

Chattooga County, Georgia

Comprehensive Financial Review



June, 25, 2024

About Davenport

Chattooga County, Georgia

Davenport's Georgia Financial Advisory Team



Financial Advisory Team

Courtney E. Rogers

Senior Vice President
30+ Years Experience
Engagement Manager

A. Ricardo Cornejo

First Vice President
30+ Years Experience
Day-to-Day Contact



Douglas J. Gebhardt

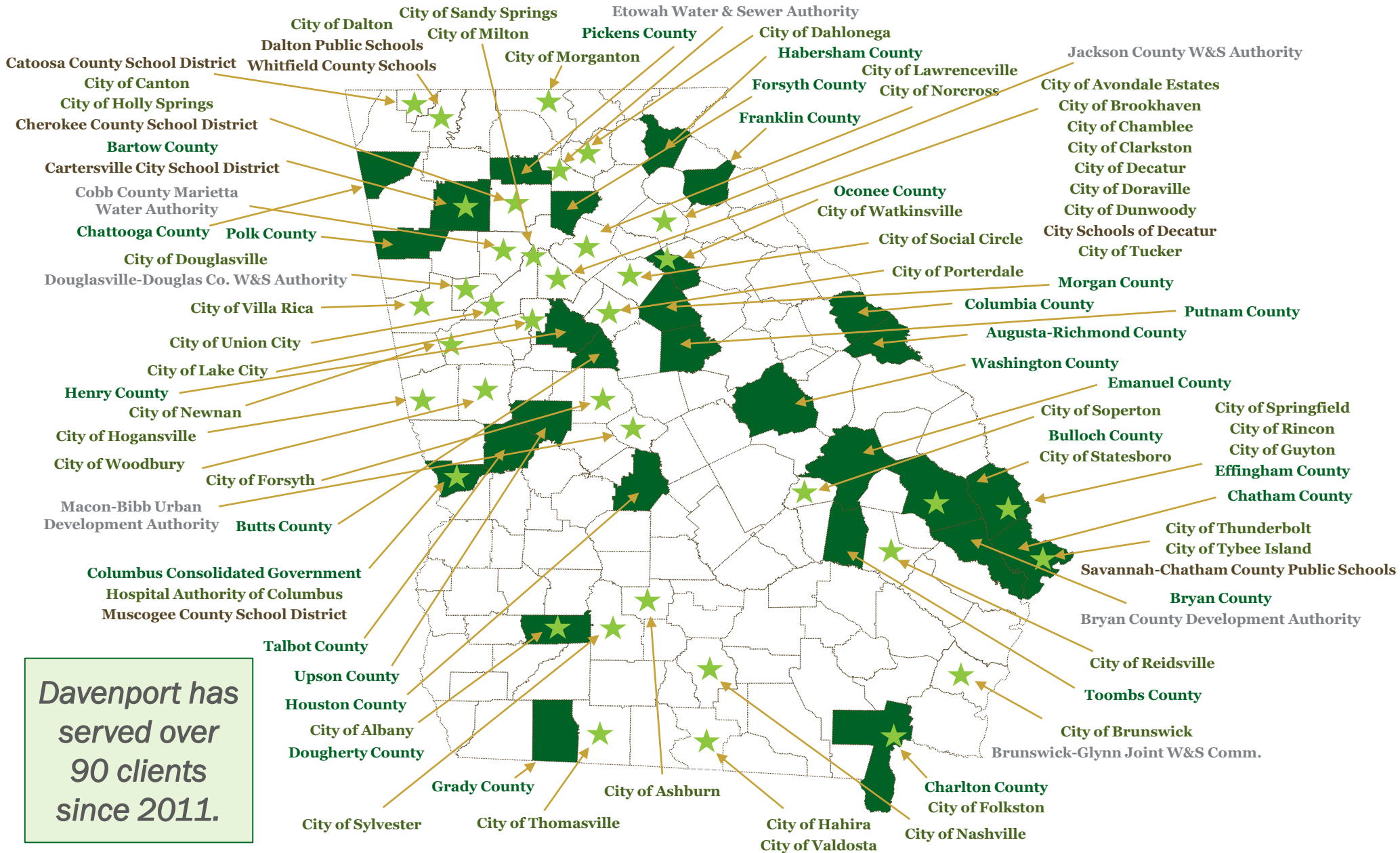
First Vice President
10+ Years Experience
Additional Day-to-Day Contact

Christopher B. Holt

Vice President
5+ Years Experience
Analytical Support

Davenport believes in a team approach in order to assure proper coverage of all major engagements. By assuring that more than one individual is familiar with each aspect of Chattooga County County's work, we are able to allocate project responsibility and support each other when circumstances dictate.

Davenport's Georgia Financial Advisory Clients Served



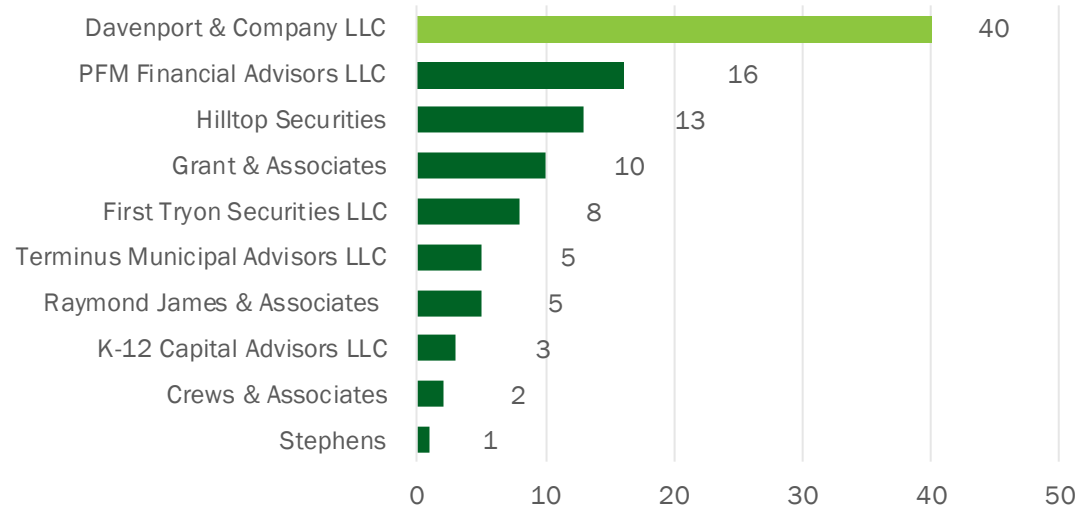
Davenport has served over 90 clients since 2011.

Note: ★ represents a City/School District/Utility System client(s). Shaded counties indicate County clients.

Davenport's Historical National Rankings Financial Advisor: All Competitive Deals

Year	Rank	Volume (in \$ Millions)
2019	5	\$3,487
2020	5	5,008
2021	6	3,804
2022	7	2,587
2023	6	2,727

Georgia Financial Advisory Public Market Rankings



Financial Advisor Transactions Georgia

Rank	Company	2019	2020	2021	2022	Total
1	Davenport & Company LLC	10	11	9	10	40
2	PFM Financial Advisors LLC	4	7	3	2	16
3	Hilltop Securities	5	1	4	3	13
4	Grant & Associates	5	1	4	0	10
5	First Tryon Securities LLC	1	3	2	2	8
6	Terminus Municipal Advisors LLC	1	2	1	1	5
7	Raymond James & Associates	0	1	1	3	5
8	K-12 Capital Advisors LLC	1	0	0	2	3
9	Crews & Associates	0	2	0	0	2
10	Stephens	0	1	0	0	1

Capital Planning Analysis – Jail Project

Chattooga County, Georgia

Background

- Davenport, in our capacity as Financial Advisor to Chattooga County, Georgia, has been made aware that Chattooga County (the “County”) is currently in the planning stages for a potential debt issuance for an upcoming capital project.
 - The County is currently evaluating potential financing options for the jail / detention center (the “Jail Project”). The total cost is estimated to be in the \$16-20 million range.
 - The cost of the Jail Project is expected to be finalized based upon the final design and the debt capacity / affordability of the County.
 - Funds for the Jail project could be needed as early as 2025.
 - It is anticipated that the County’s SPLOST would help cover some or all of the costs associated with the Jail Project.
- Note: The County has preliminarily explored financing through State and Federal Agencies.

Historic SPLOST Collections



Historical SPLOST Collections							
	2017	2018	2019	2020	2021	2022	2023
January	\$225,015	\$188,652	\$204,089	\$243,973	\$247,727	\$292,310	\$309,805
February	167,206	164,143	180,668	187,011	223,501	252,798	240,677
March	157,934	161,708	190,565	187,315	207,990	241,144	241,292
April	173,157	189,021	215,047	216,621	261,401	279,585	286,717
May	167,701	120,720	208,639	231,366	240,384	289,047	262,651
June	169,819	180,252	206,545	250,027	249,674	281,130	285,645
July	168,874	185,146	200,948	229,806	251,254	271,653	282,057
August	200,009	191,085	204,938	230,526	237,561	281,144	380,071
September	178,602	185,115	201,996	556,795	238,487	255,655	263,916
October	175,289	180,969	202,379	216,089	236,378	252,978	280,686
November	160,944	194,190	195,822	214,544	234,246	262,722	
December	170,514	190,574	207,645	209,757	252,417	253,138	
Total	\$2,115,062	\$2,131,573	\$2,419,282	\$2,973,830	\$2,881,022	\$3,213,303	\$2,833,517
Annual Growth	N/A	0.78%	13.50%	22.92%	-3.12%	11.53%	N/A

Key Assumptions



- At this time, Davenport has assumed the following for the Jail Project:
 - \$20 million Project Fund for the Jail Project;
 - 20-Year Amortization;
 - Public Market Issuance;
 - April 1, 2025 Closing Date;
 - First interest due October 1, 2025 and first principal due April 1, 2026.
 - Level Debt Service Structure;
 - Conservative Planning Rate of 5.50%; and,
 - Inclusive of Estimated Costs of Issuance and Underwriter’s Discount.

Estimated Debt Service / Impact on Cash Flows

No SPLOST Funds



Estimated Debt Service						Millage Equivalent Impact
Fiscal Year	Principal	Interest	Total	SPLOST Revenues Available	Net Total	Total
2025	\$0	\$561,138	\$561,138	\$0	\$561,138	0.82
2026	575,000	1,106,463	1,681,463	0	1,681,463	2.47
2027	610,000	1,073,875	1,683,875	0	1,683,875	2.47
2028	640,000	1,039,500	1,679,500	0	1,679,500	2.46
2029	680,000	1,003,200	1,683,200	0	1,683,200	2.47
2030	715,000	964,838	1,679,838	0	1,679,838	2.47
2031	760,000	924,275	1,684,275	0	1,684,275	2.47
2032	800,000	881,375	1,681,375	0	1,681,375	2.47
2033	845,000	836,138	1,681,138	0	1,681,138	2.47
2034	895,000	788,288	1,683,288	0	1,683,288	2.47
2035	945,000	737,688	1,682,688	0	1,682,688	2.47
2036	995,000	684,338	1,679,338	0	1,679,338	2.46
2037	1,055,000	627,963	1,682,963	0	1,682,963	2.47
2038	1,115,000	568,288	1,683,288	0	1,683,288	2.47
2039	1,175,000	505,313	1,680,313	0	1,680,313	2.47
2040	1,245,000	438,763	1,683,763	0	1,683,763	2.47
2041	1,315,000	368,363	1,683,363	0	1,683,363	2.47
2042	1,390,000	293,975	1,683,975	0	1,683,975	2.47
2043	1,465,000	215,463	1,680,463	0	1,680,463	2.47
2044	1,550,000	132,550	1,682,550	0	1,682,550	2.47
2045	1,635,000	44,963	1,679,963	0	1,679,963	2.47
Total	\$20,405,000	\$13,796,750	\$34,201,750	\$0	\$34,201,750	

One "mill" equals \$1.00 of property taxes for every \$1,000 of the County's total assessed valuation. Based on the County's current assessed value, the County would have to increase their millage rate by 2.47 mills in order to cover roughly \$1.7 million in debt service in FY 2026.

Estimated Debt Service / Impact on Cash Flows Using SPLOST Funds



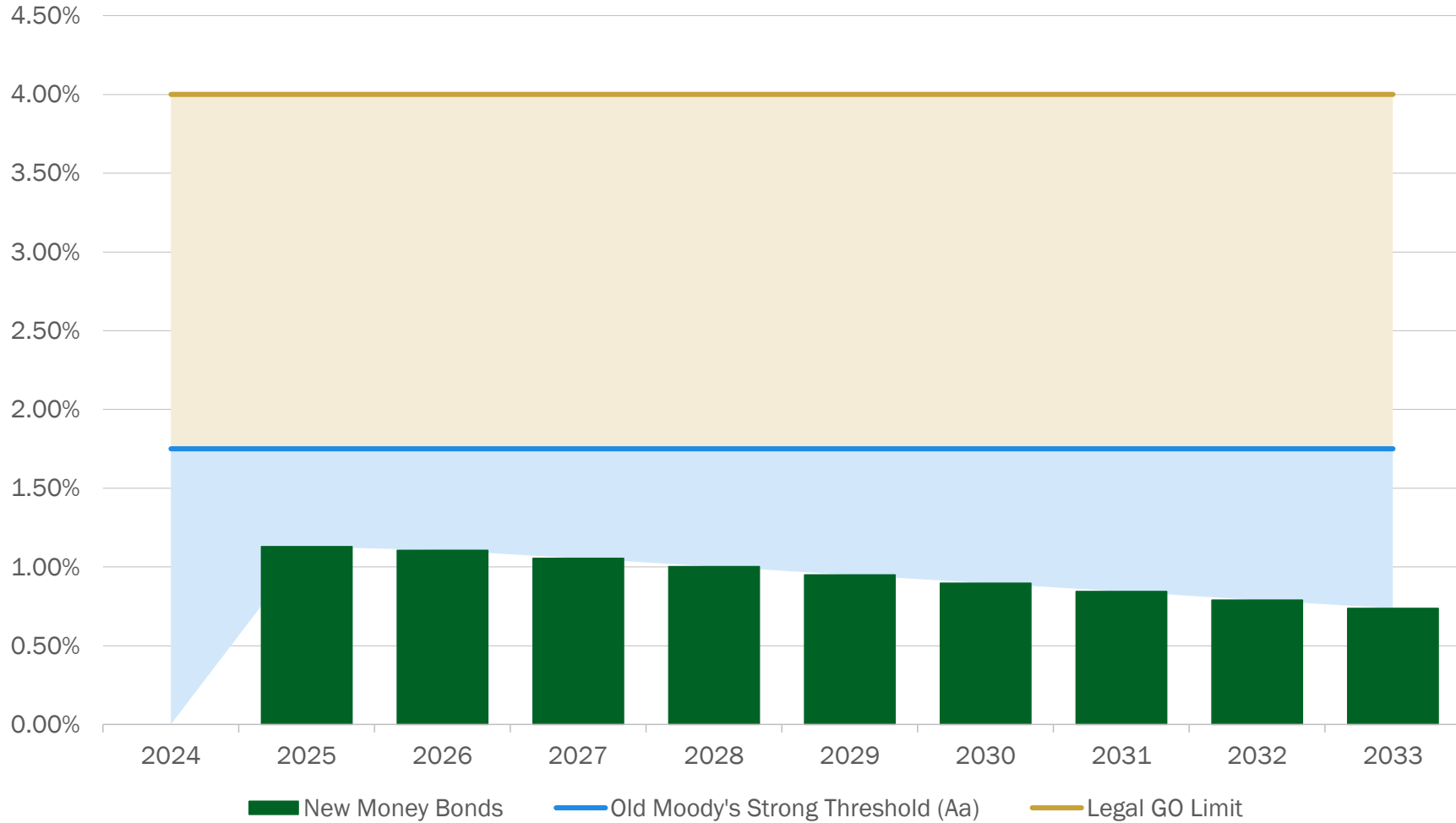
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Total	\$20,405,000	\$13,796,750	\$34,201,750	\$10,092,063	\$24,109,688	

The County would use the current SPLOST to cover debt services but would need to rely on future SPLOST approvals to cover debt service beyond that initial period. The estimated debt service would be equivalent to approximately 50% of the County's current annual collections.

Impact on Debt vs. Full Value



Impact on Debt vs. Full Value

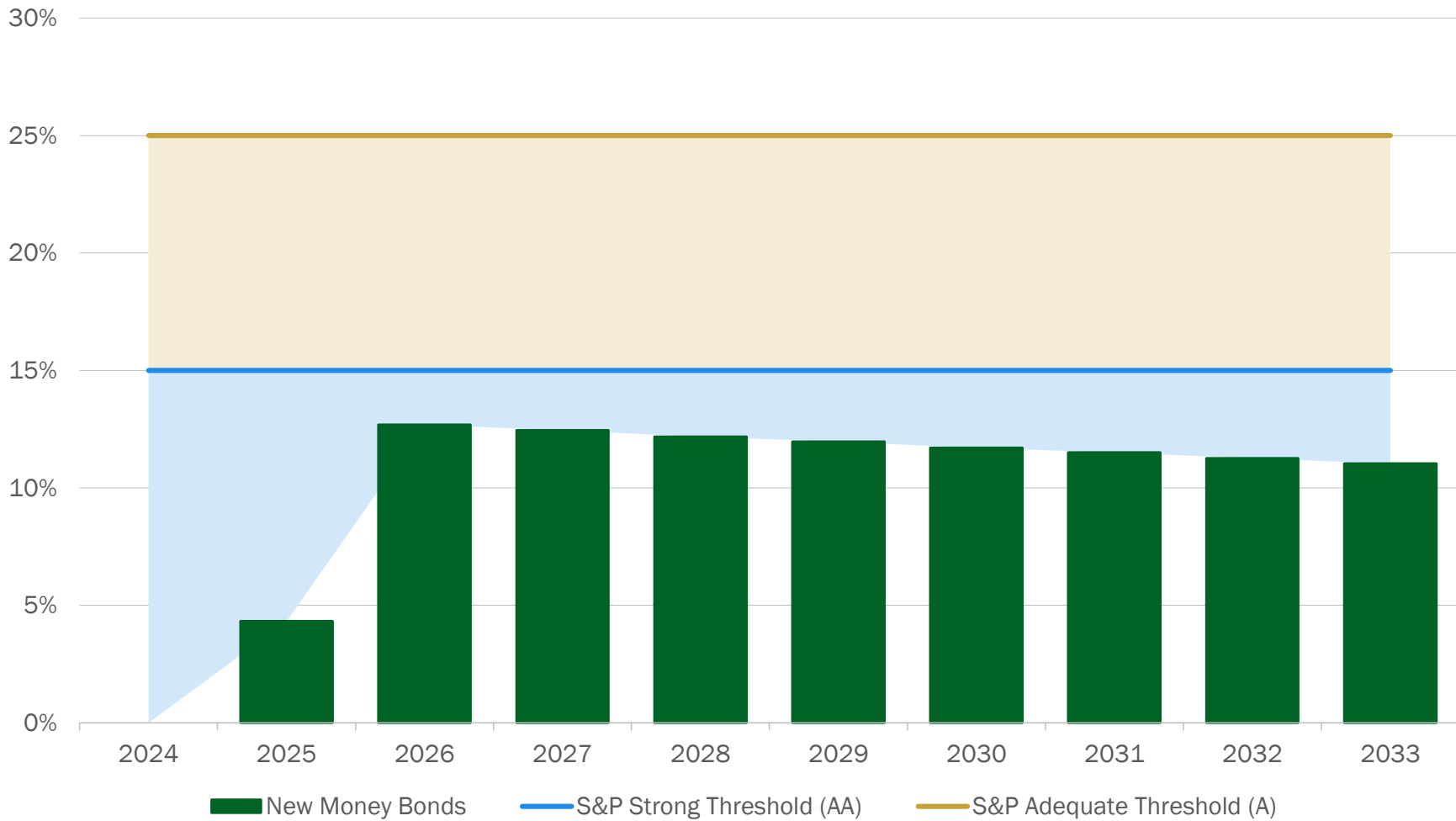


Note: Exclusive of promissory notes.
 Note: Full Values are assumed to grow 2.0% annually beginning in Fiscal Year 2024.
 Source: Chattooga County ACFRs.

Impact on Debt Service vs. Revenues



Impact on Debt Service vs. Revenues



Note: Davenport assumed a 20 year level debt service at 5.00%.

Note: General Fund Revenues are assumed to grow 2.0% annually beginning in Fiscal Year 2022.

Source: Chattooga County ACFRs.

Evaluation of Financing Options

Chattooga County, Georgia

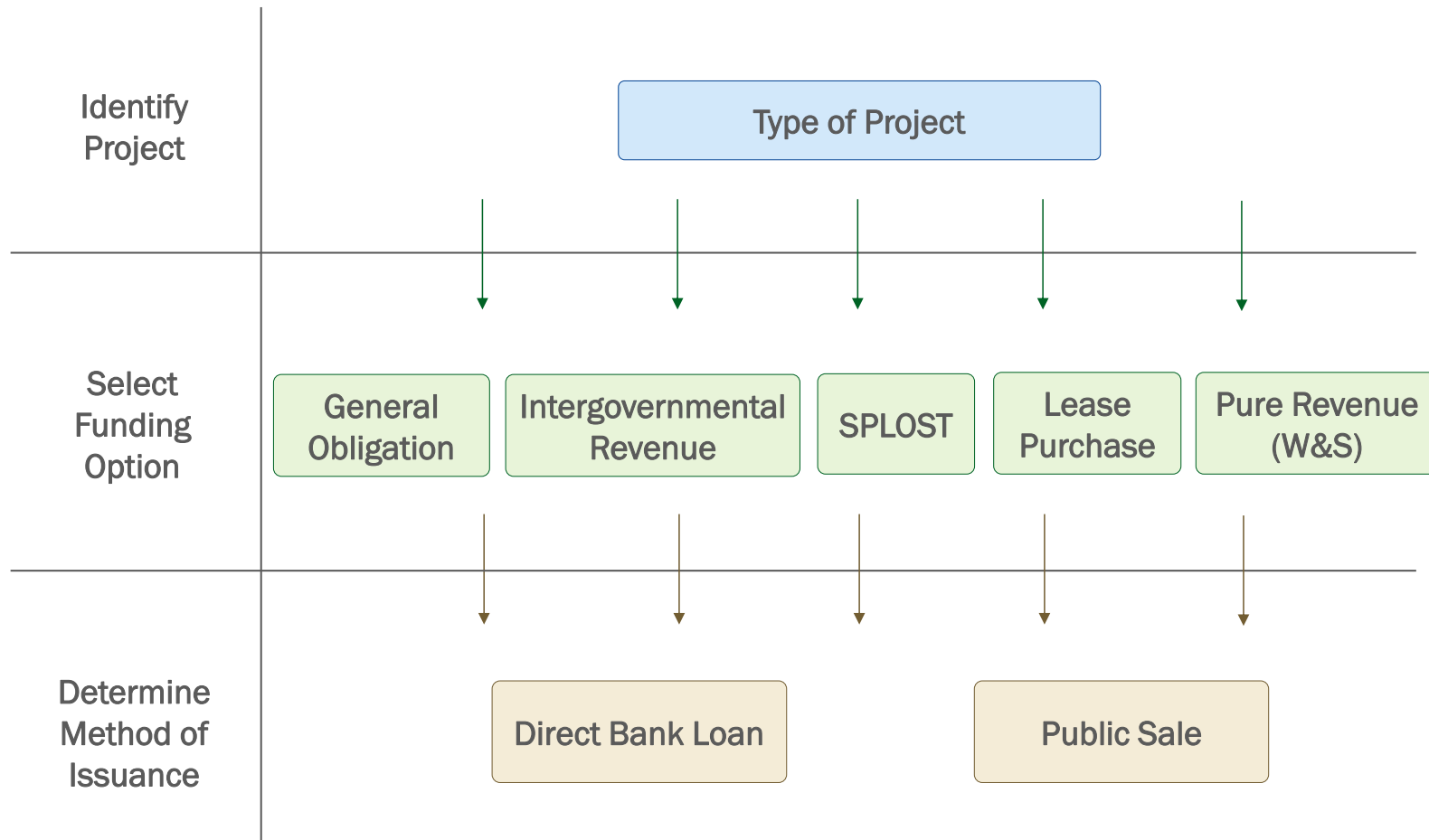
Achieving the Lowest Cost of Borrowing



- There are a multitude of factors that Davenport evaluates when determining the appropriate method of sale. No one single factor determines that bonds must be sold in a particular manner. Below are a few factors that Davenport considers before making a recommendation.
 - 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.

- Davenport’s approach is to discuss potential funding options with the client and when multiple options present itself, we prepare presentations comparing and contrasting the potential approaches. Ultimately, the County Staff has final authority and directs Davenport on how to proceed.

Evaluating Funding Options / Method of Sale



First, the County would identify the project, then the County would select the Funding Options and then the Method of Sale. Each Type of Funding option can be sold with either method of sale and vice versa. The following pages herein will outline the details/characteristics of each option/method.

Additionally, another potential funding option would be through a State or Federal Agencies such as the USDA Rural Development Program.

Summary of Types of Bonds



	General Obligation	Intergovernmental Contract	SPLOST	Lease Purchase / Installment Sale Agreements	Pure Revenue
Issuer	Locality	Third Party Authority such as the Hospital Authority, Development Authority, Etc.	Locality	Either a third Party such as the Association of County Commissioners (“ACCG”)	Enterprise Fund
Obligor	Locality	Locality	Locality	Locality	Locality
Security	Full Faith & Credit	Full Faith & Credit through the Intergovernmental Agreement	Sales Tax Proceeds First, then Full Faith & Credit	Collateral & Annual Appropriations by Commissioners	Enterprise Fund Revenues Only
Project Eligibility	As Defined in the Ballot Question	As Defined by the Third Party Authority’s	As Defined in the Ballot Question	General Public Purpose Projects ⁽¹⁾	Projects Supported by the Enterprise Fund Securing the Bonds
Referendum Required?	Yes	No	Yes	No	No
Validation Required?	Yes	Yes	Yes	No	Yes
Other Considerations?	Exempt from Millage Rate Caps; Subject to “Legal” Debt Limits	Subject to Millage Rate Caps; Exempt from “Legal” Debt Limits	Cannot Extend Term Beyond SPLOST	Typically Lower Credit Quality when Compared to Full Faith & Credit secured financings	Minimum Coverage Levels Required; Sometimes Reserve Funds Required

(1) Note: Ultimately, Bond Counsel will need to determine project eligibility.

Method of Sale Comparison



	Direct Bank Loan	Public Market Issuance
Credit Rating Requirement	Credit rating not required to seek financing.	Credit rating conventionally required to seek financing.
Offering Document	No formal offering document required. Approximately 5 page RFP distributed to financial institutions instead.	Comprehensive 100+ page formal offering document required to be prepared by bond/disclosure counsel and distributed.
Offering Type	Competitive RFP Process	Either Competitively Bid on by Underwriters or Negotiated where Underwriter's are hired through RFP process.
Purchasers	Single institution purchases Bond for its own account. May be local, regional, or national lender.	Multiple purchasers through underwriting process including insurance companies, pension funds, individual investors, etc.
Timing Flexibility	Shorter timeline – financing completed over the course of 30-45 days.	Longer timeline – financing completed over the course of 60-90 days
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.

Contact Information

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