

New Early Childhood Learning Center & Decatur High School Expansion Financial Update

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Chief Financial Officer





**Student
Success in All Areas**

**The CSD Student
Experience: Preparing to
Lead a Better World**



**Building and
Sustaining an Engaging
and Inclusive Culture**

**The CSD Cultural
Experience: Connections,
Culture, and Community (C3)**



**Cultivating and
Retaining High-Quality
Professionals**

**The CSD Staff Experience:
From Hire to Retire**



**Organizational
Effectiveness and
Excellence**

**The CSD Sustainable
Experience: Future Ready
Classrooms**

Areas of Financial Discussions



- Agenda Topics
 - Capital Financing Approach
 - AAA - Tax-Exempt Interest Rates
 - Recommended Borrowing Parameters
 - Key Borrowing Assumptions
 - Estimated New Money Debt Service
 - Aggregate Debt Service
 - Potential Refinancing Opportunity - Series 2014 COPS
 - Financing Timeline
 - Other Funding Considerations
 - Operating Budget





- Davenport & Company LLC (“Davenport”), in our capacity as financial advisor to the City Schools of Decatur (the “School District”), was made aware of an upcoming capital project the School District was in the planning stages for.
- At the start of the year, Davenport and School District Staff developed multiple analyses evaluating potential financing options / structures for a new early childhood learning center (the “Project”).
- It is expected that the School District will be using SPLOST proceeds as the main source of repayment on this financing.
- As part of the June 10th Board of Education Meeting, the School Board approved the Intent Resolution authorizing School District Staff and professionals to proceed with the financing.
- On July 30th, Davenport and School District Staff presented the initial plan of finance to the Public Facilities Authority (the “PFA”). The PFA adopted a resolution of intent on August 5th to proceed with the financing contingent on two community meetings being held following the meeting which transpired on August 27th and September 15th.
- Now that both the School Board and PFA have adopted the Intent Resolutions and held the community meetings, School District Staff and the professionals associated are ready to proceed with executing the financing.

Financing Approach – Type of Bond / Method of Sale



- Based upon prior conversations with School District Staff, below is a summary of the proposed Financing Approach for the School District's upcoming debt issuance.
- Davenport is recommending an issuance through the PFA via a Competitive Public Market Sale as outlined below:

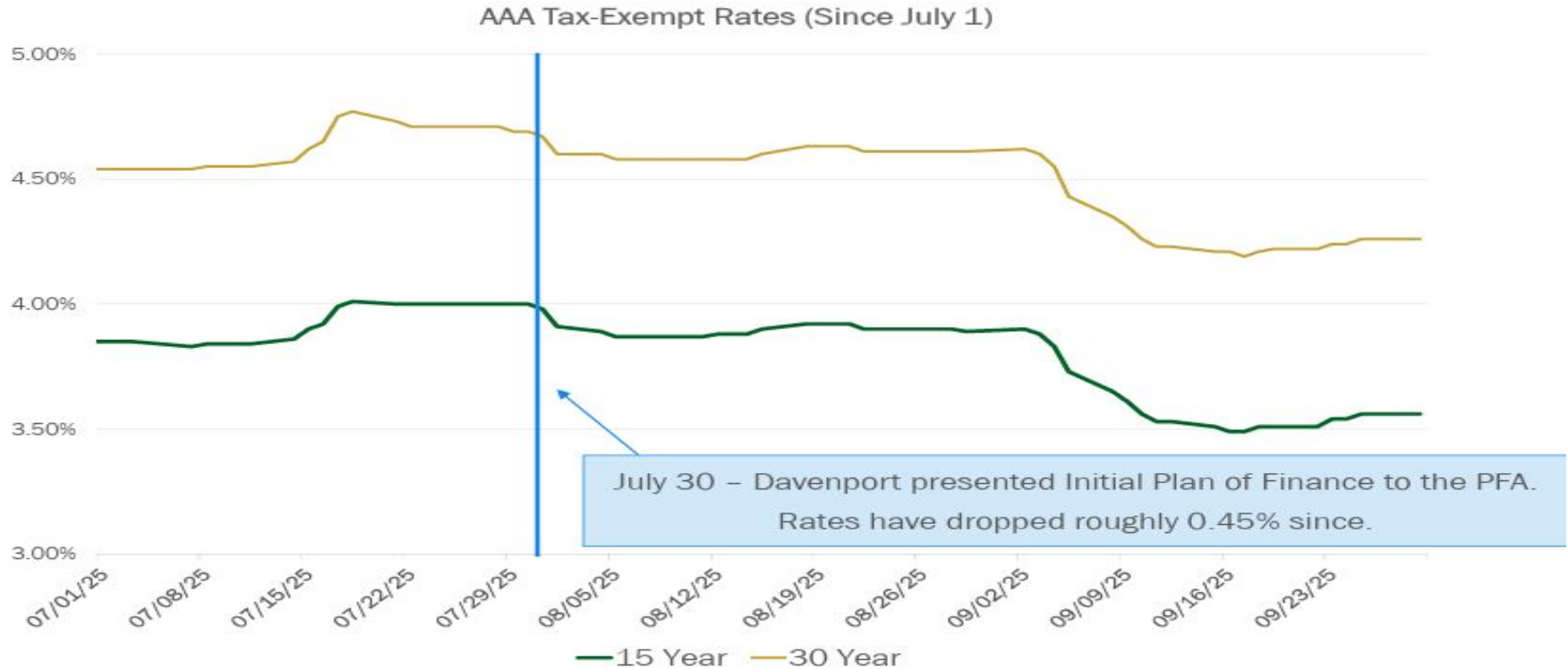
Type of Bonds - Intergovernmental Revenue Bonds

- The PFA will be the issuer of the bonds.
- The PFA has the power to complete the projects on behalf of the School District.
- In order to secure the Bond payments, the School District will directly enter into an agreement with the PFA (no City involvement).
- The School District will pledge its full faith and credit up to the millage rate cap to repay the contract but intends to pay the debt service primarily through SPLOST.

Method of Sale – Competitive Public Market Issuance

- Credit Ratings are secured through one or more of the national credit rating agencies.
- A Preliminary Official Statement (the prospectus/offering document) is prepared highlighting the School District and is distributed to investors.
- The Bonds are competitively bid on by underwriters who, in turn, sell the bonds to the public at prevailing interest rates.
- Interest rates are locked in on the day of the sale and fixed until final maturity.

AAA Tax-Exempt Interest Rates (July 1 to Present)



Recommended Borrowing Parameters



When authorizing the Bond Issuance, the PFA must adopt a resolution approving certain not-to-exceed parameters. In conversation with Staff, below are our recommendations.

Requirements	Recommendation	Rationale
Not-to-Exceed Interest Rate (Coupon)	6.00%	Market Coupon Rate + 1.00% Note: In a public market sale, 5.00% coupons are the current industry standard. However, the actual yield (interest rate) is much lower. For purposes of the resolution, the Coupon Rate is what must be used.
Not-to-Exceed Aggregate Principal Amount	\$52,000,000	Covers \$35 million of new money needs, as well as the maximum borrowing on the potential refunding of the Series 2014 COPS plus about 5% of cushion.
Not-to-Exceed Final Maturity	33 years	30-year term on the new money portion plus 2 principal payments of cushion.
Maximum Annual Debt Service (MADS)	\$5,000,000	Current MADS on the Series 2014 COPS combined with MADS on the new money run at hypothetical 6% interest rate over 15 years plus cushion.

Key Borrowing Assumptions



Davenport has used the following key assumptions:

- \$35,000,000 project fund
- Closing December 9, 2025
- Current market rate as of October 7, 2025 - 4.35%
- Level debt service structure
- 30-year amortization
- First semi-annual interest due to November 1, 2026
- First annual principal due May 1, 2028
- Standard 10-year call provision
- Inclusive of estimated costs of issuance and underwriter's discount.



Estimated New Money Debt Service



Estimated New Money Debt Service			
FY	Principal	Interest	Total
2027	\$0	\$2,180,188	\$2,180,188
2028	580,000	1,563,481	2,143,481
2029	610,000	1,534,481	2,144,481
2030	640,000	1,503,981	2,143,981
2031	670,000	1,471,981	2,141,981
2032	705,000	1,438,481	2,143,481
2033	740,000	1,403,231	2,143,231
2034	780,000	1,366,231	2,146,231
2035	815,000	1,327,231	2,142,231
2036	860,000	1,286,481	2,146,481
2037	900,000	1,243,481	2,143,481
2038	945,000	1,198,481	2,143,481
2039	995,000	1,151,231	2,146,231
2040	1,045,000	1,101,481	2,146,481
2041	1,095,000	1,049,231	2,144,231
2042	1,140,000	1,002,694	2,142,694
2043	1,190,000	954,244	2,144,244
2044	1,240,000	903,669	2,143,669
2045	1,295,000	850,969	2,145,969
2046	1,350,000	795,931	2,145,931
2047	1,405,000	738,556	2,143,556
2048	1,465,000	678,844	2,143,844
2049	1,530,000	616,581	2,146,581
2050	1,595,000	551,556	2,146,556
2051	1,660,000	483,769	2,143,769
2052	1,730,000	413,219	2,143,219
2053	1,805,000	337,531	2,142,531
2054	1,885,000	258,563	2,143,563
2055	1,970,000	176,094	2,146,094
2056	2,055,000	89,906	2,144,906
Total	\$34,695,000	\$29,671,801	\$64,366,801

Sources

Par Amount	\$34,695,000
Premium	1,081,600
Total Sources	\$35,776,600

Uses

Project Fund	\$35,000,000
Cost of Issuance	600,000
Underwriter's Discount	173,475
Additional Proceeds	3,125
Total Uses	\$35,776,600

All-In True Interest Cost: 4.35%

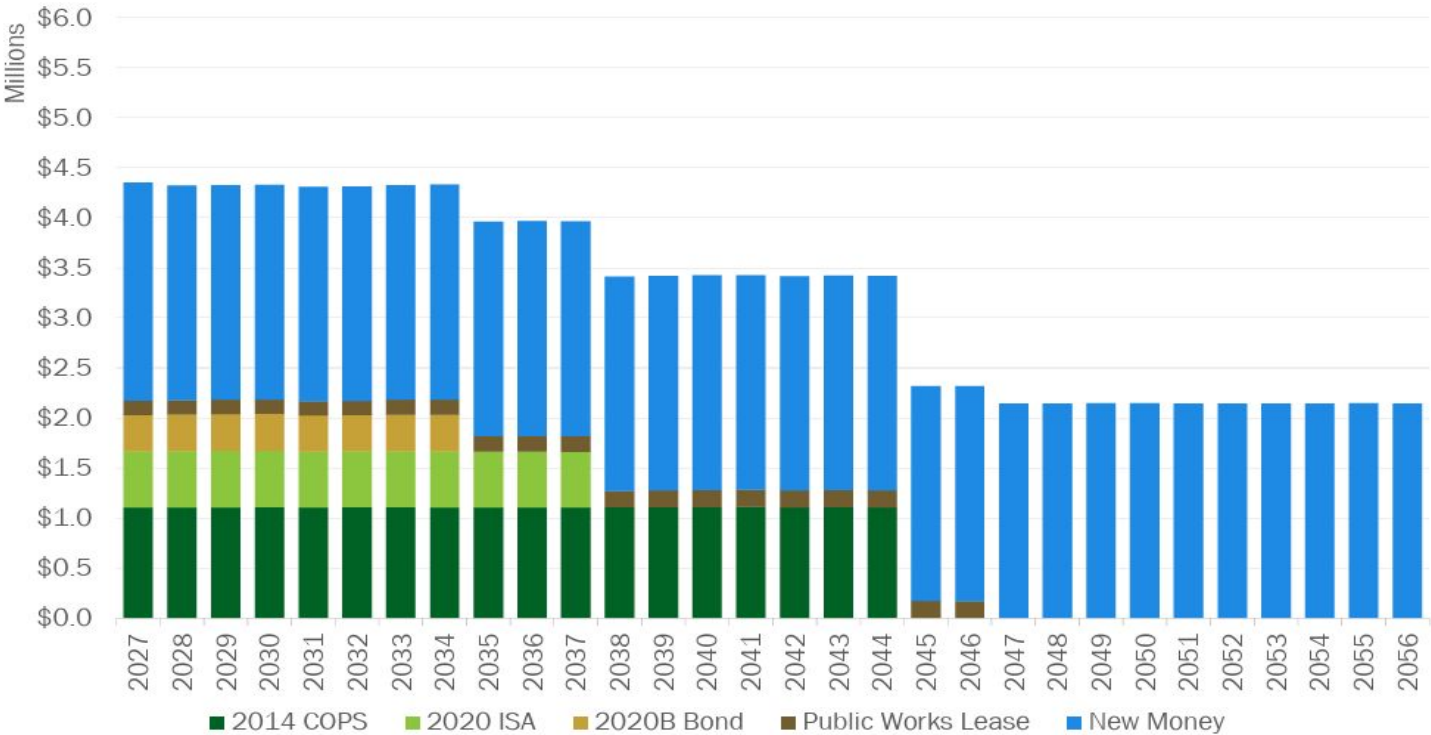
Aggregate Debt Service



Aggregate Debt Service						
Fiscal Year	Series 2014 COPS	Series 2020 ISA	Series 2020B URA Bond*	Public Works Building Lease	New Money	Total Aggregate Debt Service
2027	\$1,106,538	\$558,898	\$361,215	\$145,926	\$2,180,188	\$4,352,764
2028	1,105,025	560,664	367,215	145,926	2,143,481	4,322,311
2029	1,107,200	562,251	367,765	145,926	2,144,481	4,327,623
2030	1,109,200	563,659	368,015	143,292	2,143,981	4,328,146
2031	1,107,075	554,888	362,965	143,086	2,141,981	4,309,995
2032	1,108,100	556,117	363,035	142,607	2,143,481	4,313,340
2033	1,107,700	557,167	367,515	148,767	2,143,231	4,324,380
2034	1,105,875	558,038	366,480	153,567	2,146,231	4,330,191
2035	1,107,625	553,730	0	157,047	2,142,231	3,960,633
2036	1,107,306	554,332	0	158,247	2,146,481	3,966,367
2037	1,105,750	554,756	0	159,247	2,143,481	3,963,234
2038	1,107,956	0	0	160,047	2,143,481	3,411,485
2039	1,108,719	0	0	165,724	2,146,231	3,420,674
2040	1,108,038	0	0	169,844	2,146,481	3,424,363
2041	1,109,788	0	0	170,684	2,144,231	3,424,703
2042	1,104,838	0	0	169,284	2,142,694	3,416,815
2043	1,108,400	0	0	170,724	2,144,244	3,423,368
2044	1,105,050	0	0	169,884	2,143,669	3,418,603
2045	0	0	0	170,844	2,145,969	2,316,813
2046	0	0	0	169,624	2,145,931	2,315,555
2047	0	0	0	0	2,143,556	2,143,556
2048	0	0	0	0	2,143,844	2,143,844
2049	0	0	0	0	2,146,581	2,146,581
2050	0	0	0	0	2,146,556	2,146,556
2051	0	0	0	0	2,143,769	2,143,769
2052	0	0	0	0	2,143,219	2,143,219
2053	0	0	0	0	2,142,531	2,142,531
2054	0	0	0	0	2,143,563	2,143,563
2055	0	0	0	0	2,146,094	2,146,094
2056	0	0	0	0	2,144,906	2,144,906
Total	\$19,930,181	\$6,134,495	\$2,924,205	\$3,160,298	\$64,366,801	\$96,515,980



Aggregate Debt Service



Potential Refinancing Opportunity



Davenport has been monitoring the School District's Series 2014 COPS as a potential refinancing opportunity.

At this point, current market rates are producing savings levels that are at or around industry standard. Due to economies of scale, the School District has the opportunity to take advantage of some debt service savings in conjunction with going to market for the new money project. The refunding component will be evaluated closer to pricing.

Series 2014 Certificates of Participation Overview

Maturity Date	Principal	Coupon	Interest	Total
5/1/2026	\$480,000	5.250%	\$626,738	\$1,106,738
5/1/2027	505,000	5.250%	601,538	1,106,538
5/1/2028	530,000	5.250%	575,025	1,105,025
5/1/2029	560,000	5.000%	547,200	1,107,200
5/1/2030	590,000	3.750%	519,200	1,109,200
5/1/2031	610,000	4.750%	497,075	1,107,075
5/1/2032	640,000	4.750%	468,100	1,108,100
5/1/2033	670,000	4.750%	437,700	1,107,700
5/1/2034	700,000	4.750%	405,875	1,105,875
5/1/2035	735,000	4.125%	372,625	1,107,625
5/1/2036	765,000	4.125%	342,306	1,107,306
5/1/2037	795,000	4.125%	310,750	1,105,750
5/1/2038	830,000	4.125%	277,956	1,107,956
5/1/2039	865,000	4.125%	243,719	1,108,719
5/1/2040	900,000	4.250%	208,038	1,108,038
5/1/2041	940,000	4.250%	169,788	1,109,788
5/1/2042	975,000	4.250%	129,838	1,104,838
5/1/2043	1,020,000	4.250%	88,400	1,108,400
5/1/2044	1,060,000	4.250%	45,050	1,105,050
Total	\$14,170,000		\$6,866,919	\$21,036,919

Financing Timeline



Date	Action
Oct 14	<u>Regularly Scheduled Board of Education Meeting</u> – Davenport to present Plan of Finance. Board of Education to approve Authorizing Resolution and approval to move forward with financing.
Oct 15 (6:00 pm)	<u>Public Facilities Authority Meeting</u> – PFA Board to approve Parameters Bond Resolution.
Week of Oct 27	Rating Agency(ies) Discussions
Balance of Oct / Nov	Validation
Nov 18/19/20	Competitive Bond Sale
Nov 18/19/20	<u>Special Called Public Facilities Authority Meeting</u> – Davenport to present pricing results / recommendation. Authority to approve Bond Resolution and other documents, as necessary.
Nov 18/19/20	<u>Special Called Board of Education Meeting</u> – Davenport to present pricing results / recommendation. Board of Education to approve sale results, School Board Resolution and other documents, as necessary.
Balance of Nov/Dec	Distribution of Final Documents/Closing Memo.
Dec 9	Bond Closing.



Other Capital Funding Sources

Guaranteed Maximum Price (GMP) ~ \$22.0 million (ECLC)

New Market Tax Credit (NMTC)

Liquidate District's Properties

Operating Expenses (*Ongoing Annual Costs*)

- Personnel ~\$2.2 M
 - Salaries
 - Benefits
- Operations ~\$1.2 M
 - Technology
 - Maintenance
 - Instructional

Total Preliminary Ongoing Annual Cost
~\$3.4 M

Operating Funding Sources

- General Fund
- Childcare and Parent Services (CAPS) Program
- Braided Funding Model
 - Full Tuition
 - Partial Tuition
 - Scholarship
- Potential Millage Rate Increase

High Level Major Milestone Timeline

Looking Ahead



✓ 8/5 Public Facilities Authority (PFA) Meeting

✓ Evaluate Traffic Study

✓ Finalize Schematic Design Phase

✓ Refine Budget Estimates & Funding Considerations

✓ 8/27 BOE Community Meeting

✓ 10/7 Submit Land Disturbance Permit (LDP)

✓ 10/8 Receive Guaranteed Maximum Price (GMP)

10/14 BOE Meeting - Finance

10/15 Public Facilities Authority (PFA) Meeting for Approval of Bond Resolution

12/9 Groundbreaking Ceremony

12/9 BOE Meeting - Human Resources

Hire Principal

JULY 2025

AUGUST 2025

SEPTEMBER 2025

OCTOBER 2025

NOVEMBER 2025

DECEMBER 2025

✓ CSD 2nd Annual Back-to-School Bash

✓ Develop GADOE New School Application

✓ 7/30 Public Finance Authority (PFA) Work Session

✓ 9/9 BOE Meeting - Operations

✓ 9/30 Traffic Study Completion

✓ Start Plan Groundbreaking Ceremony

✓ 9/15 BOE Community Meeting

Develop Continuing Education Plan & Partnerships for CSD Early Learning Staff

11/11 BOE Meeting - Instructional Programming

Receive & Address Permit Feedback

Questions?

