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WEDNESDAY'S
News You Can Use

COVID-19 Budgetary Strategies to Get Ahead of the Curve

Presented by: Ricardo Cornejo, Doug Gebhardt &
Courtney Rogers



Carl Vinson
Institute of Government
UNIVERSITY OF GEORGIA



Today's Panelists



Ricardo Cornejo has 27 years of government financing experience, serving cities, counties, school districts, in Georgia. Mr. Cornejo has worked on debt issuance strategies, debt restructuring, and economic development projects in Georgia. He has worked with the Georgia team on financings that include Intergovernmental Revenue Bonds, Utility Revenue Bonds, SPLOST/ESPLOST Bonds and General Obligation Bonds. Mr. Cornejo specializes in local government finance throughout Georgia performing rating agency interaction, debt issuance strategies and execution for general government projects, general obligation and revenue backed credits, and economic development projects.

Today's Panelists



Mr. Douglas Gebhardt has nearly a decade of Public Finance experience and has worked on numerous client engagements. Mr. Gebhardt has specialized in designing and constructing financial models, debt capacity and budget projection and cash flow models for complex tax-supported and revenue-based credits. Since joining Davenport, Transaction related work includes the execution of both new money and refunding financings in both the public market as well as direct bank loans. Mr. Gebhardt has experience assisting clients with projects that involve Tax Allocation Districts. Non-transactional work experience includes, among other projects, advising on economic development initiatives, completion of capital planning analysis, utility system rate studies, credit rating work, investment of bond proceeds and financial policy assessment.

Today's Panelists



Mr. Courtney Rogers has over 30 years of municipal finance experience. Mr. Rogers is the Manager for Davenport's Georgia office. He is a member of the Board of Directors for Davenport & Company LLC. Mr. Rogers specializes in local government finances including the quantitative aspects of financings, cash flow analysis, multi-year financial forecasting, multi-year capital planning, debt capacity studies, rating agency interaction, debt issuance strategies, refunding debt restructuring, financing alternative sensitivity analysis, tax district analysis and execution for general government projects, economic development projects, water/sewer enterprise projects, and school projects. In addition, Mr. Rogers was the author of a \$35 million General Fund and Utility Enterprise Fund budget in 2009 for a county who, at the time, did not have a Budget or Finance Director.

Learning Objectives

At the end of this session, you should be able to:

- Define the role of a municipal financial advisor
- Recall the importance and advantages of engaging a financial advisor
- Identify budgetary challenges due to the COVID-19 pandemic
- Discuss short and long-term solutions to address budgetary challenges/fiscal health during the recovery

What is a Municipal Financial Advisor?

Speaker: Ricardo Cornejo

Dobbs-Frank Wall Street Reform Consumer Protection Act

- The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) was enacted on July 21, 2010.
- One of the things the Act did was create a new group of regulated persons known as “**Municipal Advisors**”.
- A person who is deemed a municipal advisor owes its clients a fiduciary duty, that is, a municipal advisor must provide advice that is solely in its clients’ interest.
- Moreover, under Municipal Securities Rulemaking Board Rule G17 - an underwriter is not a municipal advisor.
- Unlike a municipal advisor, an underwriter is not subject to a fiduciary duty when advising a client on an underwriting. Under the MSRB’s Rule G-17, underwriters are, however, required to make certain disclosures to municipal issuers, including disclosures about their duty of fair dealing (but not a fiduciary duty) and their potential or actual material conflicts of interest.



Source: The National Law Review.

Duties of a Municipal Financial Advisor

- Most think of a Municipal Financial Advisor as a firm that assists an entity through a financing process. However, a full service Municipal Financial Advisor can be of assistance in other areas.
- A Municipal Financial Advisor can be integral with the planning and budgeting for the financing months and years before any financing takes place.
- The Municipal Financial Advisor assists with creating and monitoring fiscal policies related to fund balance, debt and investments
- An annual fiscal health analysis, which is designed to be presented to the elected officials, can be most helpful just after newly elected officials are seated or just prior to the introduction of an annual budget.
- Other services an advisor can provide include assistance with the development of capital improvement programs, SPLOST/ESPLOST sizing and planning, budget modeling, monitoring existing debt for refinancing possibilities and investment of operating, capital and bond funds.

Recommendation of Government Finance Officers Association

- “The Government Finance Officers Association (“GFOA”) recommends that issuers hire a municipal advisor prior to the undertaking of a debt financing unless the issuer has sufficient in-house expertise and access to current bond market information.”
- “Issuers should assure themselves that the selected municipal advisor has the necessary expertise to assist the issuer in determining the best type of financing for the government, selecting other finance professionals, planning the bond sale and successfully selling and closing the bonds.”
- “While a municipal advisor plays a key role on the financing team, it is important to note that the issuer remains in control of the decision making process necessary for the issuance and sale of the bonds or implementing the financing.”



Source: Government Finance Officers Association.

Underwriters' MSRB G17-Letter

A G-17 letter is not a contract. It is a disclosure that it is acting as an underwriter.

(i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both the Municipal issuer and investors.

(ii) The primary role of the underwriter is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.

(iii) Unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer without regard to their own financial or other interests.

(iv) The underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.

Source: Municipal Securities Rulemaking Board.

Municipal Financial Advisory MSRB G-23 Letter

- The purpose and intent of MSRB rule G-23 is to establish ethical standards and disclosure requirements for brokers, dealers, and municipal securities dealers who act as financial advisors to issuers with respect to the issuance of municipal securities.
- For purposes of this rule, a financial advisory relationship shall be deemed to exist when a broker, dealer, or municipal securities dealer renders or enters into an agreement to render financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters concerning such issue. For purposes of this rule, a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter and not as a financial advisor.
- Each financial advisory relationship shall be evidenced by a writing entered into prior to, upon or promptly after the inception of the financial advisory relationship. Such writing shall set forth the basis of compensation, if any, for the financial advisory services to be rendered.

Source: Municipal Securities Rulemaking Board.

Why do you and your staff need a Municipal Financial Advisor?

Speaker: Doug Gebhardt

Polling Question



Does your government retain the services of a financial advisor?

- A. Yes
- B. No

Why Do You and Your Staff Need a Municipal Financial Advisor?

You want me to go borrow some money?

You want me to put together a Capital Improvement Plan?

You want me to see if we need to raise Utility rates?

You want me create fiscal policies?

You want a AAA rating?

I don't have time for that!



Besides Issuing Debt – Roles a MFA can play include:

- Create, Review & Modify Policy Guidelines
- Utility Rate Modeling
- Fiscal Impact Modeling – Business incentives
- Comprehensive Financial Review with Peer Comparisons
- Bank Services RFP assistance
- Investment Management
- TAD Analysis
- Capital Improvement Program Creation/Review
 - Debt Capacity / Debt Affordability

Understanding Debt Capacity and Debt Affordability

- When considering whether or not to take on additional debt to fund capital projects, it will be helpful for the local government/school district to consider both its Debt Capacity and its Debt Affordability.
- Debt Capacity can be thought of as the amount of debt a locality can incur while staying within prudent financial guidelines.
- Another way to think about it is as the local government/school district's credit card limit.
- Debt Affordability focuses more on the local government/school district's ability to repay its debt obligations given its current cash flows.
- Essentially it is the ability for local government/school district to pay its credit card bill.



Multi-Year Operating & Capital Planning

1. Develop a multi-year operating and capital plan (typically 5 years).
2. Review operating expenditure assumptions and identify capital projects.
3. Review assumptions for various sources of revenues and identify preliminary capital funding sources.
 - Having Debt is not always a negative; for large projects that will last many years, set up so all that will use/service provided for (i.e. City Hall, School, Fire Station), will pay a portion of the cost.
4. While the multi-year capital plan should balance, it is acceptable for the multi-year operating projection to identify shortfalls or surpluses.
5. Review any resulting debt funding from both a **Debt Capacity** and **Debt Affordability** perspective.

Sample Utility Multi-Year Operating and Capital Budget

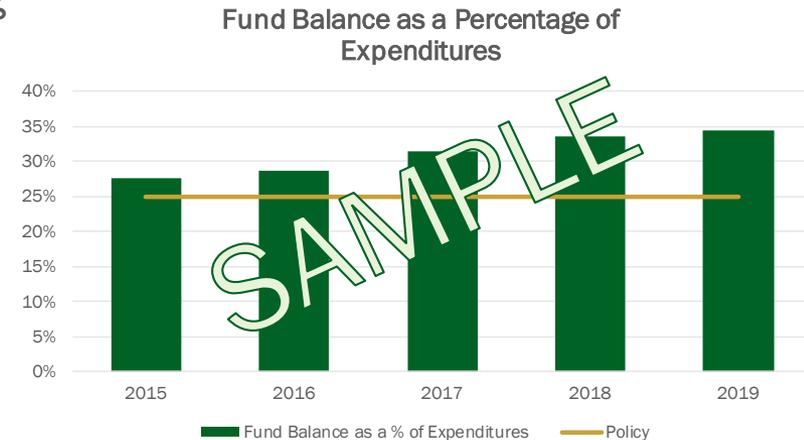
	Budget 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Operating Revenues						
Charges for services:						
Water	\$ 1,740,983	\$ 1,823,986	\$ 1,910,947	\$ 2,002,053	\$ 2,097,503	\$ 2,197,504
Sewer	1,042,941	1,092,664	1,144,758	1,199,336	1,256,515	1,316,421
Other revenue	198,500	207,964	217,879	228,266	239,149	250,551
Total Operating Revenues	\$ 2,982,424	\$ 3,124,614	\$ 3,273,583	\$ 3,429,655	\$ 3,593,167	\$ 3,764,475
Operating Expenditures						
Personnel Costs	\$ 799,145	\$ 815,128	\$ 831,430	\$ 848,059	\$ 865,020	\$ 882,321
Contractual services	374,168	381,651	389,284	397,070	405,011	413,112
Supplies & Materials	424,850	433,347	442,014	450,854	459,871	469,069
Total Operating Expenditures	\$ 1,598,163	\$ 1,630,126	\$ 1,662,729	\$ 1,695,983	\$ 1,729,903	\$ 1,764,501
Operating Income (loss)	\$ 1,384,261	\$ 1,494,488	\$ 1,610,855	\$ 1,733,672	\$ 1,863,264	\$ 1,999,974
Nonoperating Revenues (Expenses)						
Interest revenue	\$ 20,000	20,000	20,000	20,000	20,000	20,000
Miscellaneous revenue	1,400	1,400	1,400	1,400	1,400	1,400
Use of Fund Balance	20,000	-	-	-	-	-
Use of Bond Proceeds	16,000	-	-	-	-	-
Capital Outlay	96,000	-	-	-	-	-
Contingency	(2,984)	(22,984)	(22,984)	(22,984)	(22,984)	(22,984)
Total Nonoperating Revenues (Expenses)	(73,984)	(1,584)	(1,584)	(1,584)	(1,584)	(1,584)
Income (loss) before transfers	\$ 1,310,277	\$ 1,492,904	\$ 1,609,271	\$ 1,732,088	\$ 1,861,680	\$ 1,998,390
Transfers Out	\$ (276,866)	\$ (312,461)	\$ (327,358)	\$ (342,966)	\$ (359,317)	\$ (376,448)
Income (loss) After transfers	\$ 373,477	\$ 1,180,443	\$ 1,281,912	\$ 1,389,122	\$ 1,502,364	\$ 1,621,943
Existing Debt Service	\$ (373,478)	\$ (373,478)	\$ (373,478)	\$ (373,478)	\$ (373,478)	\$ (373,478)
Projected Debt Service	\$ -	\$ (398,115)	\$ (398,115)	\$ (398,115)	\$ (796,230)	\$ (796,230)
Total Debt Service	\$ (373,478)	\$ (771,593)	\$ (771,593)	\$ (771,593)	\$ (1,169,708)	\$ (1,169,708)
Change in net position	\$ (1)	\$ 408,850	\$ 510,320	\$ 617,529	\$ 332,656	\$ 452,235
Operating Coverage	3.71	1.94	2.09	2.25	1.59	1.71
Coverage After Transfers/Capital	1.00	1.53	1.66	1.80	1.28	1.39

A local government/utility/school district that has a multi-year outlook enables them to budget more effectively and navigate future debt obligations.

It is important for a local government/utility/school district to monitor and anticipate how future capital projects or infrequent expenditures could affect their debt affordability and capacity.

Comprehensive Financial Review

- Provides insight on revenue history, spending practices and resulting fund balance levels
- Measure existing and projected financial standing with respect to:
 - Peer Georgia Localities;
 - National Medians: and
 - Other Comparative Groups, as necessary.
- Identify:
 - Revenue and Expenditure Trends;
 - Year-to-year change in Total and Unassigned Fund Balance;
 - Operating performance and Impact on future financial flexibility; and
 - Growth trends that may create opportunities or potential areas of concern.



Financial Policy Guideline Review

- Provides a framework for the local government/school district to assess its Financial Policy Guidelines
- Such review will involve:
 - Assessment of the local government/school district’s existing Financial Policy Guidelines with potential additions and refinements as appropriate;
 - Incorporate Peer Comparative Analysis to analyze key financial and demographic metrics of the local government/school district in relation to other similarly rated local governments; and
 - Presentation of analysis and recommendation for refinements to Financial Policy Guidelines, if any, to local government/school district staff and Council.
- Debt Management Policies to be evaluated:
 - Debt versus Assessed Valuation
 - Debt Service versus Revenues (Expenditures)
 - Debt Service Coverage for Enterprise Revenue Bonds

Public Bond or Direct Bank Loan - Navigating the Process

The world of municipal debt was already complex prior to the COVID-19 pandemic. A Municipal Financial Advisor will help you and your staff navigate the planning and process long before the thought of issuing debt becomes an idea to your elected officials.



Role of the Financial Advisor in the Financing Process

1. Develop the Plan of Finance

- Financial Modeling
- Presentation of Alternatives
- Credit Analysis

2. Communicate Risks and Benefits

- Board Meetings
- Market Updates
- Risk Analysis

3. Understanding of Credit Process

- Rating Methodology
- Develop Credit Presentation

4. Assist in Retaining the Most Qualified Financial Institutions to Execute the Plan

- Identify Candidate Firms
- Competitive Selection Process
- Utilize Legacy Firm

5. Facilitate Financing Team Coordination and Scheduling

- Management of Process
- Issuer's Counsel
- Bond Counsel
- Outside Consultants
- Underwriters & Bankers

6. Provide Expert Advice in Market Access and Negotiations

- Financing Documents
- Disclosure Documents
- Underwriter Negotiations
- Sale of Bonds
- Closing of Bonds

Structuring the Issue and Method of Sale

■ Plan of Finance Development:

- Evaluate the various financing options available to the local government/utility/school district by performing a quantitative review of alternative options to measure the impact on borrowing costs, cash flows and debt capacity / debt affordability and reviewing of other considerations including Rating Agency implications.
- Determine the preferred credit approach (e.g. General Obligation Bonds, Double Barrel Revenue Bonds, SPLOST/ESPLOST Bonds, TAD Bonds, Intergovernmental Contract Bonds).
- Analyze and determine the preferred Principal Amortization Terms and Structures that meets the local government/utility/school district's Goals and Objectives while minimizing cash flow impacts.
- Select a method of financing that will best serve the needs of the local government/school district (Negotiated / Competitive Public Sale, Direct Bank Loan, State/Federal Loan, GEFA, USDA, TIFIA).
- Develop a detailed timing analysis and determine the issuance schedule that meets the project funding requirements cost effectively.

Process for Evaluating Bond Issuance to achieve the Lowest Cost of Borrowing

- There are a multitude of factors that a Municipal Financial Advisor evaluates when determining the appropriate method of sale. No one single factor determines that bonds must be sold in a particular manner. Factors to be considered include:
 - Underlying Credit Rating (i.e. “A” Range vs. “AA” Range);
 - Security (i.e. General Obligation/IGA Revenue vs. Revenue);
 - Size (i.e. Unusually small or large);
 - Amortization period (i.e. 5 years vs. 30 years);
 - Redemption Provisions (i.e. anytime vs. 10-year call);
 - Timing of Borrowing – Borrow upfront vs. Reimburse with Borrowing;
 - Other/Unique Financing Terms (i.e. Qualified Energy Conservation Bonds);
 - Current Market Trends/Pricing; and
 - Prevailing Interest Rates.
- The Municipal Financial Advisor’s approach is to discuss potential funding options with the local government/utility/school district and when multiple options present itself, prepare presentations comparing and contrasting the potential approaches.

Method of Sale Comparison

	Direct Bank Loan	Public Market Issuance
Credit Rating Requirement	No	Yes
Offering Document	No formal offering document required.	Yes
Purchasers	Single institution purchases Bond for its own account..	Multiple purchasers through underwriting process.
Timing Flexibility	Shorter timeline	Longer timeline
Interest Rates	Typically a single fixed rate for all maturities	Individually fixed rates for each maturity
Structuring Flexibility	Somewhat flexible	Complete flexibility
Term Limitations	Typically up to 20 years	Typically up to 30 years
Prepayment	More flexibility with the possibility of prepayment without penalty	Some flexibility with 10 year call protection period being industry standard.

Understanding the Types of Bonds Available

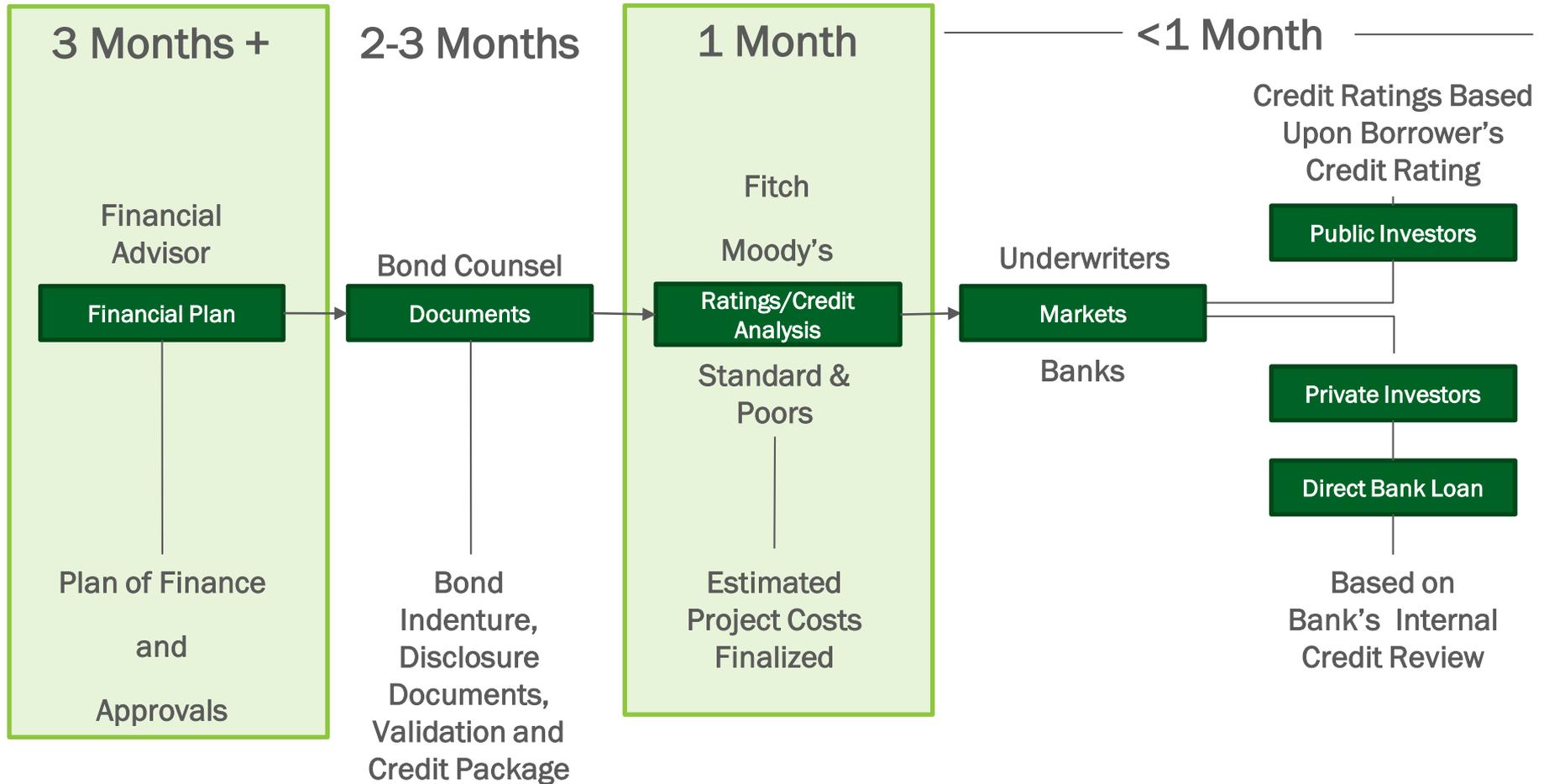
In order to determine the best path forward, a local government/utility/school district needs to understand the bonds that are available at their disposal. Below are the main types of Bonds

1. General Obligation Bonds
2. Intergovernmental Contract Revenue Bonds
3. Pure Revenue Bonds (Typically Enterprise Fund)
4. Special Purpose Local Obligation Sales Tax (SPLOST) Bonds
5. Lease Purchase / Installment Sale Agreement Bonds

It is important to understand the complexities in the decision making process when choosing the appropriate bond to issue. Some typical questions that must be answered are as follows:

- Do they require referendum?
- How would the interest rate(s) differ?
- What is the security for payment?
- Do you need a conduit Issuer?

Overview of the Financing Process



A Narrow Distribution List Could Cost You Money

	Debt Service with a Narrow Distribution List	Debt Service with a Wider Distribution List (i.e. Municipal Financial Advisor List)	
	Total Debt Service	Total Debt Service	Delta
2021	\$672,157	\$641,471	\$30,686
2022	672,157	641,471	30,686
2023	672,157	641,471	30,686
2024	672,157	641,471	30,686
2025	672,157	641,471	30,686
2026	672,157	641,471	30,686
2027	672,157	641,471	30,686
2028	672,157	641,471	30,686
2029	672,157	641,471	30,686
2030	672,157	641,471	30,686
2031	672,157	641,471	30,686
2032	672,157	641,471	30,686
2033	672,157	641,471	30,686
2034	672,157	641,471	30,686
2035	672,157	641,471	30,686
2036	672,157	641,471	30,686
2037	672,157	641,471	30,686
2038	672,157	641,471	30,686
2039	672,157	641,471	30,686
2040	672,157	641,471	30,686
Total	\$13,443,142	\$12,829,426	\$613,716

A narrow distribution list could limit the number of potential responses to a Request For Proposals. Municipal Financial Advisors have a comprehensive distribution list that could result in more proposals received. In certain scenarios, the high to low spread between the winning proposer and the last place bid can be as wide as 1.00%.

For Example, in the event a wide distribution resulted in a proposal that was 0.50% better than the narrow distribution list, the debt service savings on a \$10 Million Bond Issuance over 20 years could potentially be over \$600,000 throughout the life of the loan.

Why Hire a Municipal Financial Advisor

- A GFOA Best Practice is that a Municipal Financial Advisor can help a local government/school district by adding “expertise and access to current bond market information.”
- Municipal Financial Advisor has a Fiduciary Duty to look out for the best interest of their client before its own best interest.
- Using its knowledge of the marketplace, the Municipal Financial Advisor can make sure the issuer gets the best possible financing terms and pricing. Ultimately this becomes a positive impact to the taxpayers.
- A Municipal Financial Advisor can be an extension of the Finance Staff and readily available as needed. This adds expertise in areas that staff may not be as familiar with and can bring a unique and unbiased perspective.

Knowledge Check



The services of a financial advisor might include

- A. Informing the debt issuance process
- B. Utility rate modeling
- C. Financial forecasting
- D. CIP creation/Review
- E. All of the above

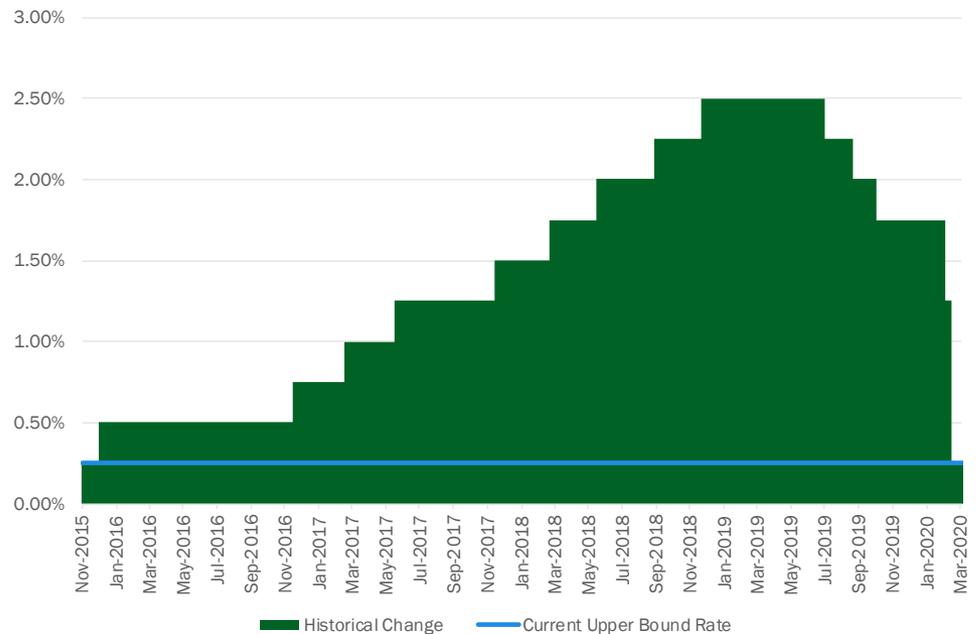
Market Update

Speaker: Courtney Rogers

Overnight Fed Funds Rate

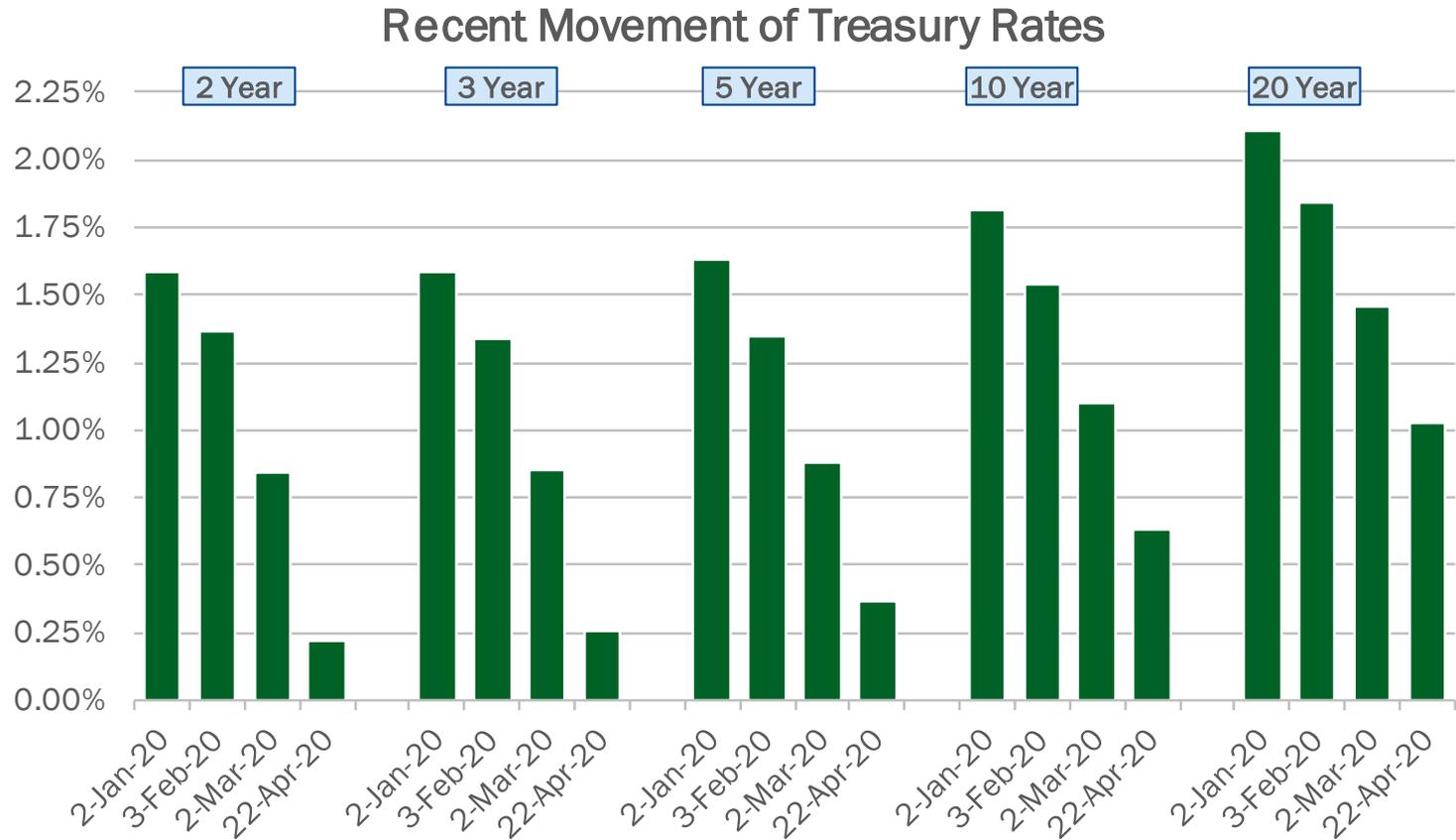
Federal Funds Historical Rate Changes Since 2008		
Date	Upper Bound Rate	Change
12/16/2008	0.25%	<i>-0.75%</i>
12/17/2015	0.50%	<i>0.25%</i>
12/15/2016	0.75%	<i>0.25%</i>
3/16/2017	1.00%	<i>0.25%</i>
6/15/2017	1.25%	<i>0.25%</i>
12/14/2017	1.50%	<i>0.25%</i>
3/22/2018	1.75%	<i>0.25%</i>
6/14/2018	2.00%	<i>0.25%</i>
9/27/2018	2.25%	<i>0.25%</i>
12/20/2018	2.50%	<i>0.25%</i>
8/1/2019	2.25%	<i>-0.25%</i>
9/19/2019	2.00%	<i>-0.25%</i>
10/31/2019	1.75%	<i>-0.25%</i>
3/3/2020	1.25%	<i>-0.50%</i>
3/15/2020	0.25%	<i>-1.00%</i>

Historical Federal Funds Rate Changes Since 2015



Source: Federal Reserve System.

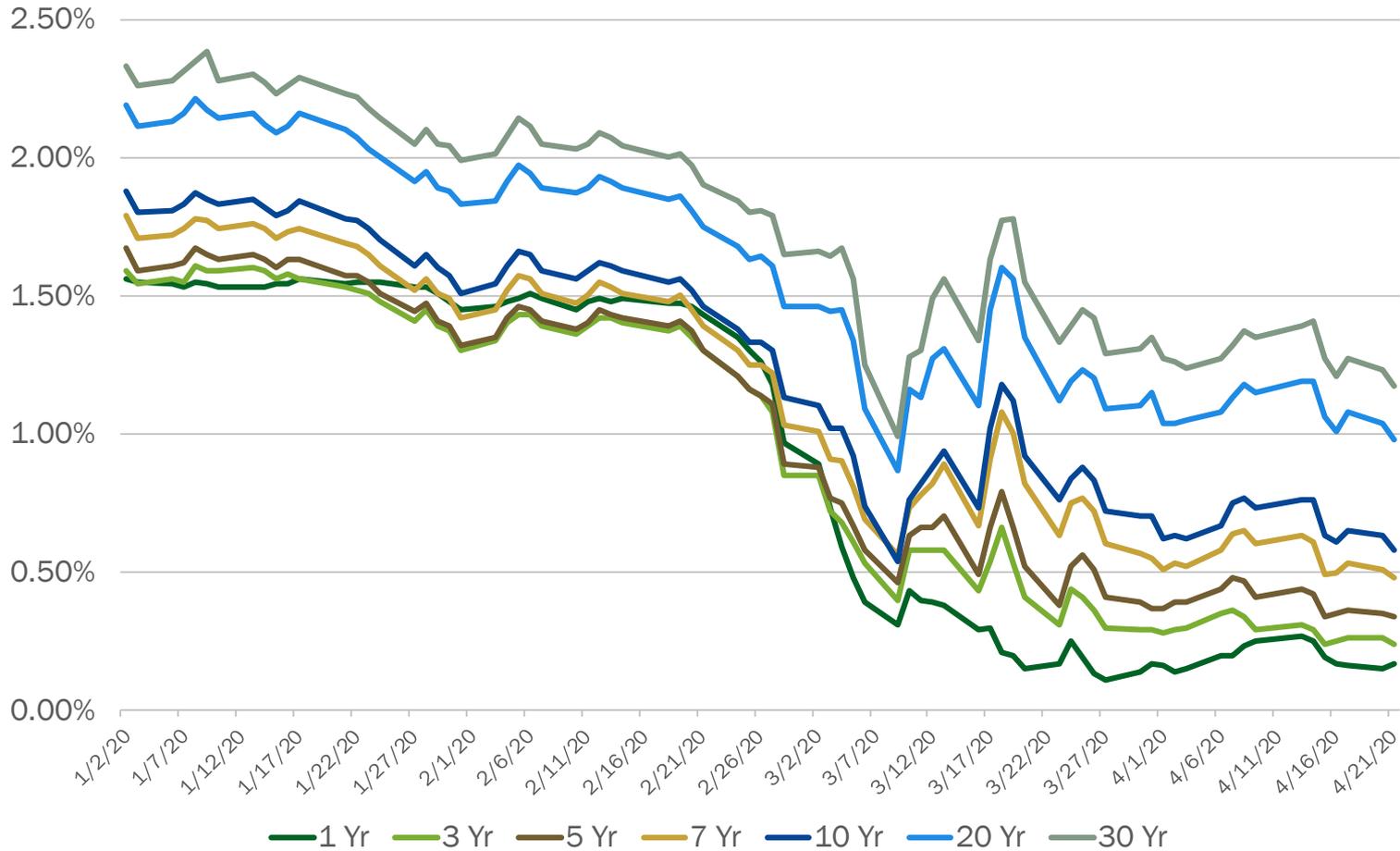
Recent U.S. Treasury Rates



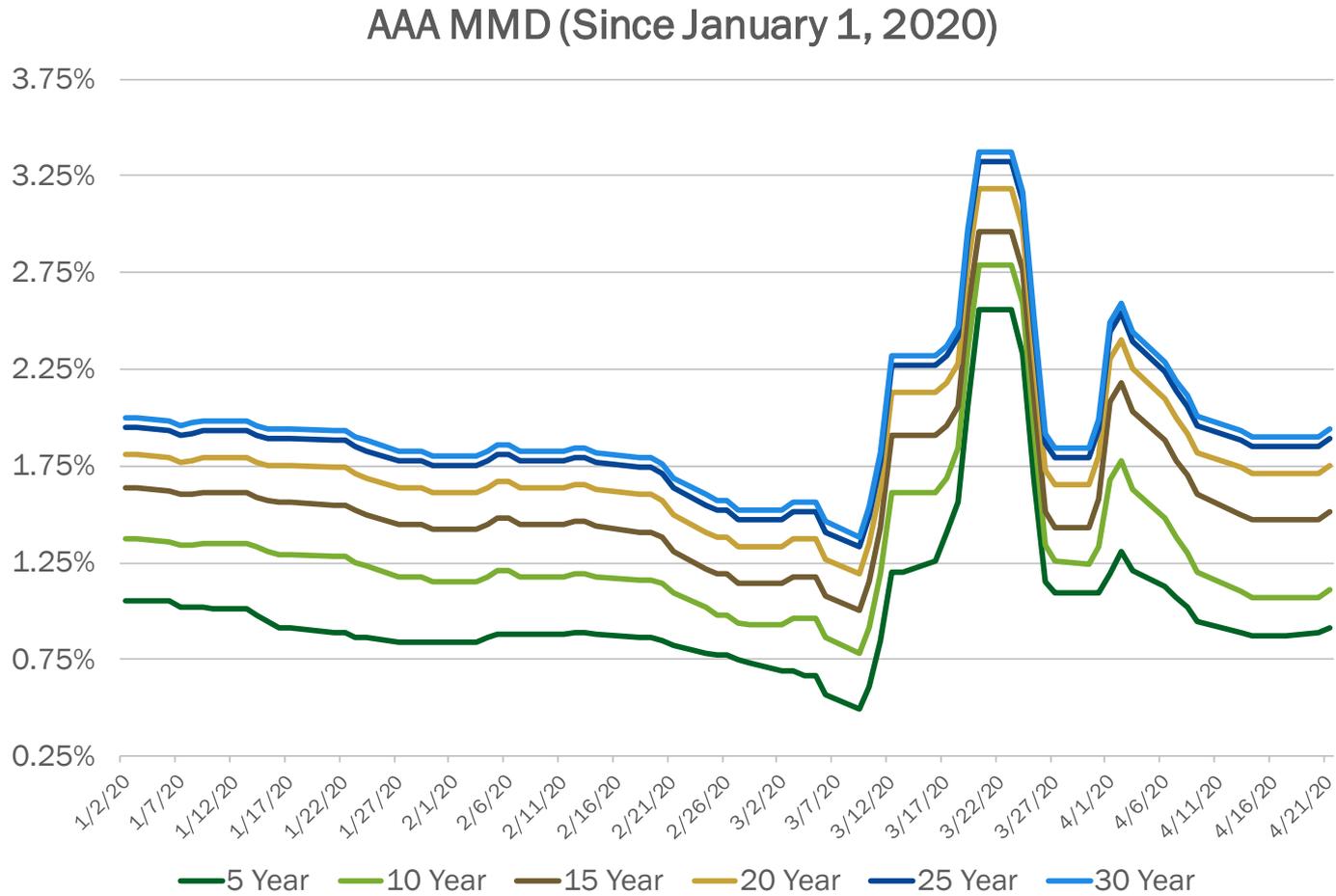
Source: U.S. Department of the Treasury.

U.S. Treasury Rates Year to Date (January – April 2020)

U.S. Treasury Rates (Since January 1, 2020)

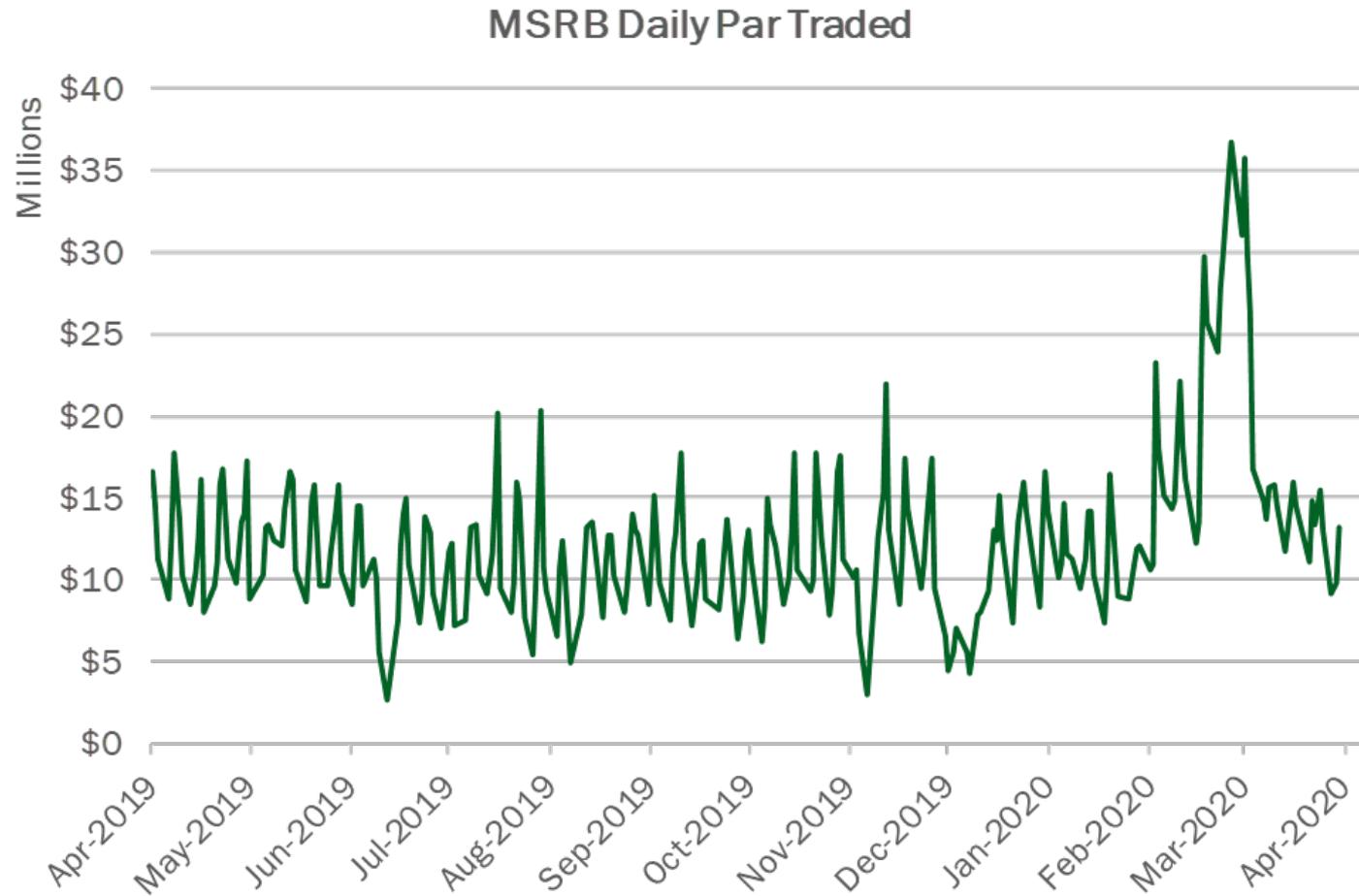


MMD Year to Date (January – April 2020)



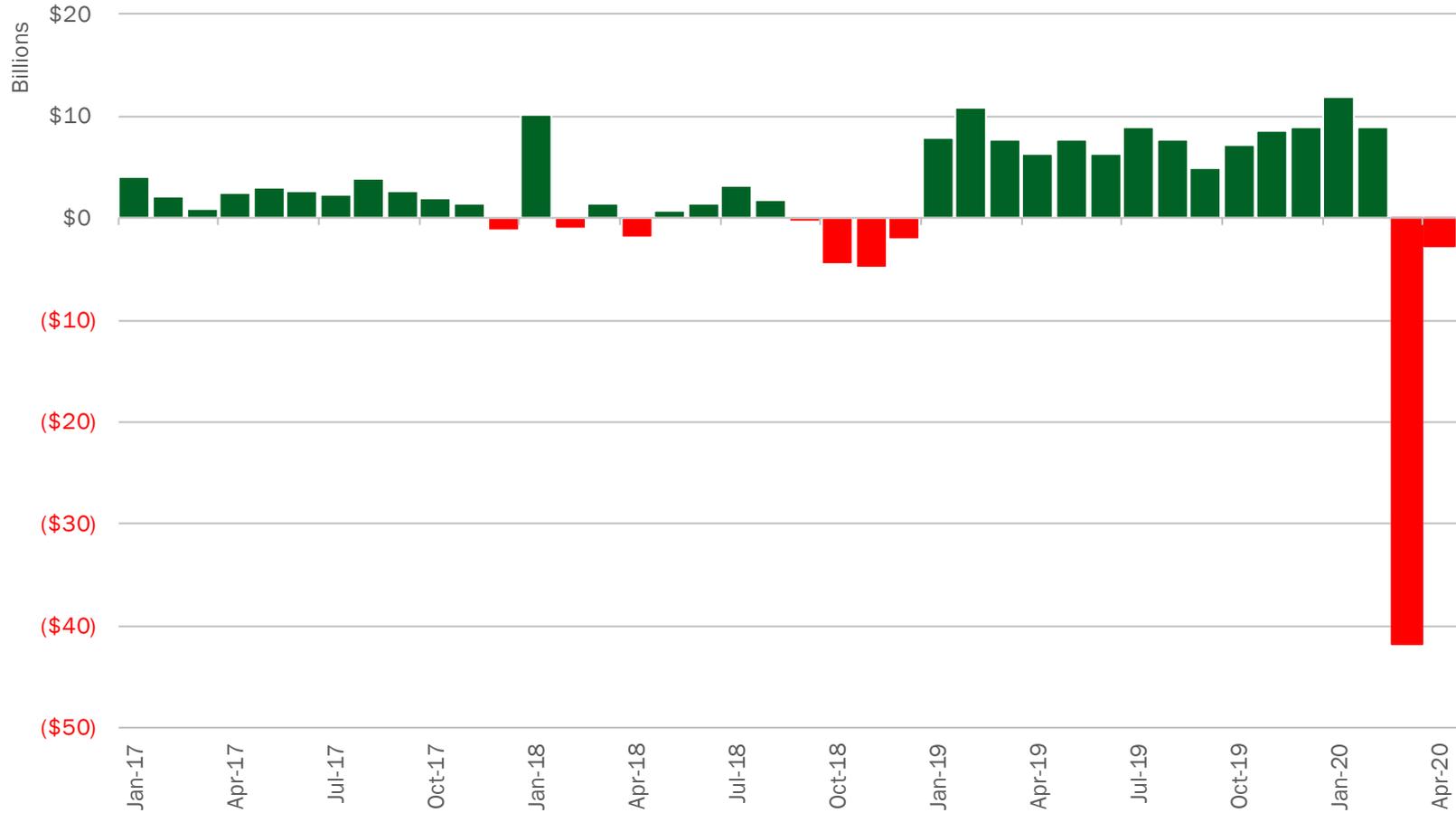
Source: Thomson MMD Publication.

MSRB Daily Par Traded



Source: Bloomberg.

Monthly Bond Fund Inflows/Outflows



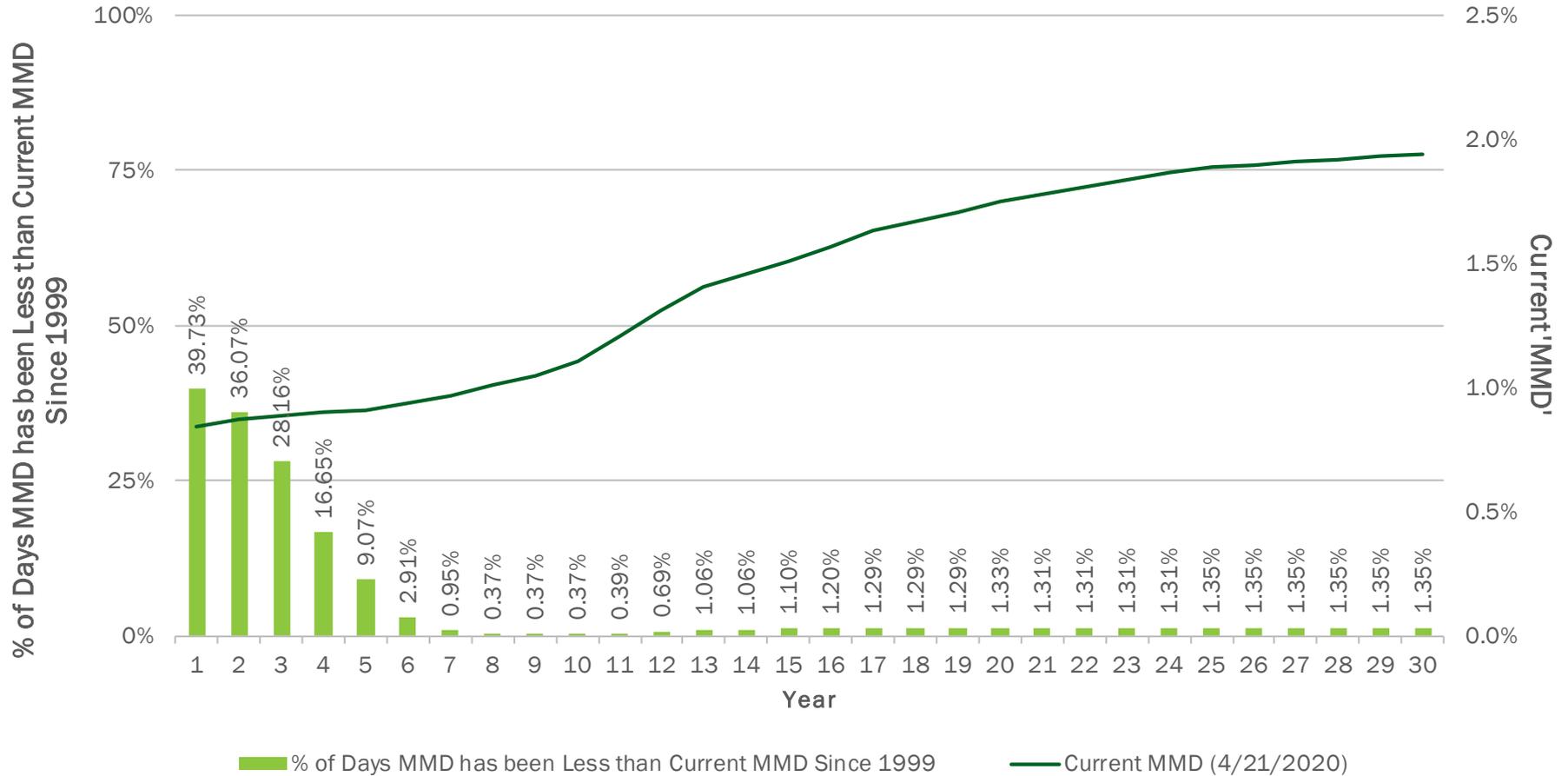
Source: Bloomberg.

Historic 20-Year AAA Tax-Exempt MMD Rates



Note: MMD is a yield curve published by Municipal Market Data.
Source: Thomson MMD Publication.

Historic Tax-Exempt Interest Rate Environment

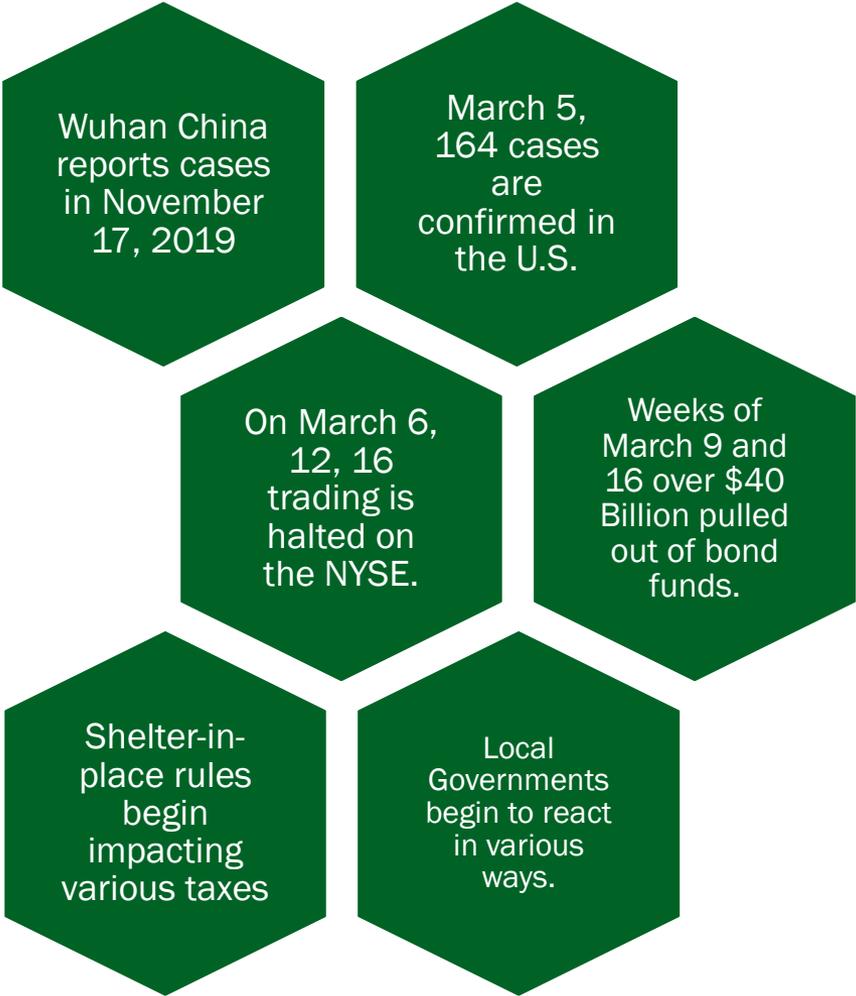


Source: Thomson MMD Publication.

Impact of COVID-19 on the Revenues of Georgia Cities, Counties and School Districts

Speaker: Courtney Rogers

COVID-19 Events



Impact of COVID-19 on the Economy

- While no one really knows how this will play out early indications are that:
 - There will be sharp economic decline in the U.S. with the full effect felt in April.
 - Due to a wave of unemployment caused by business closures, the period of social distancing easing up will likely be followed by at least one more quarter of negative growth, meeting the popular definition of a recession.
 - The economy will then [hopefully 😊] gradually recover into early 2021.

The Impact of Coronavirus on Stock Markets Since the Start of the Outbreak through the end of March



Source: Bloomberg.

Congressional Assistance for State, Local Governments & Schools

Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress on March 27, 2020:

- For State and Local Governments, the CARES Act established the \$150 billion Coronavirus Relief Fund for which the Treasury will make payments from the Fund to States and eligible units of local government (larger than 500,000 population).
- The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that:
 - Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
 - Were not accounted for in the budget most recently approved as of March 27, 2020 for the State or government; and
 - Were incurred from March 1, 2020 through December 30, 2020.

Source: U.S. Department of the Treasury.

Congressional Assistance for State, Local Governments & Schools (Continued)

Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress on March 27, 2020:

Economic Stabilization Fund

- A \$454 billion fund that permits the US Treasury to make loans or loan guarantees or investments in “programs or facilities established by the Board of Governors of the Fed for the purposes of providing liquidity to the financial system that supports lending to eligible businesses, states or municipalities” thus **permitting the Federal Reserve to participate as an institutional investor in securities that mature in greater than 6 months.**

This news of this assistance was one of the things that helped the municipal bond market begin to heal the week of March 30.

Source: U.S. Department of the Treasury.

Congressional Assistance for State, Local Governments & Schools (Continued)

Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress on March 27, 2020:

- There are several other relief programs included in the original CARES Act that might have some impact on State, Local Governments & Schools. Please see the link below and look for GFOA's CARES Act Economic Relief Plan Summary for more information.
- One example that you may have seen was assistance to Airports through the FAA.
- <https://gfoa.org/gfoa-resource-center-coronavirus-response>
- In addition, you may be eligible for FEMA assistance. Review the link below:
- <https://www.fema.gov/news-release/2020/03/19/coronavirus-covid-19-pandemic-eligible-emergency-protective-measures>

Source: U.S. Department of the Treasury.

Congressional Assistance for State, Local Governments & Schools (Continued)

On April 9, the Federal Reserve announced its Municipal Liquidity Facility:

- Per the Federal Reserve announcement the facility will “Help state and local governments manage cash flow stresses caused by the coronavirus pandemic by establishing a Municipal Liquidity Facility that will offer up to \$500 billion in lending to states and municipalities. The Treasury will provide \$35 billion of credit protection to the Federal Reserve for the Municipal Liquidity Facility using funds appropriated by the CARES Act.”
- This facility is for all states, cities with population of 1 million or more and counties with 2 million or more. [On Monday, April 27 they lowered the populations to 250,000 for cities and 500,000 for counties.](#)
- Essentially the state would borrow from the Federal Reserve and then lend to the local governments. This would be paid back at an interest rate at the local governments rating with a 10 basis point origination fee up to ~~24~~ [36](#) months.
- There is a question as to how this would work under current GA law.

Source: U.S. Department of the Treasury.

Congressional Assistance for State, Local Governments & Schools (Continued)

On April 21, Congress passed additional legislation (Stimulus Plan Phase 3.5):

- However state, local governments and schools were essentially left out.
- Maryland Governor Larry Hogan, chairman of the National Governors Association, and New York Governor Andrew Cuomo, vice chair are requesting \$500 billion in federal aid to help states battle the coronavirus.
- The statement released on April 18 stated “Congress must appropriate an additional \$500 billion specifically for all states and territories to meet the states’ budgetary shortfalls that have resulted from this unprecedented public health crisis. This critical stabilization funding for states must be separate from much needed fiscal stabilization for local governments.”
- Local governments are still waiting for Federal assistance!

Source: U.S. Department of the Treasury.

Georgia Timeline

- Feb. 28 - Governor Kemp “announced a coronavirus task force to assess Georgia's preparations and procedures for preventing, identifying, and - if needed - addressing cases of COVID-19.” (quotes straight from Gov. press release)
 - This was the first COVID-19 announcement from the Governor’s office.
- Mar. 2 – Gov. Kemp confirms 2 cases in state. (Couple returning from Italy.)
- Mar. 14 – Gov. Kemp signs public health state of emergency order.
- Mar. 24 – Gov. Kemp closes K-12 Public Schools through April 24
- Apr. 1 – Gov. Kemp orders K-12 Public Schools closed through rest of school year
- Apr. 2 – Gov. Kemp issues shelter in place order effective April 3 at 6 pm.
- Apr. 8 – Gov. Kemp extends public health state of emergency order through May 13
- Apr. 20 – Gov. Kemp announces certain business allowed to reopen April 25.

Source: Governor Kemp Press Releases

Data Availability

- While some communities began practicing social distancing in March. It is more likely that April will be a better data indicator of how much revenues will be down for economically sensitive revenues.
- Local April data won't be available until mid to late May which is tricky for those trying to adopt a budget for fiscal years that end June 30. From a state wide perspective those figures may be available in a couple of weeks.
 - Feb. 18 – Sales and Use Tax collections for January totaled \$1.24B; 4.8% higher than Jan. 2019. The adjusted Sales Tax distribution to local governments totaled \$608M 4.5% higher than previous year.
 - Mar. 12 – Sales and Use Tax collections for February totaled \$1.35B; 4.2% over Feb. 2019. The adjusted Sales Tax distribution to local governments totaled \$489M 1.2% higher than previous year.
 - Apr. 7 – Sales and Use Tax collections for March totaled \$1.83B; 9.8% over Mar. 2019. The adjusted Sales Tax distribution to local governments totaled \$468M - **1.3% lower** than previous year.

Source: Sales Tax Data - Governor Kemp Press Releases.

GMA Survey – Revenues Affected by COVID-19

April 15, 2020

- A survey of Georgia cities paints an early snapshot of the impact of the COVID-19 pandemic on municipal budgets. This report summarizes the findings.

Response Rate

- 90 Georgia cities responded.
- 63 of these cities (70%) have fewer than 5,000 residents.
- This sample represents 29% of the population in all cities in Georgia.

Revenue Shortfall

- 78 out of 90 cities (87%) expect a revenue shortfall between March 1 and December 31, 2020 as a result of the COVID-19 pandemic.
- Of the 78 cities that expect a revenue shortfall, 65 (83%) indicated an estimated percentage. Of these 65 cities, 52 (80%) expect a shortfall of 10% or more of their annual budget.

Source: Georgia Municipal Association.

GMA Survey – Revenues Affected by COVID-19

April 15, 2020 (Continued)

Revenue Shortfall Causes

- 77 of 90 cities (86%) indicated causes for budget shortfalls.
- 75 of 77 cities (97%) report that budget shortfalls are the result of unanticipated revenue decline.**
- 44 of 77 cities (57%) indicate unanticipated revenue declines only as the primary factor.
- 31 of 77 cities (40%) indicate a combination of revenue declines and expenditure increases as the primary factor.

Immediate Impact

- The following percentages of cities are reporting an immediate economic impact (defined as lasting from March 1 to June 30) from loss of revenue sources
 - Permitting fees: 35 of 50 cities (70%)**
 - Utility fees: 42 of 63 cities (67%)**
 - Other service fees: 21 of 33 cities (64%)**
 - Sales taxes: 40 of 64 cities (63%)**
 - State: 8 of 27 cities (30%)
 - Hotel/Motel tax: 7 of 24 cities (29%)
 - Fines: 6 of 24 cities (25%)
 - Property Taxes: 12 of 48 cities (25%)

Source: Georgia Municipal Association.

GMA Survey – Revenues Affected by COVID-19

April 15, 2020 (Continued)

Impact on Services

- 73 cities reported that they anticipate the following government functions to be significantly affected by revenue shortfall
 - Parks and Recreation: 42 cities (58%)**
 - Police: 41 cities (56%)**
 - Sanitation/Waste Mgt.: 31 cities (43%)
 - Fire/EMS: 20 cities (27%)
 - Libraries: 16 cities (22%)
 - Utilities: 14 cities (19%)
 - Social Services: 13 cities (18%)
 - Community/Eco. Dev.: 6 cities (8%)

Government Actions

- 75 cities reported that they anticipate taking the following **actions to make up the revenue shortfall**
 - Draw down reserves: 53 cities (71%)**
 - Increase fees: 37 cities (49%)
 - Cut public services: 28 cities (37%)
 - Furlough employees: 24 cities (32%)
 - Increase taxes: 23 cities (31%)
 - Lay off employees: 18 cities (24%)
 - Close facilities: 15 cities (20%)

Source: Georgia Municipal Association.

Other Actions being taking that will affect Budgets

- Hazard pay for firefighters and law enforcement officials (and in some case other workers).
- Small Business Loan or Grant programs funded from various sources.
- Tax Due dates are being delayed.
- Late fees are being waived.
- Disconnects are being forgone which will could temporarily reduce revenues and increase receivables.

Source: U.S. Department of Housing and Urban Development.

LOST/SPLOST/TSLPOST/ESPLOST Impact

- Georgia State University fiscal researchers say the state and local governments could see up to a \$1.27 billion loss in sales tax revenue from key sectors of the economy this year because of the coronavirus shutdown and its aftermath.
- <https://frc.gsu.edu/download/covid-19-impact-report/>
- Every locality will be affected differently due to the various mix of businesses, some of which are closed, partially open or going gang busters (Lowe's/Home Depot). There will be losses here no doubt as grocery's are doing well but as unprepared food is not taxed like at a restaurant, meals taxes will be down and sales tax won't compensate.
- Everyone will want to look closely at their SPLOST/TSPPOST/ESPLOST capital programs especially if you have a debt issuance being paid by these programs. Remember if revenues are not sufficient you must look to the General Fund to make up any shortfalls.
- We can only hope that the economic downturn will not affect voters for upcoming SPLOST/TSLPOST/ESPLOST initiatives.

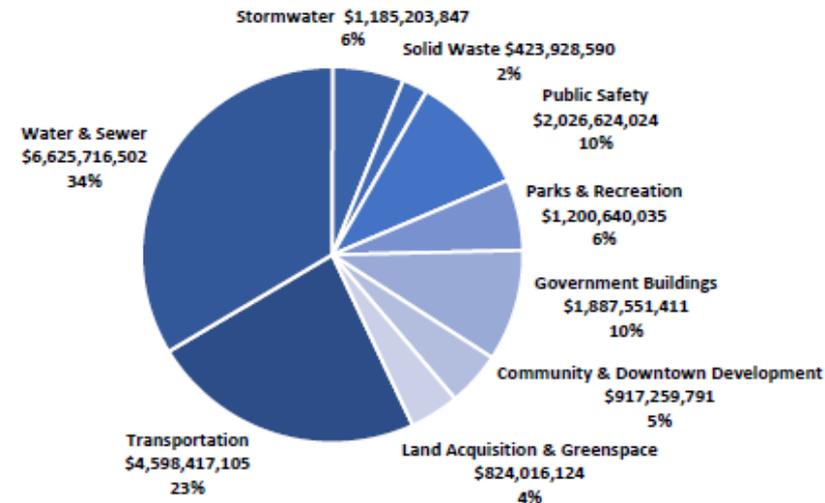
Source: GSU <https://frc.gsu.edu/download/covid-19-impact-report/>

Cities of Georgia - Projected Capital Needs

- 43% of Georgia cities reported they will need about \$12.7 billion to address capital needs for the next five years (2020-2024).
- Over the next five years, GMA projects that cities will need approximately \$20 billion for capital improvements.
- It will be important, now more than ever, for long-term capital planning to make sure that projects have a funding source.



Georgia Cities Projected Capital Needs, 2020-2024



Source: Georgia Municipal Association.

COVID-19 and the Effect on School Districts throughout Georgia

- A key basis for the school system's annual budget is how much money the General Assembly allocates for education in the state budget. The General Assembly recessed last month, however, without approving a new state budget because of the outbreak.
- The main concern is the fact that there is no state budget in place for fiscal year 2021. The General Assembly (suspended since March 13) has discussed either May 14 or June 11 to return to session. Obviously this puts school districts in a bind for fiscal years starting July 1.

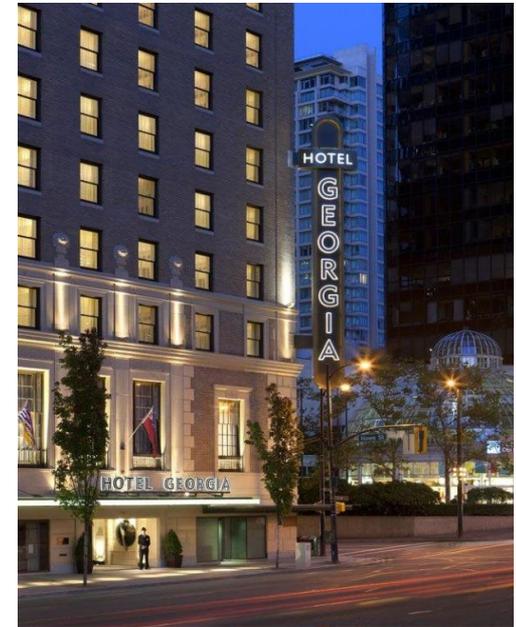


Rating Considerations

- Both S&P and Moody's look at Financial Performance and Flexibility to be 30% of the rating.
- With certain revenues declining there may be a call to use Fund Balance.
- Be mindful of any Fund Balance policies that may be in place.
- If Fund Balance falls below policy levels it is good practice for the elected body to agree on a plan to get the Fund Balance back to the policy guideline in a certain period of time.
- There is no standard for the period of time to replenish the Fund Balance.
- This is the type of item that you will want to discuss with your Municipal Financial Advisor.

Moody's Investor Service

- Moody's put out a report on March 30, 2020 entitled "Special Tax revenue will weaken as Coronavirus slow economy and travel"
- Hospitality, leisure and travel base revenue is subject to the most immediate drop. Monthly collection of hotel occupancy and prepared food and drink taxes stand to decline up to 85% through at least mid-summer if trends continue.
- Debt Service coverage for certain debt has the potential to fall by half.
- Broader consumption and income based taxes will fall to a lesser extent. Consumer spending, personal and business income will decline as the economy weakens making tax-based diversity an important buffer to limit the revenue drop-off.



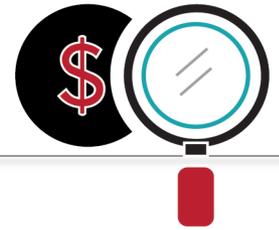
Source: Moody's Investor Service.

S&P Global

- On April 16, 2020 S&P Global economists published a report entitled “An Already Historic U.S. Downturn Now Looks Even Worse”
- The same day we heard from S&P that for any clients that had a ‘Positive’ outlook they were moving those all to ‘Stable’ outlook due to the overall economy.
- The Key Takeaways as outlined in the report:
 - “With over 90% of the population under "stay-at-home" guidelines, up from three-fifths in late March, U.S. economic activity has effectively stopped. We now forecast U.S. GDP will contract 5.3% in 2020--substantially worse than our March forecast for a 1.3% decline.
 - The current recession has likely reduced economic activity by 11.8% peak to trough, which is roughly three times the decline seen during the Great Recession in one-third of the time.
 - Headline unemployment could reach 19% in May, which would be closer to the reported Depression-era peak of 25% than to the 10% high during the global financial crisis.
 - **Recovery will be gradual as fears linger and social distancing endures, but we expect the economy will at least partly reopen in the third quarter.”**

Source: S&P Global.

Knowledge Check



All but which of the following is most likely subject to an immediate decline . . .

- A. LOST, SPLOST, ELOST, TSPLOST
- B. Hotel/motel tax revenues
- C. Property tax revenues
- D. TAVT

So Now What?

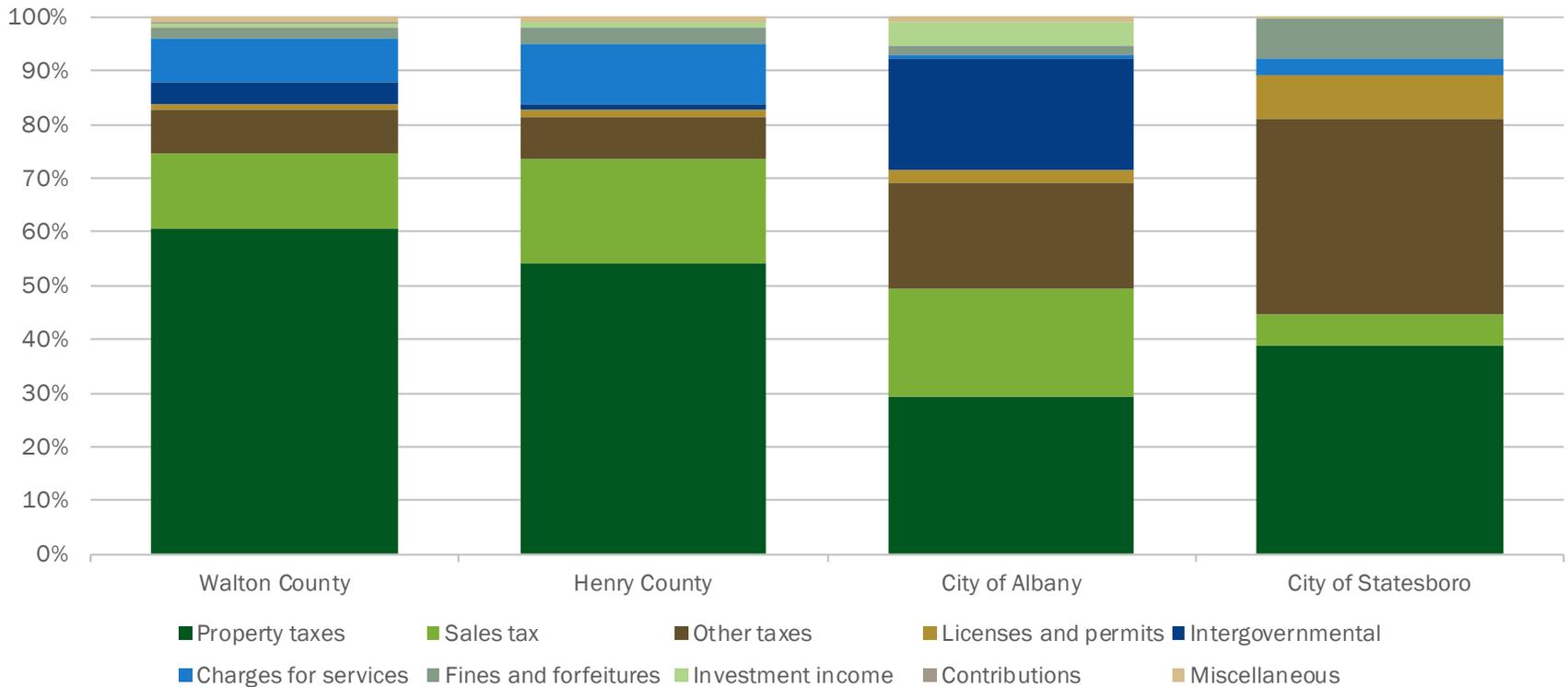
Speaker: Courtney Rogers & Doug Gebhardt

Potential Solution: Traditional Budget Considerations

- Reduction/Elimination in Vacancies
- Hiring Freezes
- Quarterly or 3/3/6 Appropriations
- Transfers between Funds
- Hazard Pay and Overtime Pay
- Utility Payment Deferrals
- Capital Expenditures on Hold
- Grant Funding
- Levels of Employment or Furloughs
- Understanding your Elected Officials
 - i.e. is it better for higher budget with future spending cuts vs. reduce current budget and amend as necessary

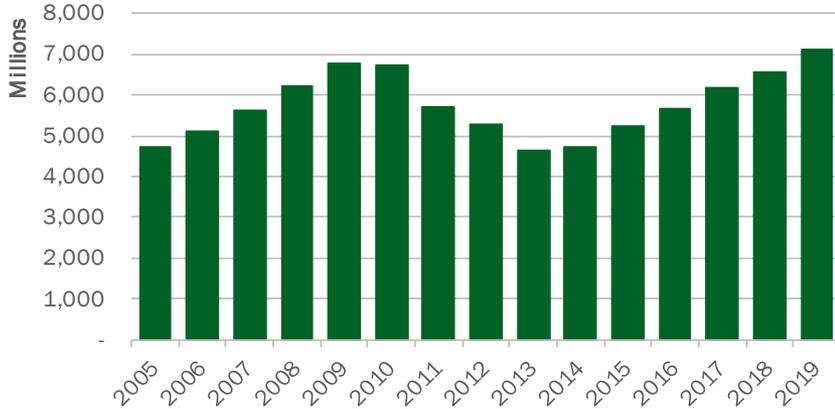
Potential Solution: Understanding the Revenue Mix

General Fund - Revenue Breakdown

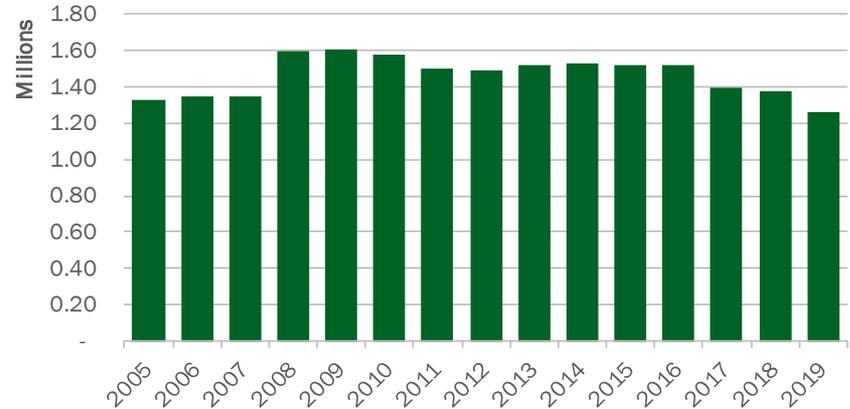


Potential Solution: Understanding the Digest

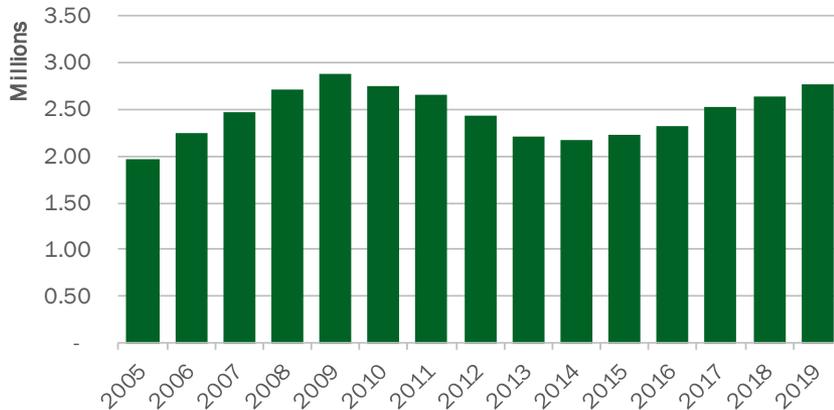
Henry County - Assessed Value



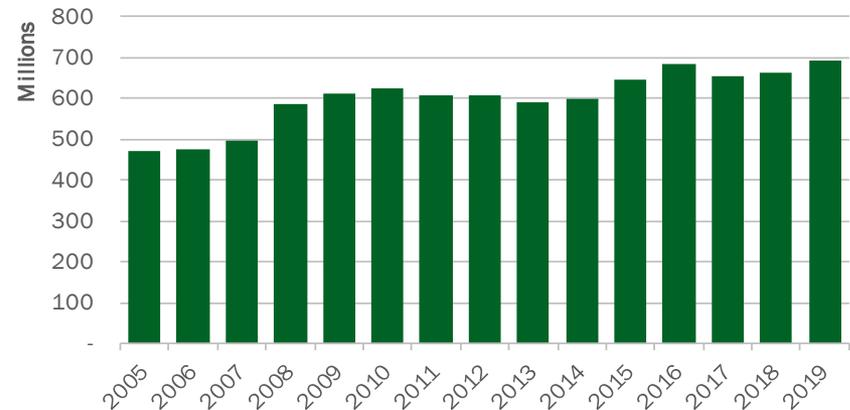
City of Albany - Assessed Value



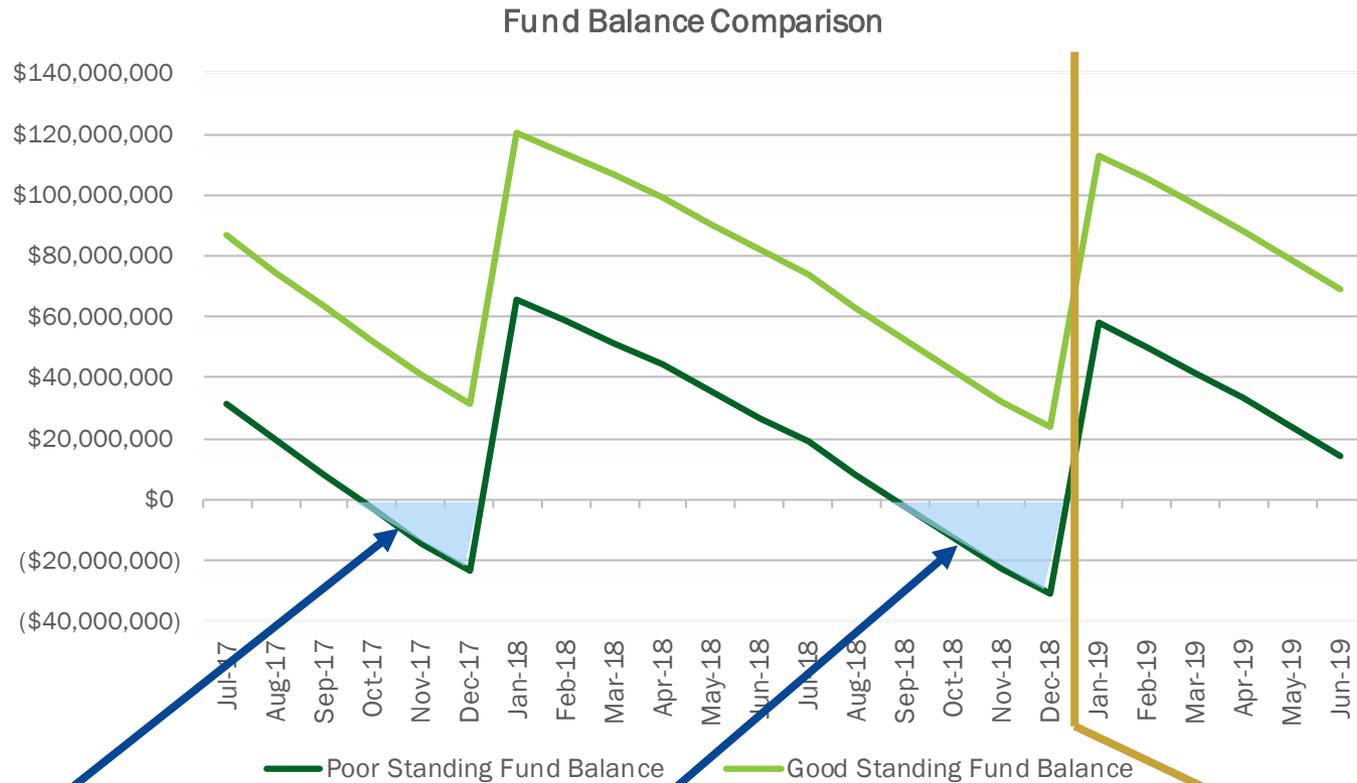
Walton County - Assessed Value



City of Statesboro - Assessed Value



Potential Solution: Draw on Fund Balance



If a locality's fund balance becomes negative than they would need to issue debt for cash flow purposes whereas a locality that is in good standing would not have to deal with this issue.

Fund Balance is most often measured at the end of the Fiscal Year. Depending on the Fiscal Year end, it could impact the year end fund balance level which might not fully reflect the local government's financial position.

Potential Solution: Possible Funding Strategy

- Depending on the status of the local government/school district's General Fund, amounts planned to be used for pay-go (cash funded) capital projects from the General Fund can be borrowed which frees up cash previously used for capital projects.
- As shown below, a hypothetical \$5 million bond issuance could fund potential capital projects using a portion of former pay-go funds without any impact to the General Fund.



In 2023/24, the bonds could be paid off with SPLOST proceeds and free up revenues to the previously budgeted levels.

Potential Solution: Debt Restructuring

- A local government/school district has the ability to restructure their debt portfolio in order to gain some short term cash flow relief.
- The hypothetical example below shows how this local government/school district received \$1 million in relief for the next five years.



Potential Solution: Refunding

- The Tax Cuts and Jobs Act of 2017 eliminated the ability of Tax-Exempt issuers to Advance Refund existing debt (i.e. more than 90 days from the redemption date) with tax-exempt bonds.
 - Therefore, in order to refinance existing debt with tax-exempt bonds, an issuer would have to wait until 90 days prior to the redemption date to take advantage of lower rates and refinance existing debt.
 - Alternatively, issuers can refinance using taxable bonds more than 90 days in advance of the call date. Due to recent drops in interest rates, taxable bonds have been used more frequently to refinance tax-exempt debt.
- Typically, the opportunity to refinance an existing bond issue for debt service savings is worth pursuing if the net present value savings is in excess of the industry standard of 3.00%.
 - However, most taxable refinancings that have been brought to market in the last several months have had Net Present Value savings well in excess of the 3% industry standard.

Potential Solution – Short-Term Drawdown Structure

- A local government/school district that issues debt has the ability to structure the amount of proceeds drawn periodically on an “as needed” basis.
- The chart to the right represents a hypothetical scenario where the local government/school district draws proceeds from the bond issuance on a semi-annual basis in order to not take on the full debt service in the early stages of the loan.

Financing Month	Date	Draws	Drawn Balance	Interest Rate	Gross Interest Payments	Escrow Earnings*	Net Interest Payments	Cumulative Interest Expense
0	9/17/2019	\$0	\$0	2.42%	\$ -	\$ -	\$ -	\$ -
1	11/1/2019	-	\$0	2.42%	-	-	-	-
2	12/1/2019	(1,000,000)	\$1,000,000	2.42%	2,017	-	2,017	2,017
3	1/1/2020	-	\$0	2.42%	2,017	-	2,017	4,033
4	2/1/2020	-	\$0	2.42%	2,017	-	2,017	6,050
5	3/1/2020	-	\$0	2.42%	2,017	-	2,017	8,067
6	4/1/2020	-	\$0	2.42%	2,017	-	2,017	10,083
7	5/1/2020	-	\$0	2.42%	2,017	-	2,017	12,100
8	6/1/2020	(1,500,000)	\$1,500,000	2.42%	5,042	-	5,042	17,142
9	7/1/2020	-	\$0	2.42%	5,042	-	5,042	22,183
10	8/1/2020	-	\$0	2.42%	5,042	-	5,042	27,225
11	9/1/2020	-	\$0	2.42%	5,042	-	5,042	32,267
12	10/1/2020	-	\$0	2.42%	5,042	-	5,042	37,308
13	11/1/2020	-	\$0	2.42%	5,042	-	5,042	42,350
14	12/1/2020	(1,500,000)	\$1,500,000	2.42%	8,067	-	8,067	50,417
15	1/1/2021	-	\$0	2.42%	8,067	-	8,067	58,483
16	2/1/2021	-	\$0	2.42%	8,067	-	8,067	66,550
17	3/1/2021	-	\$0	2.42%	8,067	-	8,067	74,617
18	4/1/2021	-	\$0	2.42%	8,067	-	8,067	82,683
19	5/1/2021	-	\$0	2.42%	8,067	-	8,067	90,750
20	6/1/2021	(1,250,000)	\$250,000	2.42%	10,588	-	10,588	101,338
21	7/1/2021	-	\$0	2.42%	10,588	-	10,588	111,925
22	8/1/2021	-	\$0	2.42%	10,588	-	10,588	122,513
23	9/1/2021	-	\$0	2.42%	10,588	-	10,588	133,100
24	10/1/2021	-	\$0	2.42%	10,588	-	10,588	143,688
25	11/1/2021	-	\$0	2.42%	10,588	-	10,588	154,275
26	12/1/2021	(1,250,000)	\$1,250,000	2.42%	13,108	-	13,108	167,383
27	1/1/2022	-	\$0	2.42%	13,108	-	13,108	180,492
28	2/1/2022	-	\$0	2.42%	13,108	-	13,108	193,600
29	3/1/2022	-	\$0	2.42%	13,108	-	13,108	206,708
30	4/1/2022	-	\$0	2.42%	13,108	-	13,108	219,817
31	5/1/2022	-	\$0	2.42%	13,108	-	13,108	232,925
32	6/1/2022	(950,000)	\$950,000	2.42%	15,024	-	15,024	247,949
33	7/1/2022	-	\$0	2.42%	15,024	-	15,024	262,973
34	8/1/2022	-	\$0	2.42%	15,024	-	15,024	277,998
35	9/1/2022	-	\$0	2.42%	15,024	-	15,024	293,022
36	10/1/2022	-	\$0	2.42%	15,024	-	15,024	308,046
37	11/1/2022	-	\$0	2.42%	15,024	-	15,024	323,070
38	12/1/2022	(950,000)	\$950,000	2.42%	16,940	-	16,940	340,010
Total					\$340,010	\$0	\$340,010	

Total Net Interest Payments \$340,010

Potential Solution: Strategic Multi-Year Financial Planning

- Able to analyze several economic recovery scenarios
- Analyze the effect on:
 - SPLOST/TSPLOST/ESPLOST program
 - Future capital projects
 - Analyze the effect of budget adjustments on long term operating benchmarks and fund balance

	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
<u>Operating Results</u>					
Total Revenues	\$11,196,283	\$11,532,172	\$11,878,137	\$12,234,481	\$12,601,515
Total Expenditures	(13,163,465)	(13,626,376)	(14,207,935)	(14,609,035)	(15,130,618)
Total Other Sources	496,618	511,516	526,862	542,667	558,947
Revenues Over/(Under) Expenditures	(\$1,470,564)	(\$1,582,688)	(\$1,802,937)	(\$1,831,886)	(\$1,970,155)
<u>Unassigned Fund Balance</u>					
Unassigned Fund Balance	\$1,001,422	\$1,412,334	(\$284,603)	(\$2,116,489)	(\$4,086,644)
Unassigned Fund Balance as % of Revenue	9.03%	12.30%	-2.40%	-17.30%	-32.43%
Amount Over/(Under) Policy (25%)	\$1,511,511	(\$1,464,709)	(\$3,254,137)	(\$5,175,109)	(\$7,237,023)
<u>Equivalent Millage Rate Impact</u>					
Cumulative Millage Rate Impact	1.84	1.97	2.11	2.26	2.41
Annual Increase Needed	1.84	0.14	0.14	0.15	0.15
Value of 1 Mill	\$800,931	\$824,959	\$849,707	\$875,199	\$901,455

Potential Solution: Cash Flow Models

Cash Flow Models

Financial Pro Forma

Investment Options Model

Financial Options Model

Investment Portfolio Model

Refunding Database

Financial Pro Forma

Financial Forecast	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PAID VARIANCES											
Operating Expenses	18,361,711	18,028,599	18,028,223	18,244,609	20,026,428	20,242,424	20,465,349	20,711,487	20,911,020	21,083,931	21,291,179
Fixed Rate Portfolio	18,007,461	17,797,862	18,096,063	18,424,220	18,529,253	18,629,184	18,723,659	18,822,223	18,966,008	19,104,000	19,215,548
Equipment Bridge	4,600,000	4,679,223	4,662,293	4,628,229	4,429,276	4,362,470	4,366,480	4,364,207	4,364,176	4,353,244	4,323,981
Total	36,969,172	36,505,684	36,786,579	37,297,058	38,986,151	39,244,133	39,555,488	39,907,917	40,236,204	40,541,175	40,830,706
Assumed Tax Increase Per Service							0.50				
Real Revenue (C)											
Operating Expenses	13,421,500	13,714,817	13,871,907	13,733,500	13,693,338	12,838,137	12,962,886	13,117,429	13,094,500	13,298,113	13,543,208
Fixed Rate Portfolio	12,962,600	12,910,027	12,922,508	12,938,007	12,922,123	12,919,200	12,916,749	12,913,825	12,910,900	12,908,000	12,905,100
Equipment Bridge	1,602,900	1,607,200	1,597,200	1,559,000	1,544,500	1,544,100	1,544,100	1,544,100	1,544,100	1,544,100	1,544,100
Total	15,987,000	15,994,044	16,001,607	15,990,507	15,987,938	15,301,437	15,423,735	15,565,649	15,549,500	15,796,213	16,032,408
Other Operating Revenue											
Rental Revenue	90,000	93,320	40,000	45,830	48,000	60,000	60,000	60,000	60,000	60,000	60,000
Misc. Operating Revenue	4,000	30,300	4,177	5,440	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Multi-Entitlement Revenue	297,289	303,517	482,278	420,643	80,800	393,120	698,425	426,159	442,217	699,889	479,216
Total	394,289	367,134	526,255	476,916	433,800	458,120	723,425	533,164	551,216	724,889	549,216
Investment Income											
Total	16,381,289	16,361,178	16,527,862	16,467,423	16,421,738	15,760,557	16,147,164	16,108,813	16,100,716	16,521,102	16,581,624
Operating Expense											
Depreciation & Benefits	4,379,887	4,332,803	4,368,178	4,798,178	5,211,568	4,826,040	5,038,851	5,362,326	4,908,838	5,343,691	6,264,119
Administrative Expenses	2,098,754	2,094,034	2,098,204	2,096,674	2,226,953	2,333,574	2,422,951	2,528,695	2,629,220	2,714,938	2,822,123
Operations	2,378,226	2,832,074	2,700,224	2,333,838	3,128,729	3,231,734	3,381,889	3,511,140	3,637,426	3,839,139	3,956,300
Miscellaneous General Cost	426,726	418,326	492,301	523,645	740,100	761,600	780,944	807,417	831,234	866,100	893,717
UTC License	2,861,450	2,528,909	3,626,800	3,548,834	3,663,900	3,768,812	3,849,806	3,928,737	3,928,640	3,928,640	3,928,640
Total	13,144,123	14,207,140	13,785,507	13,696,565	15,381,150	14,961,156	15,413,196	15,639,618	15,506,134	16,022,468	16,924,197
Net Revenue Available for Debt Service	15,977,414	16,154,037	16,742,355	16,800,858	16,420,588	16,349,402	16,306,744	16,265,164	16,258,216	16,523,893	16,608,211
Debt Service											
Interest	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811	13,678,811
Principal	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000
Total	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811
Debt Service Coverage Ratio	1.05	1.07	1.11	1.11	1.04	1.01	1.00	1.00	1.00	1.01	1.01
Debt Service (Debt)	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811	15,148,811
PAID VARIANCES											
Operating Expenses	18,361,711	18,028,599	18,028,223	18,244,609	20,026,428	20,242,424	20,465,349	20,711,487	20,911,020	21,083,931	21,291,179
Fixed Rate Portfolio	18,007,461	17,797,862	18,096,063	18,424,220	18,529,253	18,629,184	18,723,659	18,822,223	18,966,008	19,104,000	19,215,548
Equipment Bridge	4,600,000	4,679,223	4,662,293	4,628,229	4,429,276	4,362,470	4,366,480	4,364,207	4,364,176	4,353,244	4,323,981
Total	36,969,172	36,505,684	36,786,579	37,297,058	38,986,151	39,244,133	39,555,488	39,907,917	40,236,204	40,541,175	40,830,706

Investment Options Model

Fixed Rate Portfolio Bond Proceeds										Interest Rate Change 1.00% Scenario IC																																		
Fixed Rate Investments					Agency					Advisors					Floating Rate Investments					AIA					Advisors					Total Earnings														
Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face					
2012	12	31	3.25%	10,000,000	2013	12	31	3.25%	10,000,000	2014	12	31	3.25%	10,000,000	2015	12	31	3.25%	10,000,000	2016	12	31	3.25%	10,000,000	2017	12	31	3.25%	10,000,000	2018	12	31	3.25%	10,000,000	2019	12	31	3.25%	10,000,000	2020	12	31	3.25%	10,000,000

Financial Options Model

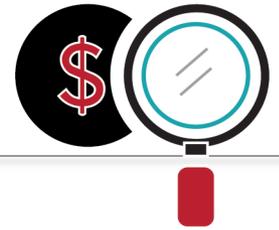
Drawdown Facility Approach									
Case 1A: Current Interest Rates									
Source of Construction Funds	Draw Application of Cash	Interest Rate Assumption	Flowing Cash						
Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund
Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund	Construction Fund

Refunding Database

Analysis: Over A 2018									
Year	Month	Day	Rate	Face	Year	Month	Day	Rate	Face
2018	12	31	3.25%	10,000,000	2019	12	31	3.25%	10,000,000
2020	12	31	3.25%	10,000,000	2021	12	31	3.25%	10,000,000
2022	12	31	3.25%	10,000,000	2023	12	31	3.25%	10,000,000



Knowledge Check



Strategies to address budget shortfalls might include ...

- A. Draw down reserves
- B. Debt restructuring
- C. Issue debt for pay-go capital
- D. Postpone non-critical capital
- E. All of the above

Thank You!



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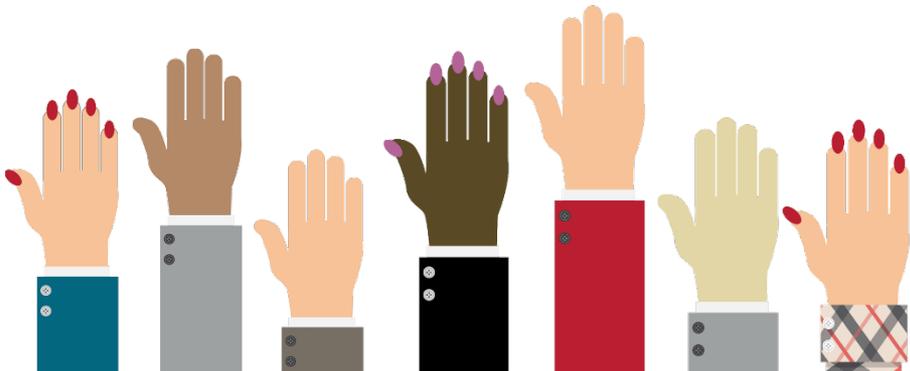


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- <http://www.msrb.org/en/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-23>
- <http://www.msrb.org/msrb1/pdfs/What-to-Expect-from-Your-Municipal-Advisor.pdf>
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- <http://msrb.org/msrb1/pdfs/Financing-Team.pdf>
- <http://www.msrb.org/EducationCenter/video-player.aspx?section=0&video=0&hash=aa6c0fe532>
- <https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a3.pdf>
- <https://cslf.gsu.edu/2020/04/14/fiscal-research-center-estimates-covid-19-impact/>

Other Resources

- <https://www.gacities.com/Trending-Topics/Coronavirus-and-COVID-19.aspx>
- https://zoom.us/meeting/register/tJApd0irrT8oH9VBipkPi_e85ezK-y8hM3oT
- <https://www.gacities.com/GeorgiaCitiesSite/media/PDF/Coronavirus-Impact-Survey-Results-Georgia-Cities.pdf>
- <http://www.accg.org/page.php?ID=1729>

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