DAVENPORT & COMPANY

Greene County, Virginia

Updated Capital Funding Analysis – Water and Sewer Projects

November 10, 2026

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Background

- The first phase of the White Run Reservoir Project (the "Reservoir Project") is moving along faster than expected, and earlier this Fall, Davenport was asked to update the Financial Plan using cost estimates for the remaining components of the Reservoir Project.

- The updated Financial Plan was presented to the Board on September 22, 2026, and included:

  - An overview of the revised cost estimates associated with the Reservoir Project, as well as a summary of other near-term Water and Sewer capital projects;

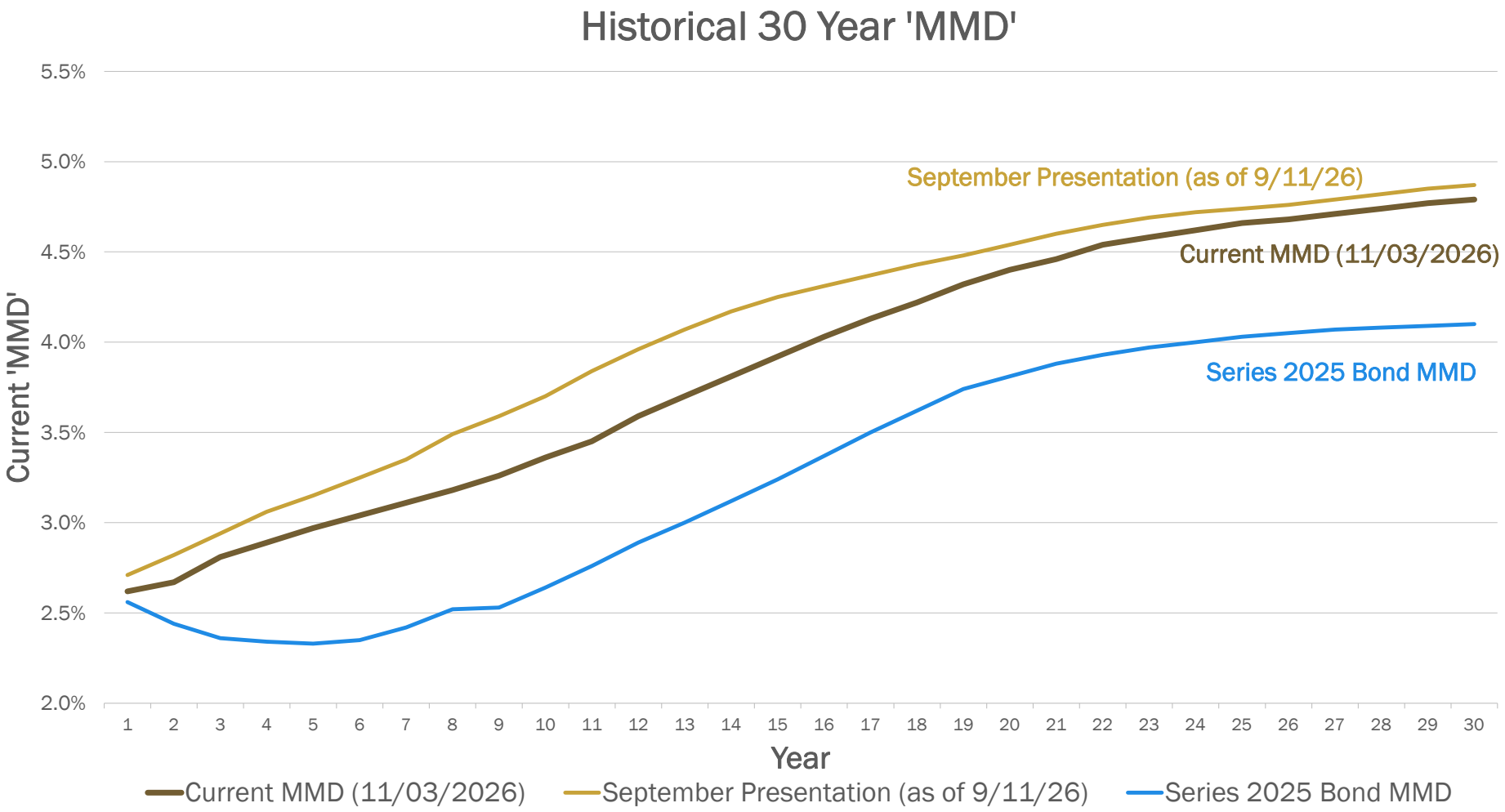
  - A summary of the updated Capital Funding and Debt Repayment Plan; and,

  - Revised pro-forma projections and related assumptions.

- Now, the Board is considering a resolution that would provide authorization to pursue a borrowing for the remaining components of the Reservoir Project.

- On the following pages, Davenport has updated components of the September 22nd presentation mentioned above, as well as current market interest rates and the details of the Not-to-Exceed borrowing amount included in the resolution.

Tax-Exempt Interest Rate Yield Curve



Source: Thomson MMD Publication.

Capital Funding Plan

	Reservoir Project	Stanardsville Sewer
Financing Year (FY)	2027	2027/2029
Project Costs[1]		
Unfunded White Run Project[2]	$59,445,630	$ -
Stanardsville Sewer Projects	-	9,000,000
Well #2 Project	1,000,000	-
Total Uses	$60,445,630	$9,000,000
Borrowing Assumptions		
Method	Public Bond Sale	VDH Loan
Issuance Date	Fall 2026	Fall 2028
Final Maturity	5/1/2055	11/1/2058
Interest Rate[3]	5.50%	4.50%
Capitalized Interest & Principal Structuring	2.5 Years Capitalized Interest Interest Only Until FY 2032	Interest Accrues During Construction/Paid at Construction End Level Debt Service Thereafter

(1) Excludes costs of issuance.
(2) Takes into account $15mm of grant funding and proceeds already borrowed.
(3) Stanardsville Sewer interest rate based upon VA VACWRF current rate + 0.50%.

Projected Debt Service

Greene County - Projected Utility Debt Service				
Fiscal Year	Existing Debt Service (Utilities Only)	FY 2027 Borrowing	Stanardsville (FY 2026/2028)	Total Projected Debt Service
2027	$ 2,076,784	$ -	$ -	$ 2,076,784
2028	2,665,137	-	-	2,665,137
2029	2,506,981	1,885,263	624,375	5,016,619
2030	3,268,709	3,770,525	546,738	7,585,972
2031	3,274,994	3,770,525	545,100	7,590,619
2032	3,270,316	5,210,525	548,125	9,028,966
2033	3,277,494	5,211,325	545,813	9,034,631
2034	3,266,338	5,212,725	548,163	9,027,225
2035	3,272,028	5,214,450	545,175	9,031,653
2036	3,258,544	5,211,225	546,850	9,016,619
2037	2,653,444	5,213,050	548,075	8,414,569
2038	2,651,944	5,214,375	548,850	8,415,169
2039	2,650,344	5,214,925	549,175	8,414,444
2040	2,651,744	5,214,425	544,163	8,410,331
2041	2,650,944	5,212,600	548,700	8,412,244
2042	2,647,944	5,214,175	547,675	8,409,794
2043	2,647,744	5,213,600	546,200	8,407,544
2044	2,650,144	5,210,600	544,275	8,405,019
2045	2,649,944	5,209,900	546,788	8,406,631
2046	2,647,144	5,210,950	548,625	8,406,719
2047	2,646,744	5,213,200	544,900	8,404,844
2048	2,651,256	5,211,100	545,613	8,407,969
2049	2,647,469	5,214,375	545,650	8,407,494
2050	2,650,588	5,212,200	545,013	8,407,800
2051	2,645,200	5,214,300	548,588	8,408,088
2052	2,651,513	5,209,850	546,375	8,407,738
2053	2,651,100	5,213,575	548,375	8,413,050
2054	2,651,650	5,214,375	544,588	8,410,613
2055	2,647,950	5,211,700	545,013	8,404,663
2056	-	-	544,538	544,538
2057	-	-	548,050	548,050
2058	-	-	545,550	545,550
2059	-	-	547,038	547,038
Total	$ 6,838,071	$ 134,529,838	$ 17,022,150	$ 232,034,118

Capitalized Interest & Structured Principal Periods

Not-to-Exceed Par Amount

Greene County, VA W&S Revenue Bonds - Not to Exceed Calculation		
Reservoir Project (Remaining Funding Requirement)(1)	$	59,445,630
Well #2 Project Funding(1)		1,000,000
Capitalized Interest on New Money (through 11/1/2028)		7,143,050
Estimated Fixed Cost of Issuance(2)		450,000
Estimated Underwriter's Discount(3)		705,000
2% Discount Contingency		1,402,932
Contingency/Rounding		353,388
Total Not to Exceed Par Amount	**$**	**70,500,000**

(1) Provided by W&W Associates and County Staff.

(2) Includes preliminary estimates plus contingency of approximately 15%.

(3) Estimated Underwriter's Discount calculated as $10 per $1,000 of NTE Par Amount. Final amount will be built into the winning bid.

Repayment Plan

- The projected debt service associated with the White Run Project will require additional recurring revenue annually.

- In order to mitigate the impact of the new debt service, the repayment plan leverages the deployment of capitalized interest / structured principal such that Utility Debt Service increases over the next several years as the system experiences growth in the user base.

- Given the size and scope of the White Run Project, as well as inflationary increases compared to the 2025 estimates, Davenport and the County have been working to update the repayment plan.

- The updated repayment plan incorporates the following key elements:

    1) Availability Fees (i.e. EDU Fees) based upon updated new housing starts;

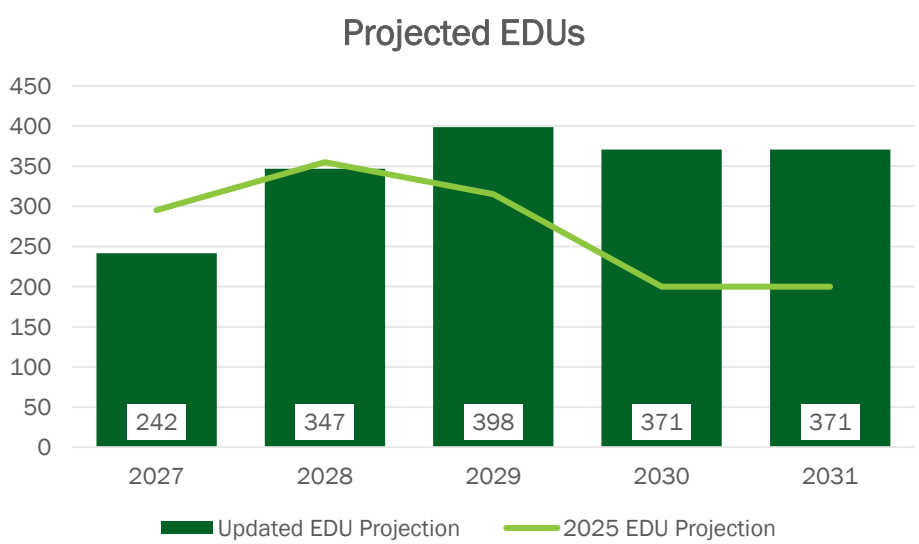
    2) Continued ongoing adjustments to existing utility rates / planned rate increases;

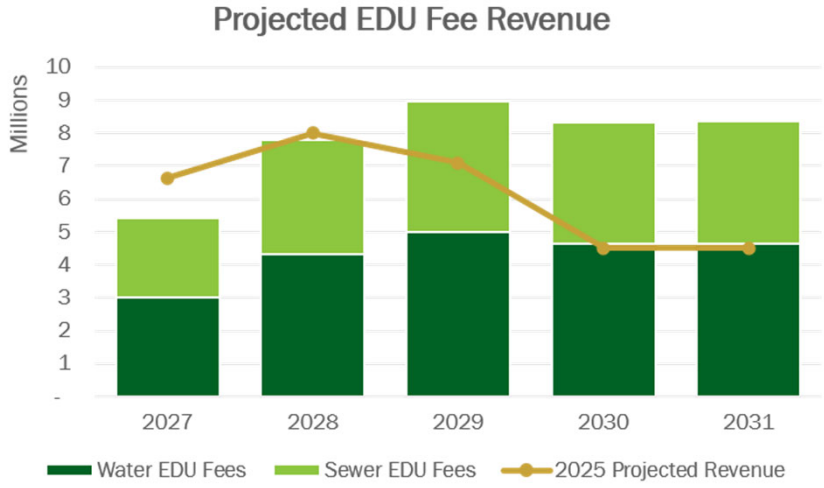
    3) Use enterprise fund cash reserves; and,

    4) Loan from General Fund (only to the extent there is not sufficient utility fund balance).

1) Availability Fees

- The County currently charges $12,500 per EDU to connect to the Water System and $10,000 per EDU to connect to the Sewer System.
- Based upon known developments that are in-progress, the County projects an average of approximately 345 new EDUs per year between FY 2027 – FY 2031(1);
  - This is an increase from 271 per year (74 EDU increase) for the same time period included in the 2025 projections.
- While there is variation year-to-year, the average projected EDU Fee Revenue amounts to approximately $7.8 million per year over the next five years.
  - This is a $1.7 million increase from the $6.1 million per year for the same time period included in the 2025 projections.





(1) Assumptions for growth provided by County Staff.

2) Adjustments to Existing Utility Rates / Planned Rate Increases

- In addition to revenues from EDU Fees, the County also increased its Existing Utility Rates over the past several years.

- In FY 2025, the County adopted, in effect, a 7.0% rate increase for its Water & Sewer Customers.

  – This rate increase was aimed at balancing the operations of the Utility System, while also implementing a new rate structure that lowered the base monthly fee for customers, but increased the usage charges.

- In FY 2026 and FY 2027, the County adopted 3% rate increases.

- Moving forward, the County anticipates annual rate increases to keep pace with inflation and ensure the recurring revenues of the system are sufficient to support the recurring operational expenditures.

  – I.e., ensure the County is not utilizing EDU Fees to fund day-to-day operations.

- The growth in the customer base will increase the County's day-to-day operating revenues.

- Finally, as the system implements its borrowing program and as growth of the user base is happening, the model projects some negative cash flow years that are expected to be funded with utility fund balance per generally accepted practices (i.e. rate stabilization).

3) General Fund Support (**only to the extent there are insufficient funds in the utility fund balance**)

- The Water and Sewer Fund is intended to operate as a self-supporting enterprise fund. The pro forma herein reflects this expectation.
- While the General Fund has historically made transfers to support debt service prior to County ownership, it has not provided support since the County assumed operations from RSA.
- Multiple safeguards help protect against the need for General Fund support, including rate-setting authority, cash reserve (i.e. rate stabilization fund) and the use of very conservative planning estimates for new customers joining the system.
- A loan from the general fund is not anticipated going forward and would only will only be considered in extreme, last-resort scenarios.

Fiscal Year	Historical Transfer from General Fund
2014	1,190,107
2015	1,973,472
2016	1,739,736
2017	1,962,222
2018	1,687,270
2019	2,132,908
2020	1,714,977
2021	1,758,791
2022	430,231
2023	-
2024	-
2025	-
2026	-

Source: County Staff.

Pro Forma Assumptions

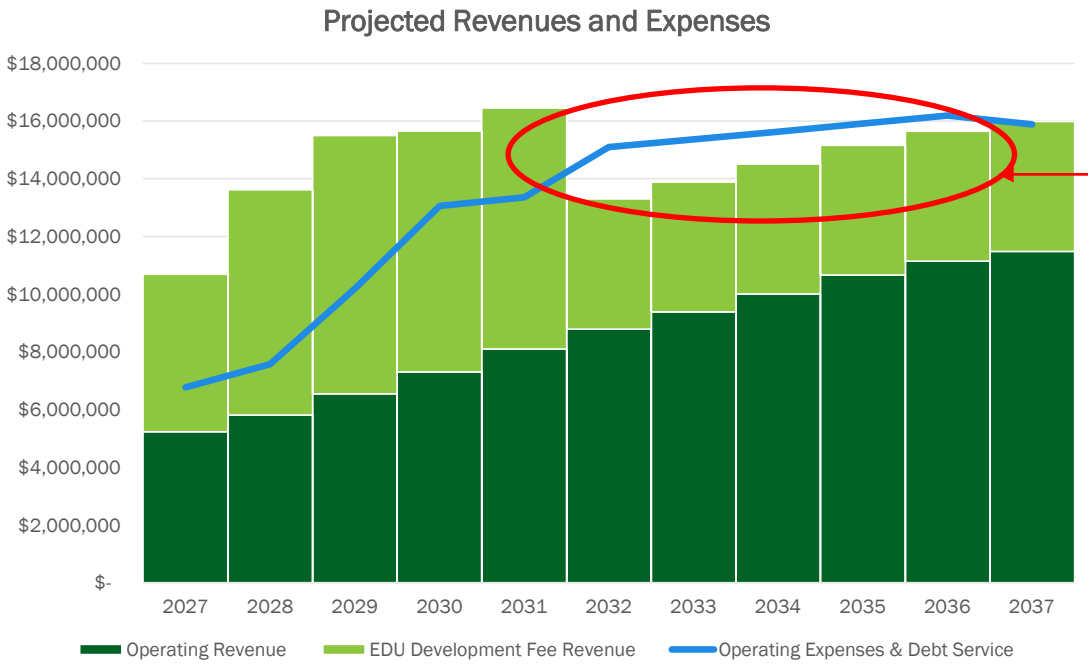
- Projected Operating Revenues take into account existing customers as well as projected new customers.
  - Rates for all customers are assumed to increase 3% annually from existing levels in order to keep pace with increases in operating expenditures.
  - New customers are assumed to join the system in a linear fashion over the course of the respective fiscal year and are assumed to receive both Water and Sewer service.
- Operating Expenditures are assumed to increase due to inflation 3% annually from FY 2027 Adopted Levels.
  - Incremental operating expenditures associated with new customers are also taken into account.
- Projected new connections are based upon the number of housing starts provided by County Staff(1). Each new connection represents the purchase of 1 water and 1 sewer EDU.
  - 2027 - 2031 are based upon developments known by County staff.
  - 2032 – 2036 assume 200 new connections per year (i.e. roughly 57% of the 2027 – 2031 average new connections).

(1) Assumptions for growth do not take into account potential new businesses. Data provided by County Staff.

Pro Forma Assumptions (cont.)

- EDU fees are assumed to be $12,500 per Water EDU and $10,000 per Sewer EDU.
  - Fee amounts are assumed to remain constant over the projection period.
  - Due to recent increases in the cost of the project, the Board could consider increasing these fees.
- FY 2027 Utility Fund beginning cash balance of approximately $7.35 million provided by County Staff.
- For the purposes of conservatism, the Pro Forma does not take into account:
  - EDU Fee Revenue from potential new businesses – projections only based upon new housing starts;
  - Revenues generated from potential Orange County Partnership;
  - Interest earnings on bond proceeds or cash reserves; or,
  - User rate increases in excess of the projected inflation rate.

Pro Forma Projections



Total projected fund balanced needed to cover deficits is $5.7 million.

However, Days Cash on Hand stays above a healthy 500 days during this period.

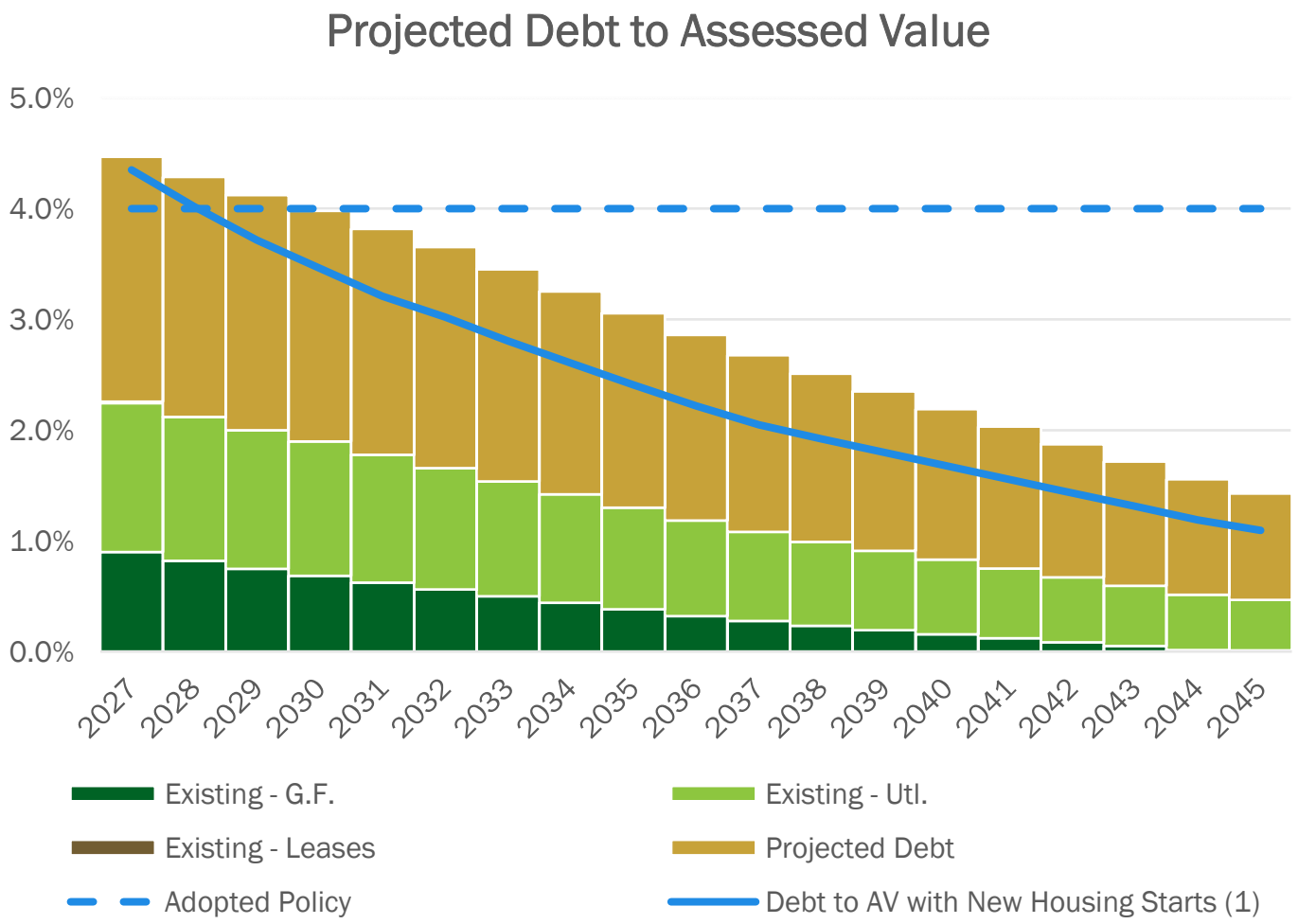
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Projected Operating Revenues	$ 5,237,613	$ 5,812,745	$ 6,540,473	$ 7,307,992	$ 8,102,547	$ 8,793,260	$ 9,386,098	$ 10,006,717	$ 10,655,935	$ 11,145,727	$ 11,480,017
Projected Operating Expenses	4,688,407	4,908,294	5,172,565	5,465,989	5,762,704	6,072,302	6,330,384	6,598,486	6,876,977	7,166,238	7,466,666
Projected Net Operating Rev.	**$ 549,206**	**$ 904,451**	**$ 1,367,908**	**$ 1,842,003**	**$ 2,339,843**	**$ 2,720,958**	**$ 3,055,713**	**$ 3,408,231**	**$ 3,778,958**	**$ 3,979,488**	**$ 4,013,351**
Proj. EDU Development Fee Rev.	$ 5,445,000	$ 7,807,500	$ 8,955,000	$ 8,347,500	$ 8,347,500	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 4,500,000
Proj. Net Revs. Avail. for D.S.	**5,994,206**	**8,711,951**	**10,322,908**	**10,189,503**	**10,687,343**	**7,220,958**	**7,555,713**	**7,908,231**	**8,278,958**	**8,479,488**	**8,513,351**
Existing & Proj. Debt Service	2,076,784	2,665,137	5,016,619	7,585,972	7,590,619	9,028,966	9,034,631	9,027,225	9,031,653	9,016,619	8,414,569
Net Revenues After D.S.	**$ 3,917,422**	**$ 6,046,814**	**$ 5,306,290**	**$ 2,603,531**	**$ 3,096,724**	**$ (1,808,008)**	**$ (1,478,918)**	**$ (1,118,994)**	**$ (752,695)**	**$ (537,131)**	**$ 98,782**
Beginning Cash Balance	$ 7,369,604	$ 11,287,026	$ 17,333,840	$ 22,640,129	$ 25,243,660	$ 28,340,384	$ 26,532,376	$ 25,053,459	$ 23,934,464	$ 23,181,769	$ 22,644,639
Ending Cash Balance	$ 11,287,026	$ 17,333,840	$ 22,640,129	$ 25,243,660	$ 28,340,384	$ 26,532,376	$ 25,053,459	$ 23,934,464	$ 23,181,769	$ 22,644,639	$ 22,743,421

Days Cash	**609**	**836**	**812**	**706**	**775**	**642**	**596**	**559**	**532**	**511**	**523**
Debt Service Coverage	**2.9x**	**3.3x**	**2.1x**	**1.3x**	**1.4x**	**0.8x**	**0.8x**	**0.9x**	**0.9x**	**0.9x**	**1.0x**

Key Takeaways

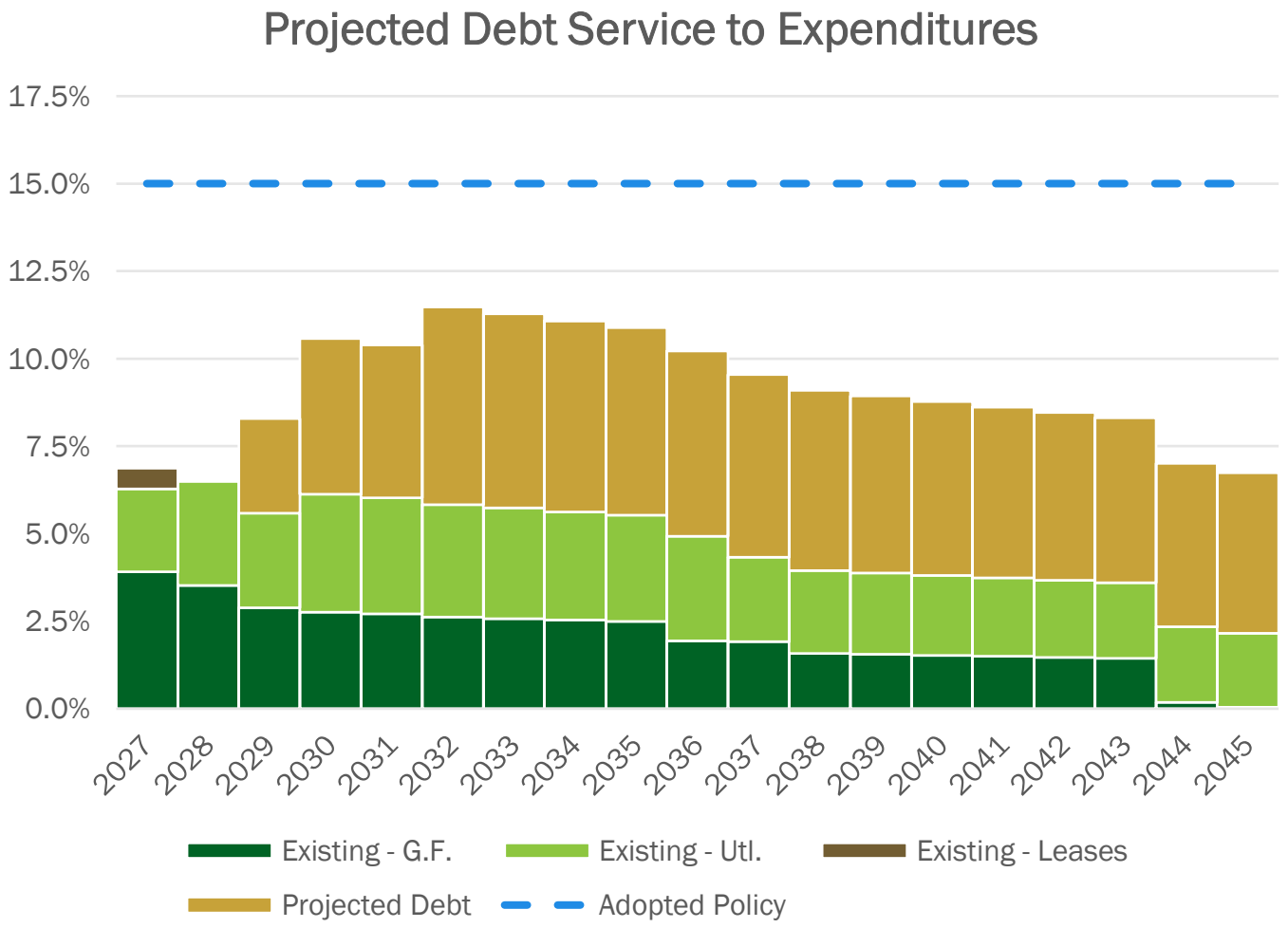
- The projections included in the September 2025 Update showed that the County would begin to "break even" in FY 2035.
  - This included approximately $4.5 million of availability fee revenue annually – which equates to approximately 200 new water and sewer EDUs.
- Based upon the recently received cost estimates, due to inflationary increases in project costs, the County's total existing and projected debt service has increased by approximately $1.9 million once full principal and interest payments begin on the projected FY 2027 borrowing in 2032.
- These additional debt service costs are partially offset by an increased number of new connections over the next five years.
  - The updated projections include approximately 1,730 new connections over the next five years compared to the 2025 Update, which included approximately 1,365 new connections for the same time period.
- Taking into account the increased debt service costs, as well as increased EDU revenue, the County is now projected to breakeven beginning in FY 2037 (two years later than previous projections).

Impact on Debt to Assessed Value
All County, School and Utility Debt



Note: Assessed Value assumed to grow at 2% annually beginning in FY 2026.
(1) Assessed Value with new housing starts assumes a 2% growth rate in underlying assessed value, along with the incorporation of estimated new housing values. New housing values are assumed to have taxable value of $400,000 (median home price in Ruckersville). Number of new homes built equal to number of expected EDU purchases as described herein.
Source: Greene County, VA ACFRs.

Impact on Debt Service to Expenditures
All County, School and Utility Debt



(1) Expenditures include General Fund expenditures net of debt service, capital, and education amounts plus School Operating Fund amounts plus projected debt service expenditures. Net Expenditures are assumed to grow at 2% annually from 2025 levels beginning in 2026.

Source: Greene County, VA ACFRs.

Timetable / Next Steps

Date	Action
September 22nd ✓	<u>County Board of Supervisors Meeting</u>: ■ Davenport presents Plan of Finance
November 10th	<u>County Board of Supervisors Meeting (Public Hearing)</u> ■ County Board of Supervisors consider adoption of Authorizing Resolution and forms of Financing Documents
TBD	2026 Audit is Finalized / Davenport begins updating Credit Materials
TBD	Set Meetings with Credit Rating Agencies
Two Weeks Later	Receive public rating(s) and post Preliminary Official Statement
One Week Later	Bond Sale
Two – Three Weeks Later	Closing – Funds in Hand

Appendix

Greene County, Virginia

FY 2026 W&S Fund Financial Performance Comparison

FY 2026 W&S Fund - Financial Performance Comparison	Projection	Unaudited Actuals	Variance
Operating Revenues			
Water Sales	$ 3,083,840	$ 3,410,474	$ 326,634
Sewer Sales	1,611,256	2,155,553	544,297
Total Operating Revenues	**$ 4,695,096**	**$ 5,566,027**	**$ 870,931**
Operating Expenses			
Water Administration-Haney House	$ 444,563	$ 402,767	$ (41,796)
Ruckersville Sewer Admn-Haney House	123,950	69,276	(54,674)
Stanardsville Sewer Admn-Haney House	72,771	56,255	(16,516)
Rt 29 Water Treatment Plant-Operations	2,127,190	2,079,339	(47,851)
Ruckersville Sewer Treat Plant-Operations	1,276,991	1,537,208	260,217
Sville Sewer Treatment Plant-Operations	652,908	955,738	302,830
Total Operating Expenses	**$ 4,698,373**	**$ 5,100,583**	**$ 402,210**
Non-Operating Revenues (Expenses)			
Water EDU	$ 2,562,500	$ 2,550,000	$ (12,500)
Sewer EDU	2,050,000	2,000,000	(50,000)
Total Non Operating Revenues (Expenses)	**$ 4,612,500**	**$ 4,550,000**	**$ (62,500)**
Net Revenue Including Non-Operating Revenue	**$ 4,609,223**	**$ 5,015,444**	**$ 406,221**
Debt Service			
Existing Debt Service	$ 2,367,660	$ 2,367,660	$ -
Projected Debt Service	465,369	297,901	(167,468)
Total Debt Service	**$ 2,833,029**	**$ 2,665,561**	**$ (167,468)**
Net Revenue After Debt Service	**$ 1,776,194**	**$ 2,349,883**	**$ 573,689**

- Operating Revenues came in roughly $871,000 higher than projections.
- Operating Expenses came in roughly $402,000 higher than projections.
- EDU Revenues came in $62,500 lower than projections.
- Total debt service came in $167,000 lower.
- Net Revenues after Debt Service came in approximately $574,000 higher.

FY 2026 Cash on Hand Comparison

	Projected	Unaudited Actuals	Variance
Operating Expenditures	$ 4,698,373	$ 5,100,583	$ 402,210
Debt Service	2,833,029	2,665,561	(167,468)
Total Op. Ex. And Debt Service	$ 7,531,402	$ 7,766,144	$ 234,742
Ending Cash Balance	$ 6,551,683	$ 7,369,604	$ 817,921
Days Cash on Hand	318	347	29



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