve debt service savings on the two loans by pursuing one, or a combination of the following methods:
  - Modifying the existing interest rates on the loans
  - Refinancing the loans at lower interest rates
  - Paying off the loans with County cash



# Overview of 2012A (QSCB) & 2012B (Tax-Exempt) LOBs Transaction – Bertie High School

# 2012A (QSCB) and 2012B (Tax-Exempt) Limited Obligation Bonds



- On November 8, 2012 the County closed on \$18,030,000 of Series 2012A Taxable Limited Obligation Qualified School Construction Bonds (the “QSCBs”) and \$3,455,000 of 2012B Limited Obligation Bonds (the “2012B Bonds”) to fund a new high school.
- The QSCBs were sold as a “bullet” maturity with a single principal payment of \$18,030,000 due on 11/1/2035.
- The 2012B Bonds were issued as a traditional Tax-Exempt financing with annual maturities from 11/1/2013 to 11/1/2021.
  - The TIC rate on the 2012B Bonds was a 1.657%.
- In order to repay this single maturity, the County established a Sinking Fund into which the County would escrow principal payments annually.
  - The County’s deposits into the Sinking Fund are scheduled to begin in FY 2022.
  - The deposits made into the Sinking Fund earn interest and are used to reduce the amount of principal repaid from annual County contributions.
  - The IRS limits the amount of interest that can be earned in the Sinking Fund by establishing a Permitted Sinking Fund Yield which was set when the bonds were priced (3.10%).
- The 2012A Bonds were scheduled to receive a Federal Subsidy of 4.320% vs. an Interest Rate on the Bonds of 4.667%. The Federal Subsidy payments have been impacted by sequestration as discussed on the following pages.
  - Original Net Interest Cost at Closing
    - Bond Rate: 4.667%
    - Federal Subsidy: 4.320%
    - Sequestration (0.00%): (0.000%)
    - Net Interest Rate: 0.347%

# 2012A (QSCB) and 2012B (Tax-Exempt) Limited Obligation Bonds



- As a result of the “sequester provisions” of the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, on March 1, 2013 an order was issued which resulted in Direct Pay Tax Credit Bond subsidies being reduced by 8.7%, through the end of the Federal Fiscal Year (September 30, 2013).
- Congress passed an extension of the Direct Pay Tax Credit Bonds subsidy reduction for the 2014 Federal Fiscal Year, resulting in a subsidy reduction of 7.2%.
- On December 19, 2014 Congress extended the Direct Pay subsidy reductions at 7.3%. Unless a law is enacted that cancels or otherwise amends the sequestration, the existing subsidy reduction will remain in effect through the end of Fiscal Year 2024.

	March 1, 2013 – 8.7% Reduction	FY 2014 – 7.2% Reduction	FY 2015– 7.3% Reduction
Bond Rate	4.667%	4.667%	4.667%
Federal Subsidy	4.320%	4.320%	4.320%
Sequestration Reduction	(0.376%)	(0.311%)	(0.315%)
Net Interest Rate	0.723%	0.658%	0.662%
Annual Cost of Sequestration	\$32,564.34 <sup>1</sup>	\$56,080.51	\$56,859.41

<sup>1</sup> Sequestration reduction was only applicable for the 5/1/2013 interest payment.



# 2012A (QSCB) and 2012B (Tax-Exempt) Limited Obligation Bonds



## Net Debt Service and Potential Sinking Fund Investment Earnings

Series 2012B: Tax-Exempt

A	B	C	D	A+B
FY	Principal	Tax -Exempt Interest	Debt Service	
2013	\$ -	\$ 38,384	\$ 38,384	
2014	285,000	78,450	363,450	
2015	285,000	74,175	359,175	
2016	285,000	68,475	353,475	
2017	285,000	62,775	347,775	
2018	285,000	57,075	342,075	
2019	300,000	51,225	351,225	
2020	555,000	39,900	594,900	
2021	755,000	20,250	775,250	
2022	420,000	4,463	424,463	
2023	-	-	-	
2024	-	-	-	
2025	-	-	-	
2026	-	-	-	
2027	-	-	-	
2028	-	-	-	
2029	-	-	-	
2030	-	-	-	
2031	-	-	-	
2032	-	-	-	
2033	-	-	-	
2034	-	-	-	
2035	-	-	-	
2036	-	-	-	
<b>Total</b>	<b>\$ 3,455,000</b>	<b>\$ 495,172</b>	<b>\$ 3,950,172</b>	

Series 2012A: Taxable QSCB

E	F	G	H	I	J	K	L	M
FY	Gross Sinking Fund Deposit	Sinking Fund Earnings <sup>1</sup>	Net Sinking Fund Deposit	Taxable Interest	Federal Subsidy <sup>2</sup>	Net Interest	Net Debt Service	Total Net Debt Service
2013	\$ -	\$ -	\$ -	\$ 404,368	\$ (341,738)	\$ 62,630	\$ 62,630	\$ 101,014
2014	-	-	-	841,460	(722,815)	118,645	118,645	482,095
2015	-	-	-	841,460	(722,037)	119,424	119,424	478,599
2016	-	-	-	841,460	(722,037)	119,424	119,424	472,899
2017	-	-	-	841,460	(722,037)	119,424	119,424	467,199
2018	-	-	-	841,460	(722,037)	119,424	119,424	461,499
2019	-	-	-	841,460	(722,037)	119,424	119,424	470,649
2020	-	-	-	841,460	(722,037)	119,424	119,424	714,324
2021	-	-	-	841,460	(722,037)	119,424	119,424	894,674
2022	539,557	(4,017)	535,540	841,460	(722,037)	119,424	654,963	1,079,426
2023	1,105,670	(16,294)	1,089,376	841,460	(722,037)	119,424	1,208,799	1,208,799
2024	1,159,971	(33,222)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2025	1,177,436	(50,686)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2026	1,195,164	(68,414)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2027	1,213,159	(86,409)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2028	1,231,424	(104,674)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2029	1,249,965	(123,215)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2030	1,268,785	(142,035)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2031	1,287,888	(161,138)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2032	1,307,279	(180,529)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2033	1,326,961	(200,212)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2034	1,346,940	(220,191)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2035	1,367,220	(240,470)	1,126,750	841,460	(722,037)	119,424	1,246,173	1,246,173
2036	1,252,581	(125,831)	1,126,750	420,730	(361,018)	59,712	1,186,462	1,186,462
<b>Total</b>	<b>\$ 18,030,000</b>	<b>\$ (1,757,336)</b>	<b>\$ 16,272,664</b>	<b>\$ 19,337,221</b>	<b>\$ (16,588,341)</b>	<b>\$ 2,748,880</b>	<b>\$ 19,021,544</b>	<b>\$ 22,971,716</b>

<sup>1</sup> Hypothetical Sinking Fund Earnings assumed at 1.5%

<sup>2</sup> Federal subsidy rate shown net of Federal Sequester reductions. Assumes the 7.3% reduction remains in place after 2024.

- QSCB Federal Tax Credit Rate Subsidy (Column J): 4.005%<sup>2</sup>
- Assumed Sinking Fund Yield (Column G): 1.500%
- Permitted Sinking Fund Yield: 3.100%
- Estimated Current Market Sinking Fund Yield: 1.800%



# Potential Investment Options for Sinking Fund

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- There are three major classes of investment options available for the investment of Sinking Funds:
  - Pooled Investment Funds (i.e. NCCMT).
  - Individual Securities (e.g. Treasury Bonds and Notes).
  - Investment Agreements.
    - An Investment Agreement is a contract providing for the lending of issuer funds to a financial institution, which agrees to repay the funds with interest under predetermined specifications.



# Potential Next Steps

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- Engage an Investment Advisor who can assist the County to:
  - Review investment options for the Sinking Funds allowable under North Carolina Law and the County’s Bond Documents;
  - Evaluate the benefits and risks of the potential investment options;
  - Assess the market conditions; and,
  - Advise staff through the investment process.
- Coordinate the Working Group for the investment process.
- Solicit proposals from investment providers active in the marketplace.
- Negotiate terms and conditions with potential providers.
- Execute Investment Agreement.



# Debt Affordability Analysis

From Transaction Summary Dated 11/20/2012

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Debt Service Requirements							Revenue Available for DS				Debt Service Cash Flow Surplus (Deficit)				
FY	Existing County Debt Service	Existing School Debt Service	CIP Debt Service	School Capital Outlay	New Operating Costs	Total	Non-School Budgeted DS	Lottery	Sales Tax	Total Revenues Available	Surplus/ (Deficit)	Capital Reserve Utilized	Adjusted Surplus/ (Deficit)	Estimated Incremental Tax Equivalent	Debt Service Fund Balance
2011															1,000,000
2012	398,976	847,043	-	375,000	-	1,621,019	398,976	150,000	697,500	1,246,476	(374,543)	(374,543)	-	--	625,457
2013	386,733	833,190	68,450	375,000	-	1,663,373	386,733	150,000	711,450	1,248,183	(415,190)	(415,190)	-	--	210,267
2014	346,386	819,670	426,014	375,000	-	1,967,071	346,386	150,000	725,679	1,222,065	(745,005)	(210,267)	(534,739)	5.0¢	-
2015	338,748	806,150	421,739	375,000	-	1,941,638	338,748	150,000	740,193	1,228,941	(712,697)	-	(172,611)	1.6¢	-
2016	331,130	792,815	416,039	375,000	-	1,914,984	331,130	150,000	754,996	1,236,126	(678,858)	-	40,966	--	40,966
2017	323,472	779,110	410,339	375,000	-	1,887,922	323,472	150,000	770,096	1,243,569	(644,353)	-	82,669	--	123,635
2018	315,834	765,590	404,639	375,000	-	1,861,064	315,834	150,000	785,498	1,251,333	(609,731)	-	124,561	--	248,196
2019	286,127	752,070	413,789	375,000	-	1,826,986	286,127	150,000	801,208	1,237,335	(589,651)	-	151,984	--	400,180
2020	235,774	526,406	657,464	375,000	-	1,794,644	235,774	150,000	817,232	1,203,006	(591,638)	-	157,413	--	557,593
2021	230,516	312,849	837,814	375,000	-	1,756,179	230,516	150,000	833,577	1,214,093	(542,086)	-	214,455	--	772,049
2022	225,258	109,460	1,022,567	375,000	-	1,732,285	225,258	150,000	850,249	1,225,507	(506,778)	-	257,329	--	1,029,378
2023	-	109,460	1,151,940	375,000	-	1,636,400	-	150,000	867,254	1,017,254	(619,146)	-	152,602	--	1,181,980
2024	-	-	1,189,314	375,000	-	1,564,314	-	150,000	884,599	1,034,599	(529,715)	-	249,750	--	1,431,730
2025	-	-	1,189,314	375,000	-	1,564,314	-	150,000	902,291	1,052,291	(512,023)	-	275,237	--	1,706,967
2026	-	-	1,189,314	375,000	-	1,564,314	-	150,000	920,336	1,070,336	(493,978)	-	301,156	--	2,008,123
2027	-	-	1,189,314	375,000	-	1,564,314	-	150,000	938,743	1,088,743	(475,571)	-	327,514	--	2,335,636
2028	-	-	1,189,314	375,000	-	1,564,314	-	150,000	957,518	1,107,518	(456,796)	-	354,319	--	2,689,956
2029	-	-	1,189,314	375,000	-	1,564,314	-	150,000	976,668	1,126,668	(437,646)	-	381,581	--	3,071,536
2030	-	-	1,189,314	375,000	-	1,564,314	-	150,000	996,202	1,146,202	(418,112)	-	409,306	--	3,480,843
2031	-	-	1,189,314	375,000	-	1,564,314	-	150,000	1,016,126	1,166,126	(398,188)	-	437,505	--	3,918,347
2032	-	-	1,189,314	375,000	-	1,564,314	-	150,000	1,036,448	1,186,448	(377,866)	-	466,184	--	4,384,532
2033	-	-	1,189,314	375,000	-	1,564,314	-	150,000	1,057,177	1,207,177	(357,137)	-	495,354	--	4,879,885
2034	-	-	1,189,314	375,000	-	1,564,314	-	150,000	1,078,321	1,228,321	(335,993)	-	525,022	--	5,404,907
2035	-	-	1,189,314	375,000	-	1,564,314	-	150,000	1,099,887	1,249,887	(314,427)	-	555,199	--	5,960,106
2036	-	-	1,158,032	375,000	-	1,533,032	-	150,000	1,121,885	1,271,885	(261,147)	-	617,175	--	6,577,280
2037	-	-	-	375,000	-	375,000	-	150,000	1,144,323	1,294,323	919,323	-	1,806,427	--	8,383,708
2038	-	-	-	375,000	-	375,000	-	150,000	1,167,209	1,317,209	942,209	-	1,838,185	--	10,221,893
													Total Tax Effect	6.6¢	
											Total	(1,000,000)			

- Estimated tax equivalent impact as of August 20, 2012 presentation was 9.0¢.



# Debt Affordability Analysis

## Existing Debt

A FY	Bertie County Debt Service Requirements and Projected School Capital Outlay						Revenue Available for Debt Service and School Capital Outlay										Debt Service Cash Flow Surplus (Deficit)				
	B Existing County Debt Service	C Existing School Debt Service	D Hospital Debt Service	E 2012A (QSCB) & 2012B (Tax-Exempt) LOBs	F Projected School Capital Outlay	G Total	H Non-School Budgeted DS	I School Budgeted DS	J Projected Annual Lottery Distribution	K Sales Tax (2% Growth)	L QSCB Subsidy Payments <sup>1</sup>	M Assumed 2012A Sinking Fund Earnings (1.5%)	N QZAB Balance Transfers	O Hospital Revenues	P Total Revenues Available	Q Surplus/ (Deficit)	R Revenue From Prior Tax Impact	S Capital Reserve Utilized	T Adjusted Surplus/ (Deficit)	U Estimated Incremental Tax Equivalent	V Capital Reserve Fund Balance
2015	344,630	806,150	826,650	1,200,635	316,409	3,494,475	344,630	769,556	150,000	740,193	722,037	-	-	826,650	3,563,066	58,591	-	-	58,591	-	58,591
2016	331,130	792,815	826,650	1,194,935	375,000	3,520,530	331,130	769,556	150,000	754,996	722,037	-	-	826,650	3,554,369	33,839	-	-	33,839	-	92,430
2017	323,472	779,110	826,650	1,189,235	375,000	3,493,468	323,472	769,556	150,000	770,096	722,037	-	-	826,650	3,561,811	68,344	-	-	68,344	-	160,773
2018	315,834	765,590	826,650	1,183,535	375,000	3,466,610	315,834	769,556	150,000	785,498	722,037	-	-	826,650	3,569,575	102,966	-	-	102,966	-	263,739
2019	286,074	1,539,643	826,650	1,192,685	375,000	4,220,052	286,074	769,556	150,000	801,208	722,037	-	787,573	826,650	4,343,098	123,046	-	-	123,046	-	386,785
2020	235,774	526,406	826,650	1,436,360	375,000	3,400,191	235,774	769,556	150,000	817,232	722,037	-	-	826,650	3,521,249	121,059	-	-	121,059	-	507,843
2021	230,516	312,849	826,650	1,616,710	375,000	3,361,726	230,516	769,556	150,000	833,577	722,037	-	-	826,650	3,532,336	170,610	-	-	170,610	-	678,454
2022	225,258	109,460	482,213	1,805,480	375,000	2,997,410	225,258	769,556	150,000	850,249	722,037	4,017	-	482,213	3,203,328	205,918	-	-	205,918	-	884,372
2023	-	467,560	-	1,947,130	375,000	2,789,690	-	769,556	150,000	867,254	722,037	16,294	358,100	-	2,883,240	93,550	-	-	93,550	-	977,922
2024	-	-	-	2,001,431	375,000	2,376,431	-	769,556	150,000	884,599	722,037	33,222	-	-	2,559,413	182,982	-	-	182,982	-	1,160,904
2025	-	-	-	2,018,896	375,000	2,393,896	-	769,556	150,000	902,291	722,037	50,686	-	-	2,594,570	200,674	-	-	200,674	-	1,361,577
2026	-	-	-	2,036,624	375,000	2,411,624	-	769,556	150,000	920,336	722,037	68,414	-	-	2,630,343	218,719	-	-	218,719	-	1,580,296
2027	-	-	-	2,054,619	375,000	2,429,619	-	769,556	150,000	938,743	722,037	86,409	-	-	2,666,745	237,126	-	-	237,126	-	1,817,422
2028	-	-	-	2,072,884	375,000	2,447,884	-	769,556	150,000	957,518	722,037	104,674	-	-	2,703,785	255,901	-	-	255,901	-	2,073,323
2029	-	-	-	2,091,425	375,000	2,466,425	-	769,556	150,000	976,668	722,037	123,215	-	-	2,741,476	275,051	-	-	275,051	-	2,348,374
2030	-	-	-	2,110,245	375,000	2,485,245	-	769,556	150,000	996,202	722,037	142,035	-	-	2,779,829	294,584	-	-	294,584	-	2,642,958
2031	-	-	-	2,129,348	375,000	2,504,348	-	769,556	150,000	1,016,126	722,037	161,138	-	-	2,818,856	314,508	-	-	314,508	-	2,957,466
2032	-	-	-	2,148,739	375,000	2,523,739	-	769,556	150,000	1,036,448	722,037	180,529	-	-	2,858,570	334,831	-	-	334,831	-	3,292,297
2033	-	-	-	2,168,421	375,000	2,543,421	-	769,556	150,000	1,057,177	722,037	200,212	-	-	2,898,981	355,560	-	-	355,560	-	3,647,857
2034	-	-	-	2,188,400	375,000	2,563,400	-	769,556	150,000	1,078,321	722,037	220,191	-	-	2,940,104	376,704	-	-	376,704	-	4,024,561
2035	-	-	-	2,208,680	375,000	2,583,680	-	769,556	150,000	1,099,887	722,037	240,470	-	-	2,981,950	398,270	-	-	398,270	-	4,422,831
2036	-	-	-	1,673,311	375,000	2,048,311	-	769,556	150,000	1,121,885	361,018	125,831	-	-	2,528,290	479,979	-	-	479,979	-	4,902,810
2037	-	-	-	-	375,000	375,000	-	769,556	150,000	1,144,323	-	-	-	-	2,063,879	1,688,879	-	-	1,688,879	-	6,591,689
2038	-	-	-	-	375,000	375,000	-	769,556	150,000	1,167,209	-	-	-	-	2,086,765	1,711,765	-	-	1,711,765	-	8,303,454
<b>Total</b>	<b>2,292,689</b>	<b>6,099,584</b>	<b>6,268,763</b>	<b>39,669,730</b>	<b>14,941,409</b>	<b>69,272,175</b>										<b>Total</b>				<b>Total Tax Effect</b>	<b>0.00¢</b>

<sup>1</sup> QSCB subsidy payment reduced 7.3% due to federal sequestration.

- FY 2014 Value of a Penny<sup>2</sup>: \$119,026
- Assumed Growth Rate: 1.00%

<sup>2</sup> Based on County 2014 Tax Levy (\$10,367,256), Tax Rate (84¢) and Collection Percentage (96.44%).

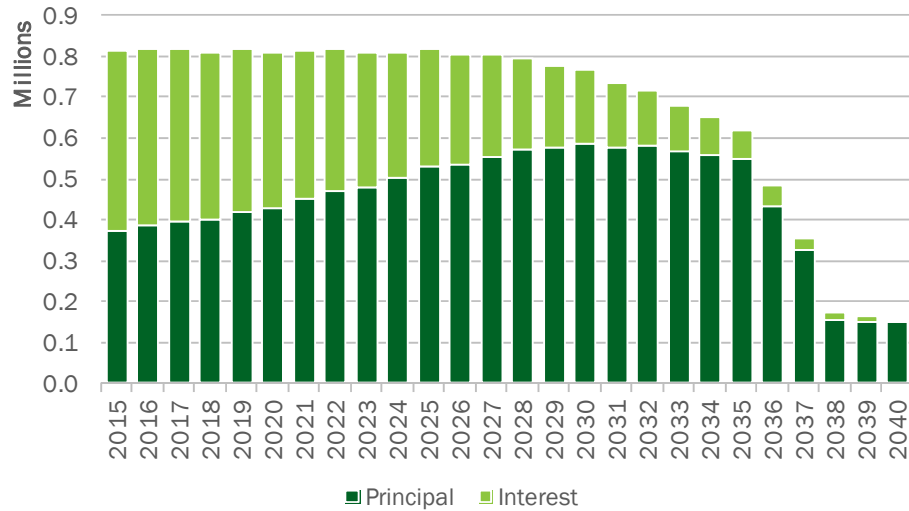


# Existing Utility Fund Debt Profile

# Existing Utility Debt



## Utility Debt Service



## Utility Debt Service

FY	Principal	Interest	Total	10-yr Payout
<b>Total</b>	<b>11,702,046</b>	<b>5,904,338</b>	<b>17,606,384</b>	
2015	370,391	440,356	810,748	36.8%
2016	385,391	429,706	815,098	39.4%
2017	395,391	422,306	817,698	42.2%
2018	400,391	407,106	807,498	45.2%
2019	420,391	395,556	815,948	48.7%
2020	430,391	379,356	809,748	52.4%
2021	450,391	362,756	813,148	56.5%
2022	470,391	345,356	815,748	60.8%
2023	480,391	327,156	807,548	65.5%
2024	500,391	308,556	808,948	70.6%
2025	530,391	289,156	819,548	76.1%
2026	535,391	268,556	803,948	82.3%
2027	555,391	247,106	802,498	87.7%
2028	570,391	224,831	795,223	92.1%
2029	575,391	201,938	777,329	94.2%
2030	585,391	179,538	764,929	96.8%
2031	575,391	156,738	732,129	100.0%
2032	580,391	134,338	714,729	100.0%
2033	565,000	111,738	676,738	100.0%
2034	560,000	89,138	649,138	100.0%
2035	550,000	68,138	618,138	100.0%
2036	435,000	47,513	482,513	100.0%
2037	325,000	31,200	356,200	100.0%
2038	155,000	18,200	173,200	100.0%
2039	150,000	12,000	162,000	100.0%
2040	150,000	6,000	156,000	100.0%

## Par Outstanding – Estimated as of 6/30/2014

Type	Par Amount
2013 Limited Obligation Bonds (Districts I, II, III, IV)	\$11,425,000
2014 Revolving Loan (District II)	\$277,046
<b>Total</b>	<b>\$11,702,046</b>



# Overview of 2013 Limited Obligation Bonds Water District Refinancing



# 2013 Limited Obligation Bonds



- On May 30, 2013 the County issued \$11,770,000 of Limited Obligation Bonds to achieve debt service savings for the County's Water Districts I, II, III, and IV.
  - The Limited Obligation Bonds refunded 8 General Obligation Water Bonds of the Districts, totaling \$12,267,100 in par amount.
  - The County received a True Interest Cost for the Bonds of 3.58% with a final maturity of June 1, 2040.
  - Through the refunding, the County achieved the following debt service savings:
    - Gross Savings: \$2,401,046.21
    - Net Present Value Savings: \$1,583,349.10
    - Net Present Value % Savings: 12.91%
  - The following pages contain a detailed summary of the County's savings and transaction structure.

# 2013 Limited Obligation Bonds



## Summary of Bonds Refunded

Series	Coupon	Par Refunded	Call Date	Call Price	Final Maturity
USDA G.O. Water Bond, Series 1995A (District III)	5.250%	2,024,000	5/30/2013	100%	6/1/2035
USDA G.O. Water Bond, Series 1995B (District III)	5.250%	395,500	5/30/2013	100%	6/1/2035
USDA G.O. Water Bond, Series 1996A (District I)	5.125%	2,180,500	5/30/2013	100%	6/1/2036
USDA G.O. Water Bond, Series 1996B (District I)	5.125%	468,000	5/30/2013	100%	6/1/2036
USDA G.O. Water Bond, Series 1998A (District II)	4.875%	1,888,000	5/30/2013	100%	6/1/2037
USDA G.O. Water Bond, Series 1998B (District II)	4.875%	1,801,500	5/30/2013	100%	6/1/2037
USDA G.O. Water Bond, Series 2000A (District IV)	5.125%	1,512,100	5/30/2013	100%	6/1/2040
USDA G.O. Water Bond, Series 2000B (District IV)	4.750%	1,997,500	5/30/2013	100%	6/1/2040
<b>Grand Total</b>		<b>\$12,267,100</b>			

## Summary of Refunding Results

Series	Gross Savings*	Present Value Savings*	Percent Net P.V. Savings	True Interest Cost	Final Maturity
USDA G.O. Water Bond, Series 1995A (District III)	447,451	307,662	15.20%	3.44%	6/1/2035
USDA G.O. Water Bond, Series 1995B (District III)	87,353	60,128	15.20%	3.48%	6/1/2035
USDA G.O. Water Bond, Series 1996A (District I)	455,785	308,433	14.15%	3.49%	6/1/2036
USDA G.O. Water Bond, Series 1996B (District I)	100,848	66,213	14.15%	3.50%	6/1/2036
USDA G.O. Water Bond, Series 1998A (District II)	331,512	216,895	11.49%	3.57%	6/1/2037
USDA G.O. Water Bond, Series 1998B (District II)	313,943	207,480	11.52%	3.57%	6/1/2037
USDA G.O. Water Bond, Series 2000A (District IV)	346,003	218,748	14.47%	3.70%	6/1/2040
USDA G.O. Water Bond, Series 2000B (District IV)	318,151	197,790	9.90%	3.72%	6/1/2040
<b>Grand Total</b>	<b>\$2,401,046</b>	<b>\$1,583,349</b>	<b>12.91%</b>		

## Debt Service Comparison

Fiscal Year	Prior Debt Service	Refunding Debt Service	Savings*
2014	896,770	793,499	103,272
2015	898,890	795,356	103,533
2016	897,152	799,706	97,446
2017	897,210	802,306	94,904
2018	897,938	792,106	105,831
2019	897,257	800,556	96,701
2020	896,696	794,356	102,340
2021	896,201	797,756	98,445
2022	896,724	800,356	96,368
2023	896,663	792,156	104,506
2024	895,995	793,556	102,438
2025	895,693	804,156	91,536
2026	893,682	788,556	105,126
2027	888,992	787,106	101,886
2028	876,706	779,831	96,874
2029	863,655	761,938	101,718
2030	845,845	749,538	96,307
2031	822,971	716,738	106,233
2032	800,353	699,338	101,016
2033	773,661	676,738	96,924
2034	745,383	649,138	96,245
2035	718,485	618,138	100,348
2036	561,398	482,513	78,885
2037	402,925	356,200	46,725
2038	197,320	173,200	24,120
2039	188,880	162,000	26,880
2040	180,440	156,000	24,440
<b>Total</b>	<b>\$20,523,883</b>	<b>\$18,122,836</b>	<b>\$2,401,046</b>

\* Net of fixed cost of issuance of \$210,000 and underwriter's discount of \$133,933.

# 2013 Limited Obligation Bonds

## Savings by District



Fiscal Year	District I			District II			District III			District IV			Grand Total
	1996A	1996B	Total	1998A	1998B	Total	1995A	1995B	Total	2000A	2000B	Total	
Total	455,785	100,848	556,634	331,512	313,943	645,455	447,451	87,353	534,804	346,003	318,151	664,153	2,401,046
2014	17,576	3,511	21,087	11,992	13,392	25,384	22,784	6,474	29,258	14,141	13,401	27,542	103,272
2015	19,248	4,243	23,491	13,540	14,954	28,494	20,293	6,663	26,955	14,986	9,607	24,593	103,533
2016	21,247	4,527	25,774	14,826	11,212	26,038	22,190	1,885	24,075	10,447	11,112	21,559	97,446
2017	17,393	4,635	22,028	15,964	12,472	28,436	18,230	2,581	20,811	11,607	12,022	23,629	94,904
2018	20,484	5,518	26,002	13,080	14,710	27,790	21,713	3,025	24,738	13,465	13,837	27,302	105,831
2019	18,147	5,699	23,846	15,174	11,276	26,451	18,235	3,293	21,528	14,820	10,057	24,877	96,701
2020	21,054	6,504	27,559	12,223	13,471	25,693	21,550	4,184	25,734	11,472	11,882	23,354	102,340
2021	19,283	2,259	21,541	14,849	11,043	25,892	19,655	4,523	24,178	13,222	13,612	26,834	98,445
2022	17,506	2,662	20,168	12,829	13,669	26,498	18,750	5,335	24,085	14,870	10,747	25,617	96,368
2023	22,224	3,539	25,763	15,338	11,149	26,488	21,783	5,595	27,378	11,415	13,464	24,878	104,506
2024	20,160	4,366	24,526	13,201	14,183	27,384	20,605	6,329	26,934	13,057	10,537	23,594	102,438
2025	18,091	5,141	23,232	11,094	12,046	23,140	19,365	2,010	21,375	10,597	13,192	23,789	91,536
2026	22,018	5,864	27,882	14,516	14,939	29,454	21,063	2,839	23,901	13,183	10,705	23,888	105,126
2027	21,813	2,062	23,874	12,343	12,754	25,097	19,728	3,640	23,368	15,184	14,362	29,547	101,886
2028	20,506	2,389	22,895	15,705	11,106	26,811	18,393	4,389	22,781	12,558	11,830	24,388	96,874
2029	19,200	2,190	21,390	14,873	14,968	29,841	22,058	4,585	26,643	14,483	9,361	23,845	101,718
2030	17,763	1,960	19,723	15,890	11,505	27,395	20,398	4,230	24,628	11,706	12,856	24,562	96,307
2031	21,325	6,730	28,055	14,810	15,620	30,430	18,738	3,875	22,613	13,975	11,161	25,136	106,233
2032	19,688	6,300	25,988	13,730	14,535	28,265	22,078	3,520	25,598	11,690	9,476	21,166	101,016
2033	18,050	5,870	23,920	12,650	13,450	26,100	20,218	3,165	23,383	11,220	12,301	23,521	96,924
2034	21,413	5,440	26,853	11,570	12,365	23,935	18,358	2,810	21,168	10,330	13,960	24,290	96,245
2035	19,338	4,960	24,298	15,265	11,068	26,333	21,273	2,405	23,678	14,265	11,775	26,040	100,348
2036	22,263	4,480	26,743	13,773	14,770	28,543				13,013	10,588	23,600	78,885
2037				12,280	13,285	25,565				11,760	9,400	21,160	46,725
2038										10,670	13,450	24,120	24,120
2039										14,580	12,300	26,880	26,880
2040										13,290	11,150	24,440	24,440

# USDA Refinancing Structure

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## ■ Loan Payoffs

- Bondholders purchase Limited Obligation Bonds issued by Bertie County.
- Bertie County purchases General Obligation Refunding Bonds issued by each of the Districts.
- Each of the Districts uses the proceeds to pay off the current loans with USDA.

## ■ Debt Service Payments

- Each of the Districts pays the debt service on the General Obligation Refunding Bonds to Bertie County.
- Bertie County pays the debt service on the Limited Obligation Bonds to the Bondholders.

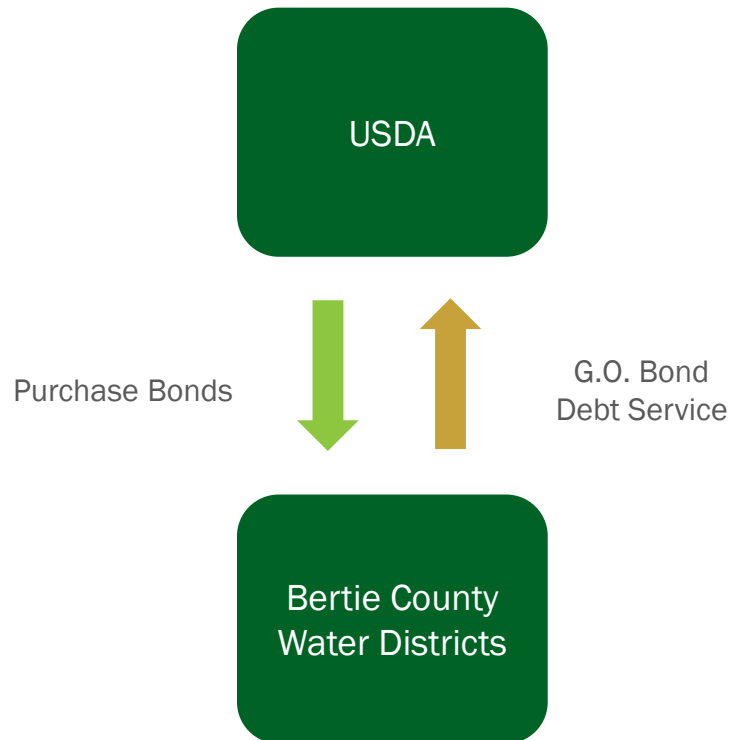
## ■ Notes

- If a district does not pay, the County has the General Obligation Refunding Bonds (and the Districts' ad valorem taxing power) as collateral.
- Limited Obligation Bonds are appropriation-backed, and require the County Board to budget for the debt service annually.

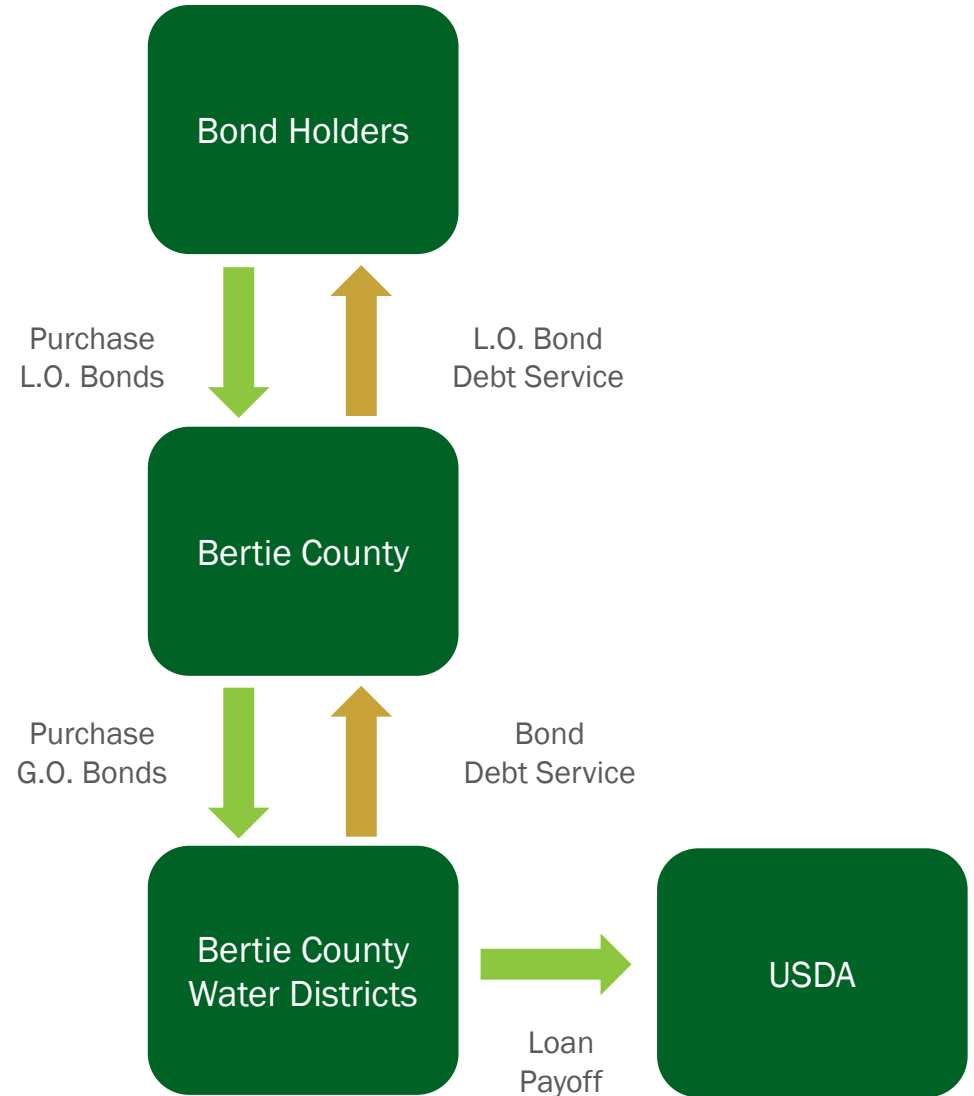
# USDA Refinancing Flow of Funds



## Prior Flow of Funds



## Current Flow of Funds





# Appendix A

## Existing Tax Supported Debt

# Existing Tax Supported Debt Summary



## Total Tax Supported Debt Service

FY	Principal	Interest	Total
Total	34,169,535	20,161,231	54,330,766
2015	1,854,769	1,323,296	3,178,066
2016	1,880,695	1,264,836	3,145,530
2017	1,914,944	1,203,524	3,118,468
2018	1,950,509	1,141,101	3,091,610
2019	2,768,460	1,076,593	3,845,052
2020	2,018,779	1,006,412	3,025,191
2021	2,061,022	925,703	2,986,726
2022	1,762,355	860,055	2,622,410
2023	1,573,230	841,460	2,414,690
2024	1,159,971	841,460	2,001,431
2025	1,177,436	841,460	2,018,896
2026	1,195,164	841,460	2,036,624
2027	1,213,159	841,460	2,054,619
2028	1,231,424	841,460	2,072,884
2029	1,249,965	841,460	2,091,425
2030	1,268,785	841,460	2,110,245
2031	1,287,888	841,460	2,129,348
2032	1,307,279	841,460	2,148,739
2033	1,326,961	841,460	2,168,421
2034	1,346,940	841,460	2,188,400
2035	1,367,220	841,460	2,208,680
2036	1,252,581	420,730	1,673,311

## IPCs / LOBs / COPs

FY	Principal	Interest	Total
Total	29,068,081	18,993,922	48,062,003
2015	1,298,559	1,052,856	2,351,416
2016	1,293,307	1,025,573	2,318,880
2017	1,293,307	998,510	2,291,818
2018	1,293,307	971,652	2,264,960
2019	2,073,659	944,743	3,018,402
2020	1,284,460	914,080	2,198,540
2021	1,284,460	875,615	2,160,075
2022	1,289,017	851,181	2,140,198
2023	1,573,230	841,460	2,414,690
2024	1,159,971	841,460	2,001,431
2025	1,177,436	841,460	2,018,896
2026	1,195,164	841,460	2,036,624
2027	1,213,159	841,460	2,054,619
2028	1,231,424	841,460	2,072,884
2029	1,249,965	841,460	2,091,425
2030	1,268,785	841,460	2,110,245
2031	1,287,888	841,460	2,129,348
2032	1,307,279	841,460	2,148,739
2033	1,326,961	841,460	2,168,421
2034	1,346,940	841,460	2,188,400
2035	1,367,220	841,460	2,208,680
2036	1,252,581	420,730	1,673,311

## Hospital Debt

FY	Principal	Interest	Total
Total	5,101,454	1,167,309	6,268,763
2015	556,210	270,440	826,650
2016	587,387	239,263	826,650
2017	621,637	205,014	826,650
2018	657,201	169,449	826,650
2019	694,801	131,850	826,650
2020	734,319	92,331	826,650
2021	776,562	50,088	826,650
2022	473,338	8,874	482,213
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-

# IPCs / LOBs / COPs



\$3,970,285

2003 QZAB (Bank of America)

FY	Coupon	Principal	Interest	Total
Total		1,848,477	-	1,848,477
2015	0.000%	212,181	-	212,181
2016	0.000%	212,181	-	212,181
2017	0.000%	212,181	-	212,181
2018	0.000%	212,181	-	212,181
2019	0.000%	999,754	-	999,754
2020		-	-	-
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-

Dated Date: 12/30/2003      Next Call: N/A  
 Purpose: Schools      Insurance: N/A  
 Coupon Dates: Dec 30      Maturity Date: Dec 30

Note: Includes the balance transfer of \$787,573 to be made from the interest account.

\$1,000,000

2004 IPC (Bank of America)

FY	Coupon	Principal	Interest	Total
Total		311,112	26,407	337,519
2015	3.570%	66,667	10,018	76,684
2016	3.570%	66,667	7,657	74,324
2017	3.570%	66,667	5,258	71,924
2018	3.570%	66,667	2,878	69,544
2019	3.570%	44,445	597	45,042
2020		-	-	-
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-

Dated Date: 2/6/2004      Next Call: Current<sup>1</sup>  
 Purpose: Health Department Building      Insurance: N/A  
 Coupon Dates: Monthly      Maturity Date: Monthly

<sup>1</sup> Currently callable at 102%.

\$6,000,000

2005 IPC (Bank of America)

FY	Coupon	Principal	Interest	Total
Total		2,600,000	307,867	2,907,867
2015	3.380%	400,000	84,509	484,509
2016	3.380%	400,000	71,174	471,174
2017	3.380%	400,000	57,469	457,469
2018	3.380%	400,000	43,949	443,949
2019	3.380%	400,000	30,429	430,429
2020	3.380%	400,000	16,946	416,946
2021	3.380%	200,000	3,389	203,389
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-

Dated Date: 11/9/2005      Next Call: Current<sup>1</sup>  
 Purpose: Middle School      Insurance: N/A  
 Coupon Dates: May 31 / Nov 30      Maturity Date: May 31 / Nov 30

<sup>1</sup> Currently callable at 103%. Callable at 102% from 11/30/2015 - 11/29/2018 and at 101% from 11/30/2018 onwards.



# IPCs / LOBs / COPs



**\$3,300,000**  
2006 IPC (BB&T)

FY	Coupon	Principal	Interest	Total
Total		1,760,000	189,288	1,949,288
2015	2.390%	220,000	42,064	262,064
2016	2.390%	220,000	36,806	256,806
2017	2.390%	220,000	31,548	251,548
2018	2.390%	220,000	26,290	246,290
2019	2.390%	220,000	21,032	241,032
2020	2.390%	220,000	15,774	235,774
2021	2.390%	220,000	10,516	230,516
2022	2.390%	220,000	5,258	225,258
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-

Dated Date: 10/31/2006      Next Call: Current  
 Purpose: Social Services Building      Insurance: N/A  
 Coupon Dates: Oct 31      Maturity Date: Oct 31  
 Note: Modified on 10/1/2012.

**\$2,000,000**  
2007 QZAB (Bank of America)

FY	Coupon	Principal	Interest	Total
Total		1,343,240	-	1,343,240
2015	0.000%	109,460	-	109,460
2016	0.000%	109,460	-	109,460
2017	0.000%	109,460	-	109,460
2018	0.000%	109,460	-	109,460
2019	0.000%	109,460	-	109,460
2020	0.000%	109,460	-	109,460
2021	0.000%	109,460	-	109,460
2022	0.000%	109,460	-	109,460
2023	0.000%	467,560	-	467,560
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-

Dated Date: 10/15/2007      Next Call: N/A  
 Purpose: Schools      Insurance: N/A  
 Coupon Dates: Oct 15      Maturity Date: Oct 15  
 Note: Includes the balance transfer of \$358,099.70 to be made from the interest account.

**\$23,744**  
2011 IPC

FY	Coupon	Principal	Interest	Total
Total		5,252	630	5,882
2015		5,252	630	5,882
2016		-	-	-
2017		-	-	-
2018		-	-	-
2019		-	-	-
2020		-	-	-
2021		-	-	-
2022		-	-	-
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-

Dated Date: 3/1/2011      Next Call: Unknown  
 Purpose: Dictaphone      Insurance: Unknown  
 Coupon Dates: Mar 1      Maturity Date: Mar 1

# IPCs / LOBs / COPs



\$18,030,000

2012A LOBs (QSCB)

FY	Coupon	Principal	Interest	Total
Total		18,030,000	18,091,392	36,121,392
2015	4.667%	-	841,460	841,460
2016	4.667%	-	841,460	841,460
2017	4.667%	-	841,460	841,460
2018	4.667%	-	841,460	841,460
2019	4.667%	-	841,460	841,460
2020	4.667%	-	841,460	841,460
2021	4.667%	-	841,460	841,460
2022	4.667%	539,557	841,460	1,381,017
2023	4.667%	1,105,670	841,460	1,947,130
2024	4.667%	1,159,971	841,460	2,001,431
2025	4.667%	1,177,436	841,460	2,018,896
2026	4.667%	1,195,164	841,460	2,036,624
2027	4.667%	1,213,159	841,460	2,054,619
2028	4.667%	1,231,424	841,460	2,072,884
2029	4.667%	1,249,965	841,460	2,091,425
2030	4.667%	1,268,785	841,460	2,110,245
2031	4.667%	1,287,888	841,460	2,129,348
2032	4.667%	1,307,279	841,460	2,148,739
2033	4.667%	1,326,961	841,460	2,168,421
2034	4.667%	1,346,940	841,460	2,188,400
2035	4.667%	1,367,220	841,460	2,208,680
2036	4.667%	1,252,581	420,730	1,673,311

\$3,455,000

2012B LOBs

FY	Coupon	Principal	Interest	Total
Total		3,170,000	378,338	3,548,338
2015	2.000%	285,000	74,175	359,175
2016	2.000%	285,000	68,475	353,475
2017	2.000%	285,000	62,775	347,775
2018	2.000%	285,000	57,075	342,075
2019	2.000%	300,000	51,225	351,225
2020	3.000%	555,000	39,900	594,900
2021	3.000%	755,000	20,250	775,250
2022	2.125%	420,000	4,463	424,463
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-

Dated Date: 11/8/2012      Next Call: Current

Purpose: Schools      Insurance: N/A

Coupon Dates: May 1 / Nov 1      Maturity Date: Nov 1

Note: Interest payments shown gross of federal subsidy rate (4.32%). Principal shown is annual deposit to sinking fund ("SF") No earnings assumed on SF.

Dated Date: 11/8/2012      Next Call: N/A

Purpose: Schools      Insurance: N/A

Coupon Dates: May 1 / Nov 1      Maturity Date: Nov 1

# Hospital Debt



\$9,950,000

1999 IPC (Bank of America)

FY	Coupon	Principal	Interest	Total
Total		5,101,454	1,167,309	6,268,763
2015	5.500%	556,210	270,440	826,650
2016	5.500%	587,387	239,263	826,650
2017	5.500%	621,637	205,014	826,650
2018	5.500%	657,201	169,449	826,650
2019	5.500%	694,801	131,850	826,650
2020	5.500%	734,319	92,331	826,650
2021	5.500%	776,562	50,088	826,650
2022	5.500%	473,338	8,874	482,213
2023		-	-	-
2024		-	-	-
2025		-	-	-
2026		-	-	-
2027		-	-	-
2028		-	-	-
2029		-	-	-
2030		-	-	-
2031		-	-	-
2032		-	-	-
2033		-	-	-
2034		-	-	-
2035		-	-	-
2036		-	-	-

Dated Date: 12/15/1999      Next Call: Current

Purpose: Hospital      Insurance: N/A

Coupon Dates: Monthly      Maturity Date: Monthly

Note: Paid for from Hospital Revenues.



# Appendix B

## Existing Utility Debt

# Existing Utility Debt Summary



## Total Utility Debt Service

FY	Principal	Interest	Total
Total	11,702,046	5,904,338	17,606,384
2015	370,391	440,356	810,748
2016	385,391	429,706	815,098
2017	395,391	422,306	817,698
2018	400,391	407,106	807,498
2019	420,391	395,556	815,948
2020	430,391	379,356	809,748
2021	450,391	362,756	813,148
2022	470,391	345,356	815,748
2023	480,391	327,156	807,548
2024	500,391	308,556	808,948
2025	530,391	289,156	819,548
2026	535,391	268,556	803,948
2027	555,391	247,106	802,498
2028	570,391	224,831	795,223
2029	575,391	201,938	777,329
2030	585,391	179,538	764,929
2031	575,391	156,738	732,129
2032	580,391	134,338	714,729
2033	565,000	111,738	676,738
2034	560,000	89,138	649,138
2035	550,000	68,138	618,138
2036	435,000	47,513	482,513
2037	325,000	31,200	356,200
2038	155,000	18,200	173,200
2039	150,000	12,000	162,000
2040	150,000	6,000	156,000

## IPCs / LOBs / COPs

FY	Principal	Interest	Total
Total	11,702,046	5,904,338	17,606,384
2015	370,391	440,356	810,748
2016	385,391	429,706	815,098
2017	395,391	422,306	817,698
2018	400,391	407,106	807,498
2019	420,391	395,556	815,948
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2024	500,391	308,556	808,948
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2028	570,391	224,831	795,223
2029	575,391	201,938	777,329
2030	585,391	179,538	764,929
2031	575,391	156,738	732,129
2032	580,391	134,338	714,729
2033	565,000	111,738	676,738
2034	560,000	89,138	649,138
2035	550,000	68,138	618,138
2036	435,000	47,513	482,513
2037	325,000	31,200	356,200
2038	155,000	18,200	173,200
2039	150,000	12,000	162,000
2040	150,000	6,000	156,000

# IPCs / LOBs / COPs



\$11,770,000

Limited Obligation Bonds, Series 2013

FY	Coupon	Principal	Interest	Total
Total		11,425,000	5,904,338	17,329,338
2015	3.000%	355,000	440,356	795,356
2016	2.000%	370,000	429,706	799,706
2017	4.000%	380,000	422,306	802,306
2018	3.000%	385,000	407,106	792,106
2019	4.000%	405,000	395,556	800,556
2020	4.000%	415,000	379,356	794,356
2021	4.000%	435,000	362,756	797,756
2022	4.000%	455,000	345,356	800,356
2023	4.000%	465,000	327,156	792,156
2024	4.000%	485,000	308,556	793,556
2025	4.000%	515,000	289,156	804,156
2026	4.125%	520,000	268,556	788,556
2027	4.125%	540,000	247,106	787,106
2028	4.125%	555,000	224,831	779,831
2029	4.000%	560,000	201,938	761,938
2030	4.000%	570,000	179,538	749,538
2031	4.000%	560,000	156,738	716,738
2032	4.000%	565,000	134,338	699,338
2033	4.000%	565,000	111,738	676,738
2034	3.750%	560,000	89,138	649,138
2035	3.750%	550,000	68,138	618,138
2036	3.750%	435,000	47,513	482,513
2037	4.000%	325,000	31,200	356,200
2038	4.000%	155,000	18,200	173,200
2039	4.000%	150,000	12,000	162,000
2040	4.000%	150,000	6,000	156,000

Dated Date: 5/30/2013      Next Call: 6/1/2023  
 Purpose: Water District Refunding      Insurance: N/A  
 Coupon Dates: Jun 1 / Dec 1      Maturity Date: Jun 1

\$277,046

2014 Revolving Loan

FY	Coupon	Principal	Interest	Total
Total		277,046	-	277,046
2015	0.000%	15,391	-	15,391
2016	0.000%	15,391	-	15,391
2017	0.000%	15,391	-	15,391
2018	0.000%	15,391	-	15,391
2019	0.000%	15,391	-	15,391
2020	0.000%	15,391	-	15,391
2021	0.000%	15,391	-	15,391
2022	0.000%	15,391	-	15,391
2023	0.000%	15,391	-	15,391
2024	0.000%	15,391	-	15,391
2025	0.000%	15,391	-	15,391
2026	0.000%	15,391	-	15,391
2027	0.000%	15,391	-	15,391
2028	0.000%	15,391	-	15,391
2029	0.000%	15,391	-	15,391
2030	0.000%	15,391	-	15,391
2031	0.000%	15,391	-	15,391
2032	0.000%	15,391	-	15,391
2033		-	-	-
2034				-
2035				-
2036				-
2037				-
2038				-
2039				-
2040				-

Dated Date: 1/1/2014      Next Call: N/A  
 Purpose: Water Supply System      Insurance: N/A  
 Coupon Dates: Annual      Maturity Date: Annual



# Appendix C

## Moody's Rating Report

# MOODY'S

## INVESTORS SERVICE

### New Issue: Moody's assigns A1 rating to Bertie County's (NC) \$11.75 million Limited Obligation Bonds, Series 2013

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Global Credit Research - 09 May 2013

#### A1 rating applies to \$33.6 million of outstanding limited obligation lease revenue debt

BERTIE (COUNTY OF) NC  
Cities (including Towns, Villages and Townships)  
NC

#### Moody's Rating

ISSUE	RATING
Limited Obligation Bonds, Series 2013	A1
<b>Sale Amount</b> \$11,750,000	
<b>Expected Sale Date</b> 05/22/13	
<b>Rating Description</b> Lease Rental: Appropriation	

#### Moody's Outlook

#### Opinion

NEW YORK, May 09, 2013 --Moody's Investors Service has assigned an A1 rating to Bertie County's (NC) \$11.75 million Limited Obligation Bonds, Series 2013. Moody's maintains a Aa3 general obligation Issuer Rating on the county and an A1 rating on \$21.9 million of outstanding limited obligation lease revenue appropriation debt.

#### SUMMARY RATINGS RATIONALE

The limited obligation bonds (LOBs) are secured by installment payments subject to annual appropriation and by recourse to essential county assets (water infrastructure bonds) in the event of non-appropriation. The A1 LOB rating reflects the essential nature of the financed assets, adequate legal provisions for bondholders, and the long-term rating characteristics of the county itself. The Aa3 Issuer Rating is based on the county's tax base with a degree of taxpayer concentration, below average socio-economic indices relatively strong financial position, and manageable debt position with minimal future borrowing plans. Proceeds of the bonds will refinance the outstanding general obligation water district bonds.

#### STRENGTHS

- Relatively high level of liquidity
- Somewhat favorable location on the coastal plains of North Carolina

#### CHALLENGES

- Some reliance on unpredictable state aid revenues
- High unemployment
- Weak socioeconomic statistics

#### DETAILED CREDIT DISCUSSION

ADEQUATE LEGAL PROTECTIONS FOR BONDHOLDERS; PLEDGED COLLATERAL INCLUDES ESSENTIAL ASSETS



Under North Carolina statute (Article 6 of Chapter 162A) the county created water districts (B-G), each of which is a municipal corporation with the authority to issue general obligation bonds to finance the cost of water and sewer utility improvements. The Board of Commissioners of the county also serves as the governing body of each district. While the districts have taxing power, none of the districts currently levy a property tax on property within the district. They derive their funding (including funds for payment of debt service) from water sales revenues. The Refunding Bonds will be sold to the county which will purchase them with the proceeds from the 2013 limited obligation bonds. The county will pledge the District Refunding Bonds and the payments thereon to secure payment of the 2013 limited obligation bonds. Further strengthening security, the county has covenanted to include the appropriation in its preliminary budget, and it must be removed from the annual budget by an affirmative vote of the county board of commissioners.

The essential nature of the pledged asset somewhat mitigates the risk of non-appropriation by the county, and other legal provisions adequately protect bondholders. Each district's general obligation bonds is secured by the taxing power of that district, which has the legal ability to exercise such taxing power on all taxable real and personal property within the district in amounts sufficient to pay debt service on its bonds. Under the trust agreement, all of the district general obligation bonds have been pledged to secure the 2013 limited obligation bonds. Thus, a risk of non-appropriation arises if a district were to fail to pay its general obligation bonds, and the county fails to appropriate funds to cover the deficiency. If such a non-appropriation were to occur, the county would lose ownership of the general obligation refunding bonds.

The county will make payments under the limited obligation bonds directly to the Trustee at least five days prior to debt service payment dates.

#### LARGELY RURAL AREA WITH SLOWLY GROWING TAXBASE; MODERATING TAXPAYER CONCENTRATION

Fully valued at \$1.1 billion, this rural county is located in north east North Carolina (GO rated Aaa/stable), referred to as Inner Banks, 100 miles east from Raleigh (GO rated Aaa); 75 miles from Outer Banks and 90 miles southwest of Norfolk, VA (GO rated Aa2). The slowdown in residential and commercial development has contributed to the slowed growth in the county. The five-year annual average growth was only 1.5% from 2007 to 2012. The county's top ten taxpayers comprise 13.4% of the assessed value of the county. The top taxpayer and largest employer is Purdue Farms and Products, a poultry processing plant, comprising 4.6% of the tax base and employing roughly 15% of the county's labor force. The state corrections facility is expanding from 1,000 to 1,500 beds. Avoca Inc., a botanical extraction company, is expanding its footprint in the county from 15 acres to 25. The county's most recent unemployment rate, at 12.3% in March 2013, is well above the 8.9% state and 7.6% national rates. Full value per capita is \$52,141 and wealth indices are roughly 30% below state norms.

#### RELATIVELY STRONG AND WELL MANAGED FINANCIAL POSITION

Moody's expects continued financial stability given conservative budgeting practices and maintenance of satisfactory reserve levels. The total General Fund balance in fiscal 2012 was \$7.2 million (39.4% of revenues), down from \$8.8 million (47.5% of revenues) in fiscal 2011, but 2011 results were an anomaly due to timing and accounting methods. Unassigned reserves in fiscal 2012 were an ample 29.3% of General Fund revenues at \$5.4 million. Sales tax revenues grew in fiscal 2011 and was up an additional 5% year over year in fiscal 2012. Officials report continued growth in the first half of fiscal 2013. County officials anticipate balanced operations for fiscal 2013 and note \$300,000 of additional funds from school reimbursement. Property taxes are the county's primary revenue stream, providing 47.8% of operating revenues. Intergovernmental revenues also contribute 30% to total operating revenues.

The county participates in the North Carolina Local Governmental Employees' Retirement System, whose pension plan is reported as 99.6% funded and 80.8% funded under Moody's adjusted calculation.

#### MANAGEABLE DEBT POSITION

Moody's anticipates that the county's modest debt burden will remain manageable given minimal future borrowing plans. At 3.4% of full valuation, the county's debt burden is above average but is reduced to 2.4% excluding self-supporting debt. Amortization of principal and interest into the Sinking Fund is average at 71.8% in ten years. Payout of principal is below average at 48.5% in ten years. The county has no future debt plans and limited needs. All of the county's debt is fixed rate, and the county is not a party to any interest rate swap agreements.

#### WHAT COULD MAKE THE RATING GO UP:

- Improvement of fund balance
- Significant tax base growth and diversification

#### WHAT COULD MAKE THE RATING GO DOWN:

- Declining financial position
- Deterioration of the tax base

#### KEY STATISTICS

2010 population (Census): 21,282

Overall debt burden: 3.4%

Payout of principal (10 years): 48.5%

2012 Full Valuation: \$1.1 billion

Full value per capita: \$52,141

Fiscal 2012 General Fund balance: \$7.2 million (39.4% of revenues)

The principal methodology used in this rating was The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations published in December 2011. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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Version 1.13.14 CH | TC

# LETTER OF AGREEMENT

Bertie-Martin Regional Jail (CLIENT) and SEGAL Revenue & Expense Specialists, Inc. (SEGAL) hereby enter into this Letter of Agreement whereby SEGAL shall serve as a consultant to CLIENT to examine and analyze the following listed expenses/revenues of CLIENT and to make recommendations to achieve savings, credits, refunds or additional revenues, hereafter referred to as funds, in these areas:

## Any and all revenues and expenses

SEGAL will furnish CLIENT with a written report as to recommendations that may be made in the above areas. CLIENT will then determine which (if any) of these recommendations CLIENT wishes to implement. SEGAL will then assist in the implementation of these recommendations to achieve the funds. Future savings and revenues are computed on a per unit basis.

CLIENT agrees to pay SEGAL on each recommendation for funds which is implemented, a fee equal to fifty (50) cents of every dollar saved, credited, refunded or additional revenues during the 24 month period immediately following full implementation of the recommendation. This fee will be paid quarterly following the date of full implementation of the particular recommendation.

**SEGAL AGREES TO MAINTAIN IN STRICT CONFIDENCE ALL INFORMATION RECEIVED FROM CLIENT CONCERNING ITS REVENUES, EXPENSES AND METHODS OF DOING BUSINESS. FURTHERMORE, SEGAL ACTS AS A CONSULTANT ONLY AND DOES NOT RECEIVE ANY COMMISSIONS OR REMUNERATION OF ANY KIND FROM ANY VENDORS OR SERVICE PROVIDERS.**

SEGAL may engage subcontractors to assist with this project.

The persons signing below are authorized to do so on behalf of their respective organizations. This Letter of Agreement shall be binding upon the parties hereto, their heirs, successors and assigns. This Letter of Agreement is entered into effective as of \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

CLIENT: Bertie-Martin Regional Jail

SEGAL Revenue & Expense Specialists, Inc.

By: \_\_\_\_\_

By:  \_\_\_\_\_

Title: \_\_\_\_\_

Title: President

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: \_\_\_\_\_ Finance Officer