

Habersham County, Georgia

Capital Planning Analysis



Davenport Introduction

Habersham 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
Engagement Support

Christopher B. Holt

Vice President
5+ Years Experience
Additional Day-to-Day Contact



Douglas J. Gebhardt

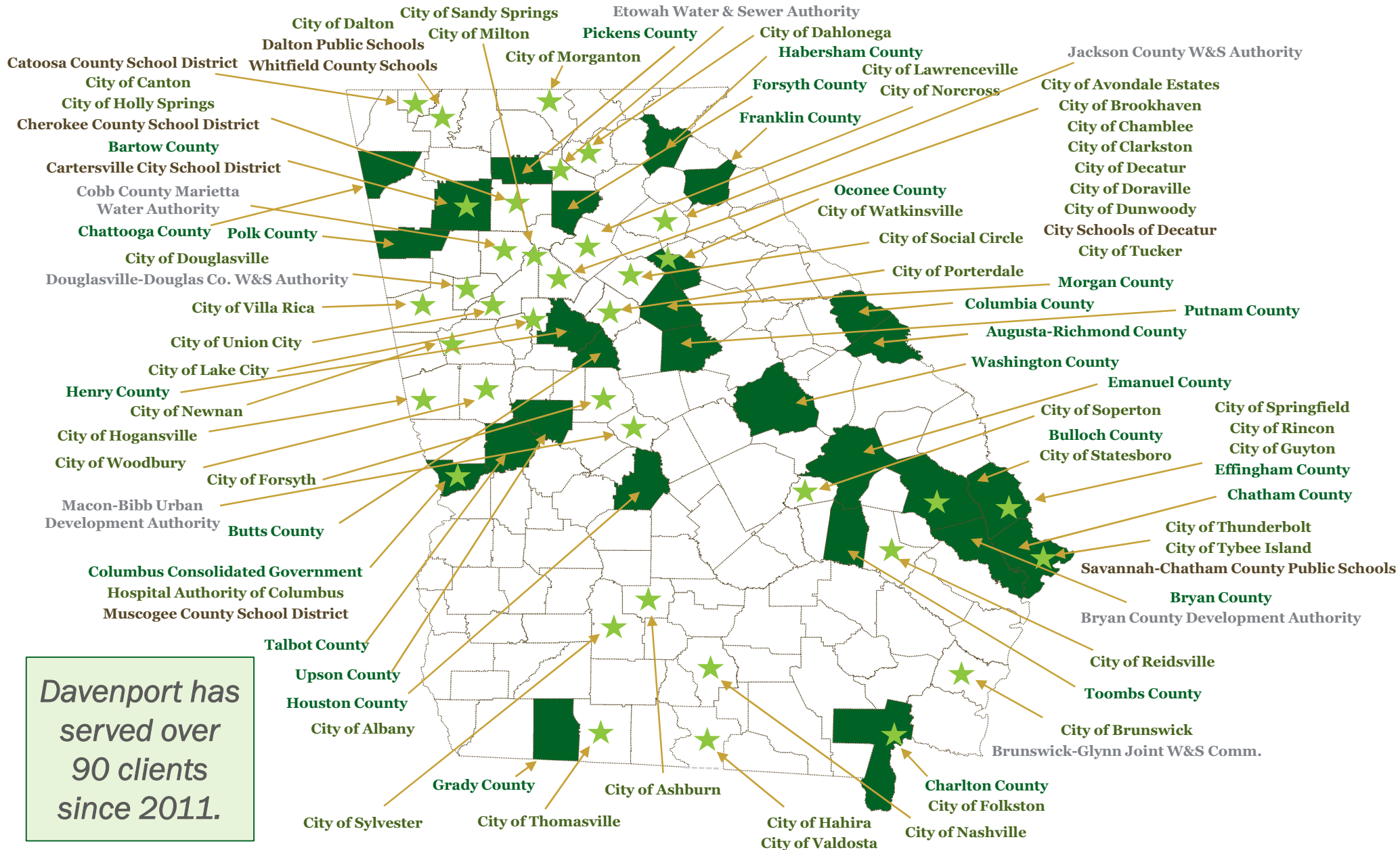
First Vice President
10+ Years Experience
Day-to-Day Contact

Miller S. Levitt

Analyst
Recently Started
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 the Client's work, we are able to allocate project responsibility and support each other when circumstances dictate.

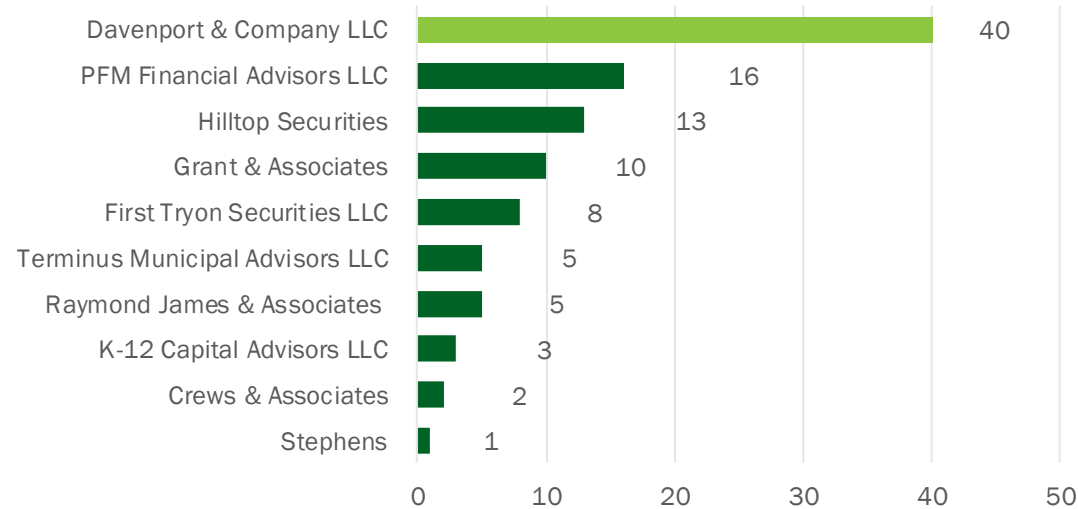
Davenport's Georgia Financial Advisory Clients Served



Davenport has served over 90 clients since 2011.

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

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

Davenport's Financial Advisory Philosophy

DEPTH, EXPERTISE, EXPERIENCE...

DAVENPORT DELIVERS VALUE-ADDED SERVICES
THAT OUR CLIENTS RELY ON AND TRUST.

***Pro-Active:** We believe a Financial Advisor's role does not simply begin and end with a particular debt financing.*

***Holistic:** Rather, a Financial Advisor should be there for its client to help navigate financial problems and find creative solutions.*

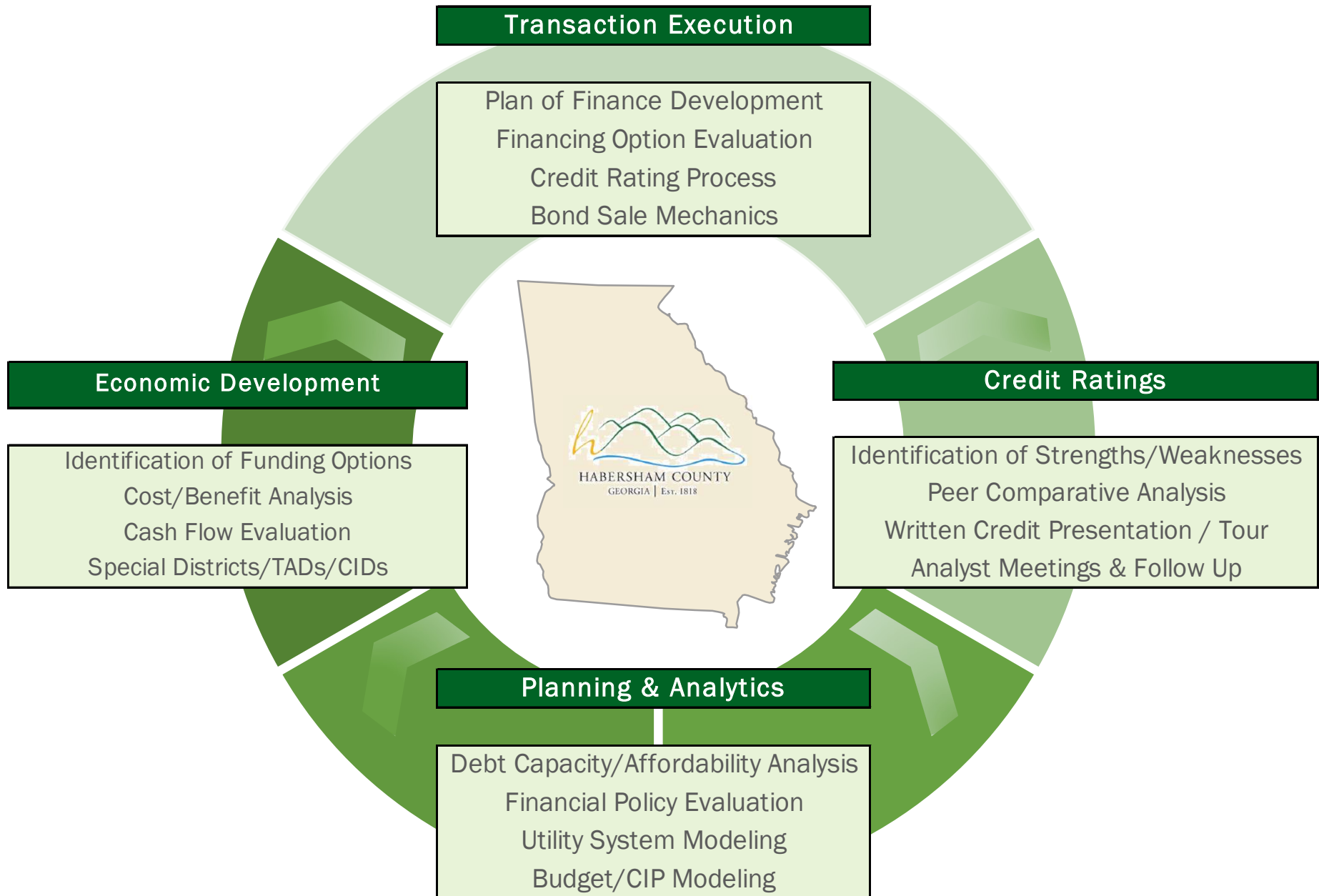
***Team Oriented:** By providing in-house technical and analytical expertise, including direct market intelligence*

***Fiduciary:** Finally, the Financial Advisor is a fiduciary; Our client's needs will come first.*

We emphasize working with our clients at the beginning of the planning process through the use of comprehensive modeling and analytics.

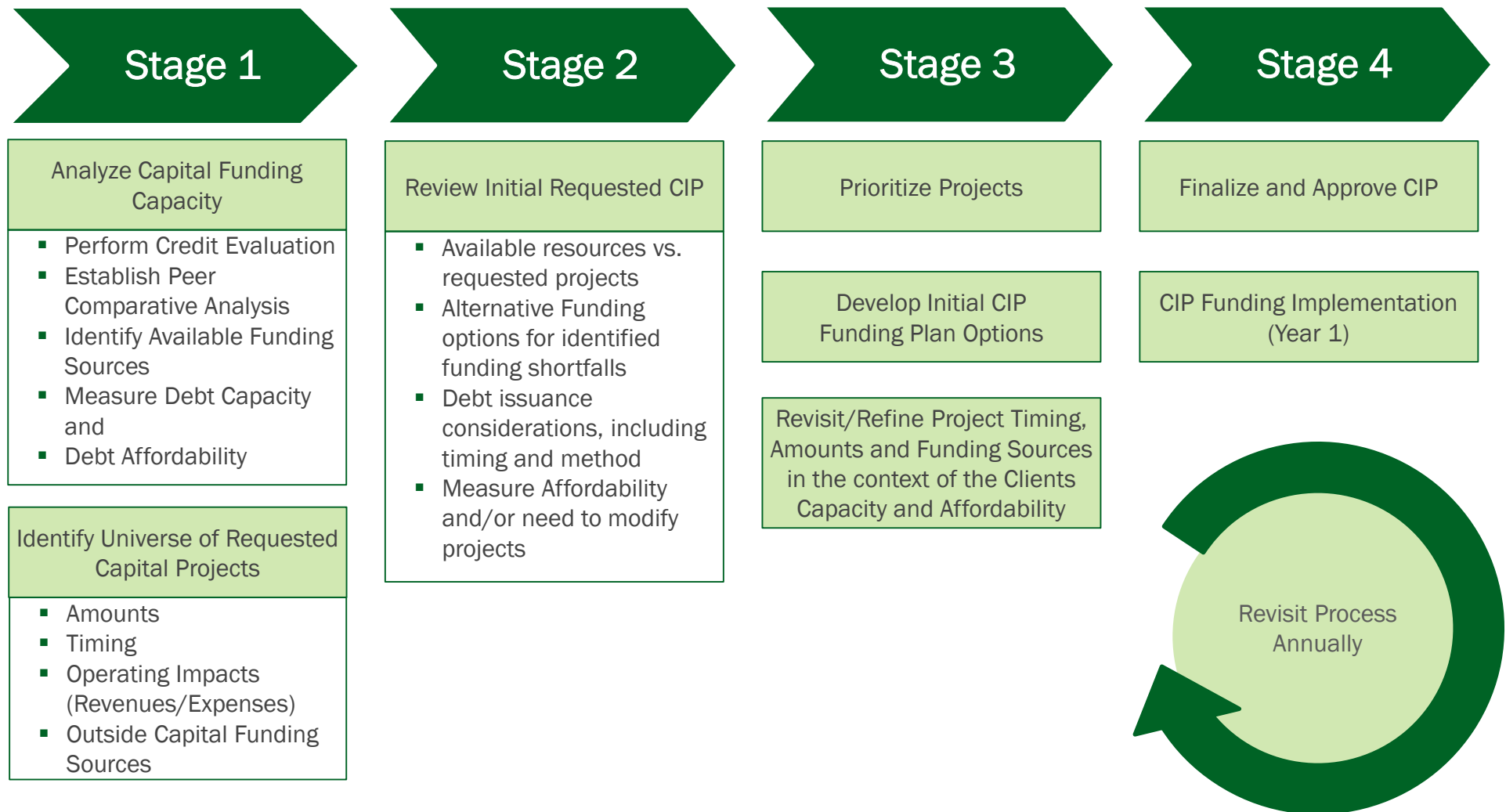
ABOVE AND BEYOND DEBT ISSUANCE, DAVENPORT
BRINGS VALUE ADDED FINANCIAL ADVISORY
SERVICES TAILORED TO MEET OUR CLIENTS' NEEDS

Overview of Davenport's Financial Advisory Services



Capital Improvement Planning

- In developing a Capital Improvement Planning process, the goal is to provide the elected officials and stakeholders with the information necessary to make informed capital funding decisions by providing perspective on potential changes to the Client’s financial, debt and credit profiles as a result of the comprehensive Capital Funding Plan.



Recent Competitive Bond Sales

Upson County

\$9,000,000 General Obligation Transportation Sales Tax Bonds, Series 2024

The following bids were submitted using *PARITY*[®] and displayed ranked by lowest TIC. Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Jefferies LLC	2.701037
<input type="checkbox"/>	Janney Montgomery Scott LLC	2.759933
<input type="checkbox"/>	Stifel, Nicolaus & Co., Inc.	2.784059
<input type="checkbox"/>	BNYMellon Capital Markets	2.829866
<input type="checkbox"/>	HilltopSecurities	2.829892
<input type="checkbox"/>	StoneX Financial Inc.	2.894036
<input type="checkbox"/>	TD Securities	2.902032
<input type="checkbox"/>	KeyBanc Capital Markets	2.939528
<input type="checkbox"/>	Piper Sandler & Co	2.967582
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.027253

Putnam County

\$22,000,000 General Obligation Bonds, Series 2024

The following bids were submitted using *PARITY*[®] and displayed ranked by lowest TIC. Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	J.P. Morgan Securities LLC	2.837626
<input type="checkbox"/>	UBS Financial Services Inc.	2.842918
<input type="checkbox"/>	FHN Financial Capital Markets	2.857861
<input type="checkbox"/>	HilltopSecurities	2.864816
<input type="checkbox"/>	TD Securities	2.875779
<input type="checkbox"/>	Wells Fargo Bank, National Association	2.888746
<input type="checkbox"/>	Fidelity Capital Markets	2.889219
<input type="checkbox"/>	Truist Securities, Inc.	2.889584
<input type="checkbox"/>	BofA Securities	2.893421
<input type="checkbox"/>	Huntington Securities, Inc.	2.895230
<input type="checkbox"/>	Jefferies LLC	2.902432
<input type="checkbox"/>	BNYMellon Capital Markets	2.908057
<input type="checkbox"/>	SWBC Investment Services, LLC	2.913662
<input type="checkbox"/>	Piper Sandler & Co	2.918805
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	2.925482
<input type="checkbox"/>	Stifel, Nicolaus & Co., Inc.	2.988128
<input type="checkbox"/>	Mesirow Financial, Inc.	3.021892
<input type="checkbox"/>	Loop Capital Markets, LLC	3.021919

5 year level debt service Aa3 rated General Obligation T-SPLIST Bonds sold on August 13, 2024

4 year level debt service Aa2 rated General Obligation Bonds sold on July 23, 2024

County Capital Needs

Habersham County, Georgia

Background / Overview

- County Staff and Davenport have been discussing several county capital projects. The Animal Control Facility (the “Project”) was included in the SPLOST VII referendum. As a result, SPLOST VII collections are an available source to fund the Project.

- The County has hired a Construction Manager, Sunbelt Constructions, at risk for the Project.
 - Sunbelt Constructions provided a guaranteed maximum price of \$10 million. In conversation with County Staff, the current cost estimate is roughly \$7.5 million.

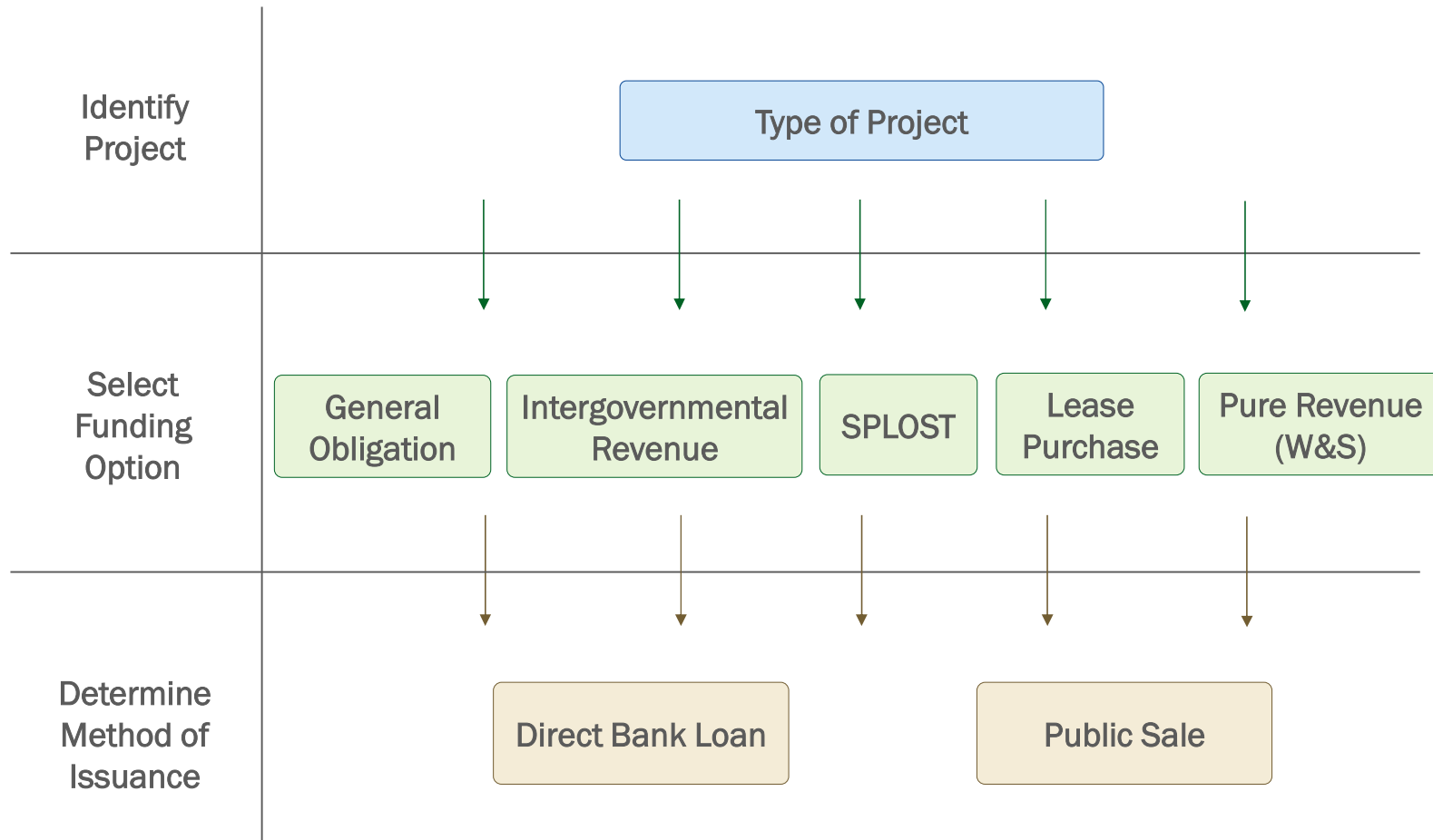
- Davenport was tasked by County Staff to evaluate potential options for the County’s consideration along with developing a plan of finance.

- Enclosed herein is Davenport’s thoughts.

Financing Options

Habersham County, Georgia

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 the County's funding options.

Potential Types of Bonds Available

- The County has the following three potential options to secure funding for the Project:
 1. General Obligation Bonds
 2. Intergovernmental Revenue Bonds
 - Option 1: Create an Authority
 - Option 2: Activate an existing Authority
 3. Lease Purchase / Certificates of Participation (COPS)

Potential Type of Bond Summary



	General Obligation	Intergovernmental Contract	Lease Purchase / COPS
Issuer	Habersham County	Third Party Authority	Either a third Party such as the Association of County Commissioners (“ACCG”) or Habersham County
Obligor	Habersham County	Habersham County	Habersham County
Security	Full Faith & Credit	Full Faith & Credit through a Intergovernmental Agreement	Collateral & Annual Appropriations by Commissioners
Project Eligibility	As Defined in the Ballot Question	As Defined by the Third Party Authority	General Public Purpose Projects*
Referendum Required?	Yes (timing limitations)	No	No
Validation Required?	Yes	Yes	No
Other Considerations?	Exempt from Millage Rate Caps; Subject to “Legal” Debt Limits.	Subject to Millage Rate Caps; Exempt from “Legal” Debt Limits	Typically Lower Credit Quality when Compared to Full Faith & Credit secured financings

*Note: Ultimately, Bond Counsel will need to determine project eligibility.

General Obligation Bond Issuance

Pros & Cons

Pros

- Full, Faith & Credit;
- Highest Credit Quality;
 - Result: Lowest interest rates amongst potential funding options
- Exempt from Millage Rate Caps;
- No Third Party Involvement; and,
- No limitation on amount of payment obligation.

Cons

- Voter approval via referendum required;
 - Potential timing limitations
 - Risk of disapproval
- Validation is required; and,
- Subject to “Legal” Debt Limits.

Intergovernmental Agreement Issuance

Pros & Cons



Pros

- Full, Faith & Credit through an Intergovernmental Agreement;
- Higher Credit Quality when Compared to Lease Purchase Agreement secured financings;
 - Result: Lower interest rates
- Exempt from “Legal” Debt Limits;
- No voter approval via referendum required; and,
- No limitation on amount of payment obligation.

Cons

- If not already set up, County has to create / reactivate the Authority in order to form this type of issuance potentially resulting in a delay in securing the necessary funds;
- Validation is required; and,
- Third Party Involvement;

Lease Purchase / Certificates of Participation (COPS) Issuance

Pros & Cons



Pros

- No Validation required;
- Immediate start to financing (i.e. no creation of conduit issuer); and,
- No voter approval via referendum required.

Cons

- Typically Lower Credit Quality when Compared to Full Faith & Credit secured financings;
 - Result: Higher interest rates
- Collateral & Annual Appropriations by Commissioners;
- Third Party Involvement; and,
- Limitation of projects able to be financed through this type of funding method.

Role of a Third Party Authority

Industrial Development Authority

■ Purpose

- The legislation creating the Authority (the “Act”) states that the **purpose** of the Authority is to **acquire, construct, equip, maintain, and operate certain projects for use by the local government** for its governmental, propriety, public, and administrative functions. The Act grants the Authority fairly broad powers, including the power to own and operate projects. Notwithstanding the broad purpose and powers of the Authority specified in the Act, the Authority was created for the specific purpose of assisting the local government with the financing of certain of its capital projects, as more fully described below.
- Prior to the issuance of any revenue bonds, the local government will request that the Authority call a special meeting to adopt a resolution authorizing the issuance of the bonds. The Authority will then issue the bonds and enter into an intergovernmental contract with the local government (the “Contract”). Under the terms of the Contract, the local government will agree to pay the Authority the amounts needed to pay the debt service on the bonds and will agree to construct, own and operate the project. The revenue bonds will be limited obligations of the Authority payable solely from the Contract payments.

■ Frequently asked questions:

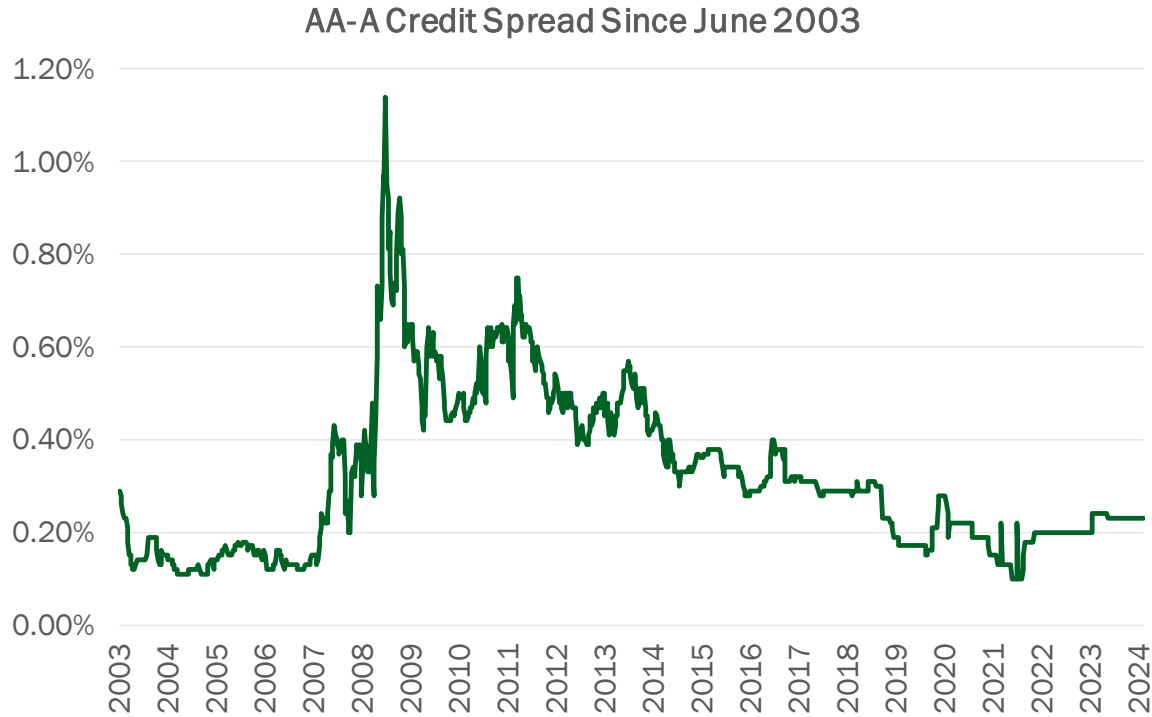
- Will the Authority be responsible for assessing the local government’s capital needs on a regular basis or owning or operating any projects? **No.**
- Will the Authority be responsible for overseeing the construction of any project? **No.**
- Will the Authority have to pay the bonds if the local government doesn’t make the payments under the Contract? **No.**
- Will the Authority need to prepare its own books and have a separate audit? **No, the Authority will be included in the local government’s financial statements as a component unit.**
- Will the Authority need to purchase its own insurance? **No, the Authority will be added to the local government’s insurance.**

Credit Ratings

Habersham County			
Moody's	S&P		
Aaa	AAA	Top Tier "Highest Possible Rating"	
Aa1	AA+	2nd Tier "Very Strong"	(Highest)
Aa2	AA		(Middle)
Aa3	AA-		(Lowest)
A1	A+	3rd Tier "Strong"	(Highest)
A2	A		(Middle)
A3	A-		(Lowest)
Baa1	BBB+	4th Tier "Adequate Capacity to Repay"	(Highest)
Baa2	BBB		(Middle)
Baa3	BBB-		(Lowest)
BB, B, CCC, CC, C, D		5th - 10th Tiers "Below Investment Grade"	
Moody's Issuer Rating	S&P's Rating		
Moody's COPS Rating			

↑
 Considered Investment Grade
 ↓
 Below Investment Grade

Interest Rate Differential AA vs. A Rating



	AA-A
Average Spread June 2003 – September 2008:	0.17%
Average Spread September 2008 – Present:	0.36%
Current Spread:	0.23%

Savings of 36 basis points on an approximately \$7.5 million, 20 year level debt service issuance would result in approximately \$375,000 in avoided interest costs.

Borrowing Scenarios

Habersham County, Georgia

Animal Control Facility Overview

- Sunbelt Constructions, the cost of the Project will not exceed \$10 million but currently estimated at only \$7.5 million.

- In conversation with County Staff, the County has allocated \$1 million from anticipated SPLOST VII collections towards the Project.

- Given the Project's cost estimate, there is roughly a \$6.5 million funding gap needed in order to support the Project.

- Davenport has evaluated the following options for the County to determine the best use of the available \$1 million in SPLOST VII revenues:
 - Scenario 1: Use revenues to downsize the borrowing

 - Scenario 2: Use revenues to pay debt service

Scenario Overview

	Scenario 1	Scenario 2
Project Cost	\$7,500,000	\$7,500,000
Less: SPLOST Revenues to Downsize	(\$1,000,000)	\$0
Debt Funding Required	\$6,500,000	\$7,500,000

In Scenario 1, Davenport has assumed County will downsize the Project with SPLOST Revenues. In Scenario 2, Davenport has assumed no downsize and that the County will use the SPLOST Revenues as a cash flow to contribute towards the repayment of the debt.

General Key Assumptions

■ Davenport has assumed the following key assumptions:

- Closing March 1, 2025;
- 20-Year Amortization;
- Debt Service Structures are as follows:
 - Scenario 1: Level Debt Service Structure
 - Scenario 2: Structured Principal in FY 2026-2027 to be level with SPLOST Revenues then a Level Debt Service Structure thereafter.
- Planning Interest Rate of 5.00%;
- Standard 10-Year Call Provision;
- First interest due September 1, 2025 and first principal due March 1, 2026; and,
- Inclusive of Estimated Costs of Issuance and Underwriter's Discount.

Estimated Debt Service

Estimated Debt Service					
Fiscal Year	Scenario 1	Scenario 2	Less: SPLOST Revenues	Net Debt Service	Difference
2026	\$520,000	\$499,000	(\$500,000)	0	\$520,000
2027	520,250	499,800	(500,000)	0	520,250
2028	520,000	617,250		617,250	(97,250)
2029	524,250	619,500		619,500	(95,250)
2030	522,750	621,000		621,000	(98,250)
2031	520,750	621,750		621,750	(101,000)
2032	523,250	621,750		621,750	(98,500)
2033	520,000	621,000		621,000	(101,000)
2034	521,250	619,500		619,500	(98,250)
2035	521,750	622,250		622,250	(100,500)
2036	521,500	619,000		619,000	(97,500)
2037	520,500	620,000		620,000	(99,500)
2038	523,750	620,000		620,000	(96,250)
2039	521,000	619,000		619,000	(98,000)
2040	522,500	617,000		617,000	(94,500)
2041	523,000	619,000		619,000	(96,000)
2042	522,500	619,750		619,750	(97,250)
2043	521,000	619,250		619,250	(98,250)
2044	523,500	617,500		617,500	(94,000)
2045	519,750	619,500		619,500	(99,750)
Total	\$10,433,250	\$12,152,800	(\$1,000,000)	\$11,154,000	(\$720,750)

Davenport has structured the repayment schedule in Scenario 2 to be level with the SPLOST Revenues contributed through FY 2027 in order to lower the cost of the borrowing.

Final Observations

Habersham County, Georgia

Final Observations

- Davenport has reviewed the County's debt profile and the potential impact for a credit rating perspective. The County is able to fund the roughly \$7.5 million project, all things equal, without impacting the existing bond ratings.
- The impact on the County's budget is estimated roughly \$525,000 - \$625,000 annually.
- Using the \$1 million SPLOST Revenues to downsize the borrowing, the County could save roughly \$100,000 annually in debt service payments. However, if the County were to use the SPLOST Revenues to pay debt service in the first two years, Davenport can structure the principal repayment so that the County won't pay debt service until FY 2028.
- Depending upon market conditions at the time the County is ready to move forward, Davenport will then evaluate the method of sale in order to achieve the lowest cost of funds.

Appendix A – Market Update

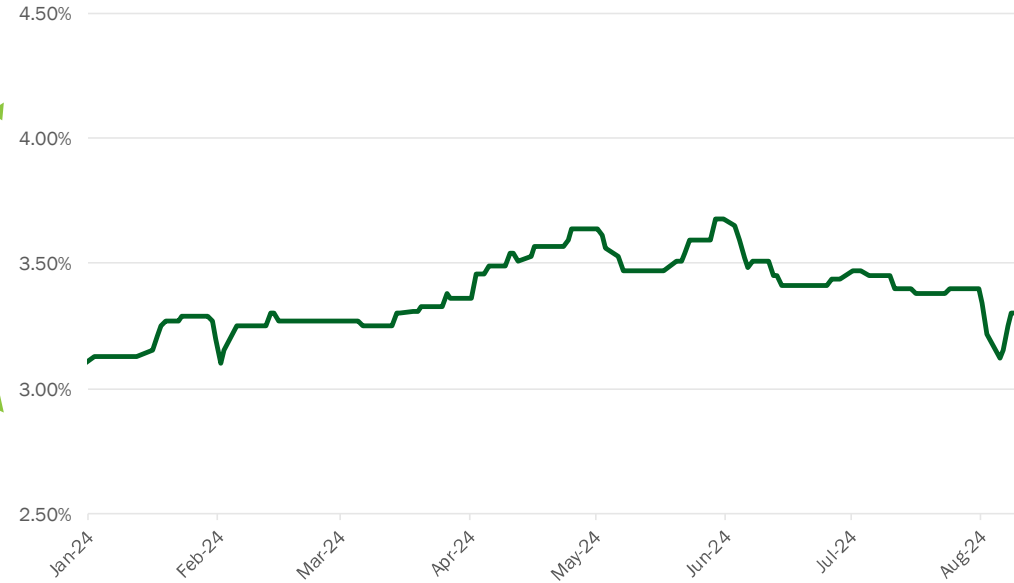
Habersham County, Georgia

AAA Tax-Exempt 20-Year Interest Rate

20-Year AAA Tax-Exempt Rates (Since 2000)



20-Year AAA Tax-Exempt Rates (Since January 2024)



Appendix B – The Hospital Debt

Habersham County, Georgia

Issuer Overview

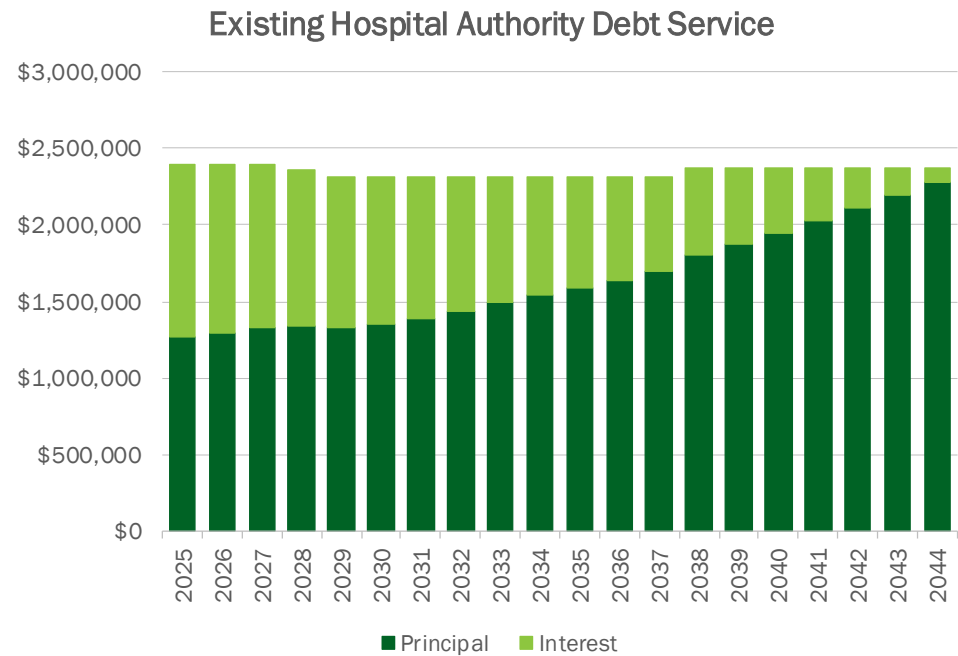


Hospital Authority Debt

Issue	Tax Status	Original Par	Outstanding 06/30/2024	Interest Rate(s)	Final Maturity	Call Date
Series 2014A Bonds	Tax-Exempt	\$22,805,000	\$22,805,000	3.25 - 4.00%	2/1/2044	2/1/2024
Series 2019 Bonds	Taxable	10,465,000	9,845,000	2.360%	2/1/2037	Non-Callable
Series 2020 Bonds	Taxable	5,230,000	276,696	2.000%	8/1/2027	8/1/2022
Total		\$38,500,000	\$32,926,696			

Hospital Authority Debt – Summary

Existing Hospital Authority Debt Service				
Fiscal Year	Principal	Interest	Total	Payout Ratio
2025	\$1,272,126	\$1,125,261	\$2,397,387	3.86%
2026	1,298,676	1,095,509	2,394,185	7.81%
2027	1,330,258	1,065,135	2,395,393	11.85%
2028	1,335,635	1,023,922	2,359,557	15.90%
2029	1,325,000	992,953	2,317,953	19.93%
2030	1,355,000	961,683	2,316,683	24.04%
2031	1,390,000	929,705	2,319,705	28.26%
2032	1,435,000	879,697	2,314,697	32.62%
2033	1,490,000	828,058	2,318,058	37.15%
2034	1,540,000	772,600	2,312,600	41.83%
2035	1,590,000	725,692	2,315,692	46.65%
2036	1,640,000	674,966	2,314,966	51.63%
2037	1,695,000	622,732	2,317,732	56.78%
2038	1,800,000	569,200	2,369,200	62.25%
2039	1,875,000	497,200	2,372,200	67.94%
2040	1,950,000	422,200	2,372,200	73.87%
2041	2,025,000	344,200	2,369,200	80.02%
2042	2,110,000	263,200	2,373,200	86.42%
2043	2,190,000	178,800	2,368,800	93.08%
2044	2,280,000	91,200	2,371,200	100.00%
Total	\$32,926,696	\$14,063,914	\$46,990,609	



Hospital Authority Debt – By Series



FY	Series 2014A			Series 2019			Series 2020			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$0	\$887,769	\$887,769	\$1,195,000	\$232,342	\$1,427,342	\$77,126	\$5,150	\$82,276	\$1,272,126	\$1,125,261	\$2,397,387
2026	0	887,769	887,769	1,220,000	204,140	1,424,140	78,676	3,600	82,276	1,298,676	1,095,509	2,394,185
2027	1,135,000	887,769	2,022,769	115,000	175,348	290,348	80,258	2,019	82,276	1,330,258	1,065,135	2,395,393
2028	0	850,881	850,881	1,295,000	172,634	1,467,634	40,635	406	41,042	1,335,635	1,023,922	2,359,557
2029	0	850,881	850,881	1,325,000	142,072	1,467,072	0	0	0	1,325,000	992,953	2,317,953
2030	0	850,881	850,881	1,355,000	110,802	1,465,802	0	0	0	1,355,000	961,683	2,316,683
2031	1,360,000	850,881	2,210,881	30,000	78,824	108,824	0	0	0	1,390,000	929,705	2,319,705
2032	1,405,000	801,581	2,206,581	30,000	78,116	108,116	0	0	0	1,435,000	879,697	2,314,697
2033	1,460,000	750,650	2,210,650	30,000	77,408	107,408	0	0	0	1,490,000	828,058	2,318,058
2034	760,000	695,900	1,455,900	780,000	76,700	856,700	0	0	0	1,540,000	772,600	2,312,600
2035	805,000	667,400	1,472,400	785,000	58,292	843,292	0	0	0	1,590,000	725,692	2,315,692
2036	825,000	635,200	1,460,200	815,000	39,766	854,766	0	0	0	1,640,000	674,966	2,314,966
2037	825,000	602,200	1,427,200	870,000	20,532	890,532	0	0	0	1,695,000	622,732	2,317,732
2038	1,800,000	569,200	2,369,200	0	0	0	0	0	0	1,800,000	569,200	2,369,200
2039	1,875,000	497,200	2,372,200	0	0	0	0	0	0	1,875,000	497,200	2,372,200
2040	1,950,000	422,200	2,372,200	0	0	0	0	0	0	1,950,000	422,200	2,372,200
2041	2,025,000	344,200	2,369,200	0	0	0	0	0	0	2,025,000	344,200	2,369,200
2042	2,110,000	263,200	2,373,200	0	0	0	0	0	0	2,110,000	263,200	2,373,200
2043	2,190,000	178,800	2,368,800	0	0	0	0	0	0	2,190,000	178,800	2,368,800
2044	2,280,000	91,200	2,371,200	0	0	0	0	0	0	2,280,000	91,200	2,371,200
Total	\$22,805,000	\$12,585,763	\$35,390,763	\$9,845,000	\$1,466,976	\$11,311,976	\$276,696	\$11,175	\$287,871	\$32,926,696	\$14,063,914	\$46,990,609

Prepayment Provision(s)

- Callable February 1, 2024
 - Optional Extraordinary Redemption: Callable on any date upon the sale of the Medical Center

Prepayment Provision(s)

- Non-Callable

Prepayment Provision(s)

- Callable August 1, 2022

Current Repayment Source

Existing Debt Service				SPLOST Dollars	Millage to Cover Debt Service*
Fiscal Year	Principal	Interest	Total	Total	Total
2025	\$1,272,126	\$1,125,261	\$2,397,387	\$676,301	0.76
2026	1,298,676	1,095,509	2,394,185	676,301	0.76
2027	1,330,258	1,065,135	2,395,393	676,301	0.76
2028	1,335,635	1,023,922	2,359,557	N/A	1.04
2029	1,325,000	992,953	2,317,953	N/A	1.02
2030	1,355,000	961,683	2,316,683	N/A	1.02
2031	1,390,000	929,705	2,319,705	N/A	1.02
2032	1,435,000	879,697	2,314,697	N/A	1.02
2033	1,490,000	828,058	2,318,058	N/A	1.02
2034	1,540,000	772,600	2,312,600	N/A	1.02
2035	1,590,000	725,692	2,315,692	N/A	1.02
2036	1,640,000	674,966	2,314,966	N/A	1.02
2037	1,695,000	622,732	2,317,732	N/A	1.02
2038	1,800,000	569,200	2,369,200	N/A	1.04
2039	1,875,000	497,200	2,372,200	N/A	1.04
2040	1,950,000	422,200	2,372,200	N/A	1.04
2041	2,025,000	344,200	2,369,200	N/A	1.04
2042	2,110,000	263,200	2,373,200	N/A	1.04
2043	2,190,000	178,800	2,368,800	N/A	1.04
2044	2,280,000	91,200	2,371,200	N/A	1.04
Total	\$32,926,696	\$14,063,914	\$46,990,609		

*Note: 2023 Assessed Value and 2024 adopted millage rate.

Potential Options

- With the ability to fund a portion of the Hospital Debt going away in the near future, the County has a few potential options to consider. They are as follows:
 - Do nothing and leave the bonds outstanding. Keep paying a portion of the bonds with SPLOST Funds despite some legal concerns / risks to the County.

 - Refinance the outstanding debt using the Hospital Authority for debt service savings depending on market conditions.

 - Consider restructuring the Hospital Debt and extending the final maturity would could allow for some short term cash flow / budgetary relief.

 - Go to the voters for general obligation bonds to allow for debt service to be repaid from SPLOST.

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