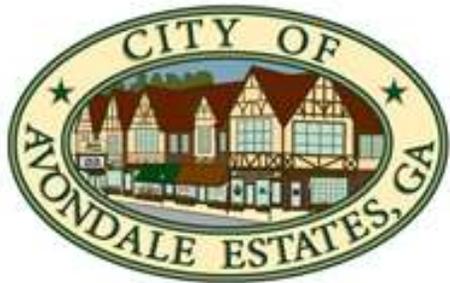


City of Avondale Estates, Georgia

Series 2023 Bonds Update



November 8, 2023

Background / Overview



- In 2019, the City issued a Bond Anticipation Note (“2019 BAN”) through the Urban Redevelopment Agency in the amount up to \$8.4 million to fund various capital projects throughout the City.
 - The proceeds of the bonds were to be used to finance stormwater projects, design and construction of the City’s Town Green, and other general City capital needs.
- The 2019 BAN’s final maturity was set to December 31, 2022. In September 2022, City Staff notified Davenport that some of the projects were not yet completed and they need additional time to finalize these projects.
- PNC Bank, the bondholder of the 2019 BAN, was agreeable to a final maturity extension contingent on a revised variable interest rate. The 2019 BAN’s revised final maturity was set for December 31, 2023.
- In consultation with Davenport, the City is prepared to move forward with the long-term take out financing of the 2019 BAN that was originally contemplated given that the project costs have firmed up recently.
- As part of this upcoming bond issuance, the City will permanently finance the fully drawn \$8.4 million BAN.

Financing Approach – Type of Bond / Method of Sale



- Below is a summary of the Financing Approach for the City’s upcoming debt issuance.
- Davenport recommended an issuance through the Urban Redevelopment Agency via a Competitive Public Market Sale.

Type of Bonds - Intergovernmental Revenue Bonds

- Urban Redevelopment Agency (the “URA”) is the issuer of the bonds.
- The URA has the power to complete the projects on and only on behalf of the City.
- In order to secure the bond payments, the City has entered into an agreement with the URA.
- The City will pledge its full faith and credit to repay the contract.

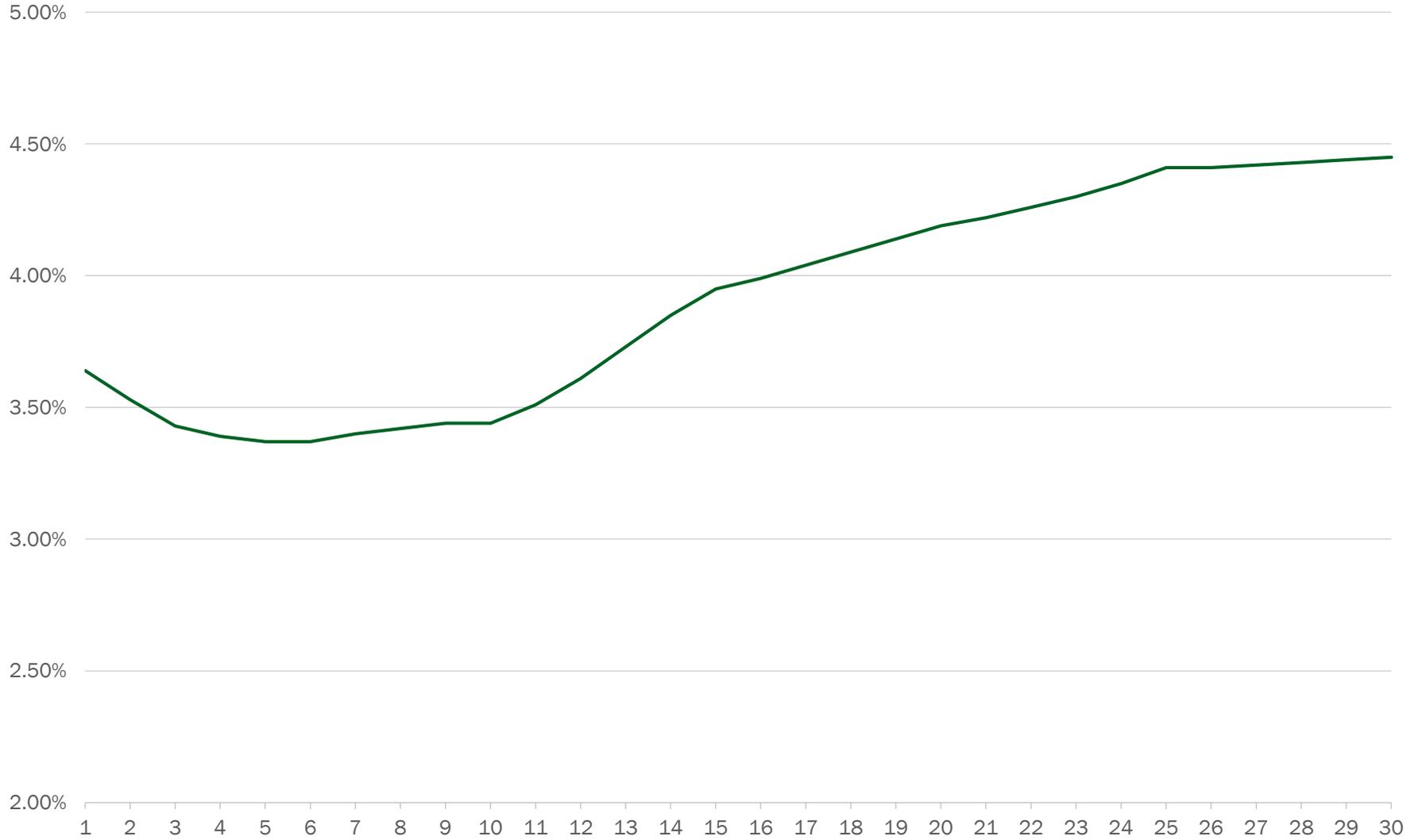
Method of Sale - Public Market Issuance

- 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 City 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.

Current Yield Curve / Market Update



AAA MMD Yield Curve as of November 2, 2023



Credit Rating History – Initial Aa1/AA+



Avondale Estates, Georgia

Moody's	S&P
---------	-----

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

↑

Considered Investment Grade

↓

Below Investment Grade

Moody's Observations – Initial Aa1 Rating (Stable Outlook)



MOODY'S

Rating Action: Moody's assigns initial Aa1 issuer rating to Avondale Estates (City of) GA; Aa1 GOULT rating to its Series 2023 bonds

01 Nov 2023

New York, November 01, 2023 – Moody's Investors Service has assigned an initial Aa1 issuer rating to Avondale Estates (City of) GA and initial Aa1 general obligation unlimited tax (GOULT) rating to the city's estimated \$8.4 million Revenue Bonds, Series 2023. The bonds are being issued by the Urban Redevelopment Agency of the City of Avondale Estates, GA. Post-issuance, the city will have approximately \$8.4 million in net direct debt outstanding.

RATINGS RATIONALE

The Aa1 issuer rating reflects the city's very strong financial position. While reserves and liquidity are robust relative to the city's operating budget, they are somewhat limited on a nominal basis. The city also has additional fungible resources available to it in its component unit fund. The rating further reflects the city's rapidly expanding economic base, very strong resident wealth and income levels, and manageable leverage. That said, the city's capital plan calls for additional borrowing (if approved by voters) and the use of reserves over the next three years.

The absence of distinction between the Aa1 GOULT rating and the Aa1 issuer rating reflects the city's full faith and credit taxing power that has been pledged for the repayment of the bonds under the intergovernmental contract between the city and the Urban Redevelopment Agency of the City of Avondale Estates, which is issuing the bonds.

Governance considerations are a material driver of the rating action. The city's budget management is very strong, as evidenced by the maintenance of excellent reserves and liquidity. Transparency and disclosure is favorable due to quarterly disclosures, while the city's strong formal fund balance policy speaks to above average policy credibility and effectiveness. The institutional structure for all Georgia cities is strong.

RATING OUTLOOK

Outlooks are not typically assigned to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Implementation of capital plan without impact on the city's financial position
- Improved nominal position of reserves and liquidity

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material draws on reserves or liquidity
- Significant additional borrowing that leads to outsized leverage metrics
- Deterioration of resident wealth or income levels

LEGAL SECURITY

The Series 2023 bonds are absolute and unconditional general obligations of the city, for which it has pledged its full faith and credit and taxing power to repay principal and interest pursuant to an intergovernmental contract between the

Rating Summary:

- Avondale Estates (Aa1) benefits from excellent resident wealth and income levels along with a growing economic base. The city benefits from its position within the growing Atlanta (Aa1 stable) metropolitan area and proximity to downtown Atlanta. While the city's reserves and liquidity are very strong, they are nominally limited. Leverage is also manageable, but the city's capital plans will impact reserves, leverage, or both over the next three years.

Credit Strengths:

- Robust resident wealth and income levels
- Additional available funds held by component unit
- Excellent available fund balance and liquidity ratios
- Manageable leverage

Credit Challenges:

- Relatively limited reserves on a nominal basis
- Sizable capital plan relative to operating budget

Factors that could lead to a upgrade:

- Implementation of capital plan without impact on the city's financial position
- Improved nominal position of reserves and liquidity

Factors that could lead to a downgrade:

- Material draws on reserves or liquidity
- Significant additional borrowing that leads to outsized leverage metrics and deterioration of resident wealth or income levels

S&P Observations – Initial AA+ Rating (Stable Outlook)



Summary:

Urban Redevelopment Agency of the City of Avondale Estates City of Avondale Estates, Georgia; General Obligation

Credit Profile

US\$8.585 mil rev bnds (City of Avondale Estates) ser 2023 due 12/01/2053

Long Term Rating	AA+/Stable	New
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Credit Highlights

- S&P Global Ratings assigned its 'AA+' long-term rating to the Urban Redevelopment Agency of the City of Avondale Estates, Ga.'s approximately \$8.585 million series 2023 revenue bonds, issued on behalf of the City of Avondale Estates.
- The outlook is stable.

Security

The bonds are special limited obligations of the agency secured by an agreement between the agency and the city. Pursuant to the intergovernmental contract, the agency will issue the bonds, and the city agrees to pay the agency for the debt service and to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the city subject to the tax to make such payments. The city's obligation to make the contract payments is absolute and unconditional. Based on the application of our criteria, "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" (published Jan. 22, 2018), we rate the agency's bonds on par with the issuer credit rating on the city, which is based on its general creditworthiness, because we view the tax rate limitation as an integral component of its overall credit profile. In addition, we understand that the property taxes will not be levied on a narrower or distinctly different tax base and the city's resources available to make debt service payments are fungible.

Proceeds from the 2023 bonds will be used to refinance the agency's series 2019 bond anticipation note, which was issued to finance stormwater projects, design and construction of the city's Town Green, and other general capital needs.

Credit overview

Avondale Estates is a growing residential suburb that has easy access to downtown Atlanta through rail and road connections. Given the city's focus on smart growth and creating a desirable community through open space and green infrastructure alongside an attractive commercial district, the city's population has increased by over 22% in the past 10 years.

Conservative budgeting and an expanding tax base have helped the city to maintain an extremely high level of

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NOVEMBER 1, 2023 2

Rationale:

- S&P Global Ratings assigned its 'AA+' long-term rating to the Urban Redevelopment Agency of the City of Avondale Estates, Ga.'s approximately \$8.585 million series 2023 revenue bonds, issued on behalf of the City of Avondale Estates.
- The outlook is stable.

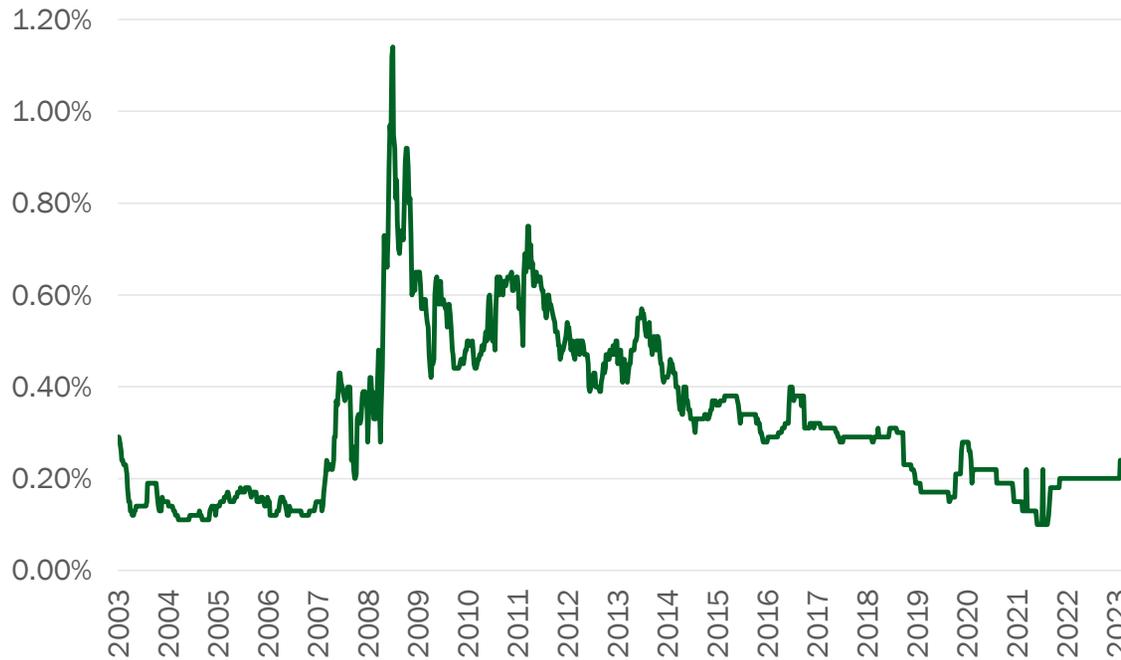
Summary Credit Opinion:

- In our view, the rating reflects our assessment of City's:
 - Expanding local economy within the Atlanta metropolitan statistical area with several commercial and residential projects in the pipeline, especially around the Town Green development;
 - Very strong reserves despite occasional draws for capital projects and a stable and increasing revenue base with almost 70% coming from property taxes;
 - Standard financial management policies and practices that benefit from conservative budgeting, a formal reserve and debt policy, and a very strong institutional framework; and
 - Manageable fixed cost burden and a well-funded pension plan with plans to authorize up to \$4 million in future borrowings through a special local option sales tax (SPLOST) vote in November 2023.
- Downside Scenario:
 - S&P could consider a negative rating action if the city drew down its reserves significantly because of budgetary imbalance or for one-time purposes, or if it issued significantly more debt.
- Upside Scenario:
 - S&P could raise the rating should Avondale Estates manage to sustain extremely strong reserves despite ongoing capital spending and strengthen its financial policies and procedures, particularly through formal multiyear capital and financial planning.

Benefit of a High AA Rating



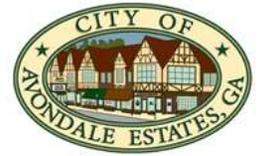
AA-A Credit Spread Since June 2003



	AA-A
Average Spread June 2003 – September 2008:	0.18%
Average Spread September 2008 – Present:	0.37%
Current Spread:	0.24%

Savings of 37 basis points (0.37%) on an approximately \$8 million, 30 year level debt service issuance would result in approximately \$650,000 - \$700,000 in avoided interest costs.

Key Assumptions / Estimated Debt Service



Key Assumptions

- Level Debt Service Structure;
- 30 Year Amortization;
- First Interest Payment June 1, 2024;
- First Principal Payment December 1, 2024;
- Based upon estimated Market Conditions as of November 2, 2023;
- Aa1/AA+ Credit Ratings; and
- Inclusive / Net of all estimated costs of issuance.

Estimated Debt Service			
FY	Principal	Interest	Total
2024	\$125,000	\$421,000	\$546,000
2025	135,000	414,750	549,750
2026	140,000	408,000	548,000
2027	145,000	401,000	546,000
2028	155,000	393,750	548,750
2029	160,000	386,000	546,000
2030	170,000	378,000	548,000
2031	180,000	369,500	549,500
2032	190,000	360,500	550,500
2033	195,000	351,000	546,000
2034	205,000	341,250	546,250
2035	215,000	331,000	546,000
2036	230,000	320,250	550,250
2037	240,000	308,750	548,750
2038	250,000	296,750	546,750
2039	265,000	284,250	549,250
2040	275,000	271,000	546,000
2041	290,000	257,250	547,250
2042	305,000	242,750	547,750
2043	320,000	227,500	547,500
2044	335,000	211,500	546,500
2045	355,000	194,750	549,750
2046	370,000	177,000	547,000
2047	390,000	158,500	548,500
2048	410,000	139,000	549,000
2049	430,000	118,500	548,500
2050	450,000	97,000	547,000
2051	475,000	74,500	549,500
2052	495,000	50,750	545,750
2053	520,000	26,000	546,000
Total	\$8,420,000	\$8,011,750	\$16,431,750

Note: Numbers are preliminary, subject to change.

Day of Competitive Bond Sale Mechanics



Date	Action
Day Prior to Sale	Davenport marketing bond sale / reviewing underwriters signed up to bid.
15 Minutes Prior to Sale	Teams Call with Financing Team to discuss market conditions.
10:30-11:00 A.M. – Sale Time	Financing Team watches bids come in. Davenport confirms accuracy and reviews results.
15 Minutes After Sale	Davenport (on behalf of the City) to provide verbal award to selected underwriter.
1 – 2 Hours After Sale	Davenport to coordinate with underwriter on finalizing numbers.
Numbers Finalized	Davenport to send numbers to Bond Counsel for implementation into Bond Resolution.
Afternoon of Sale	Bond Counsel to distribute Bond Resolution and other necessary financing documents for review.
Afternoon of Sale	Financing Team to review and provide sign-off.
Evening of Sale	Special Called URA Meeting: Davenport to present pricing results / recommendation. Agency Board to approve sale results, intergovernmental agreement, bond resolution and other documents, as necessary.
Evening of Sale	Special Called BOMC Meeting: BOMC to approve sale results, intergovernmental agreement, city resolution and other documents, as necessary.
Following Meetings	Davenport (on behalf of the City) to provide formal award to selected underwriter.

Financing Timeline



Date	Action
September / Early October	 Bond Counsel develops Preliminary Official Statement and other necessary financing documents Davenport develops Credit Rating Presentation and Notice of Sale
October 12 /13	 Rating Agency meeting(s)
November 6	 Post Preliminary Official Statement and Notice of Sale
November 8	 <u>Regularly Scheduled BOMC Work Session</u> – Davenport to present Rating Results, Financing Schedule, method of sale and estimated results.
November 15 (Morning)	Competitive Bond Sale
November 15 (Evening)	<u>Special Called URA Meeting:</u> Davenport to present pricing results / recommendation. Agency Board to approve sale results, intergovernmental agreement, bond resolution and other documents, as necessary.
November 15 (Evening)	<u>Special Called BOMC Meeting:</u> BOMC to approve sale results, intergovernmental agreement, city resolution and other documents, as necessary.
End of November	Necessary Bond Documents Finalized
December 1	Closing



Appendix: Moody's Rating Analysis

City of Avondale Estates, Georgia

Moody's City Rating Distribution (Population of 5,000 or Less)



Georgia		
Rating	Amount	Percentage
Aaa	-	0.00%
Aa1	1	20.00%
Aa2	-	0.00%
Aa3	2	40.00%
A1	1	20.00%
A2	-	0.00%
A3	1	20.00%
Baa1 or Lower	-	0.00%
Total	5	100.00%

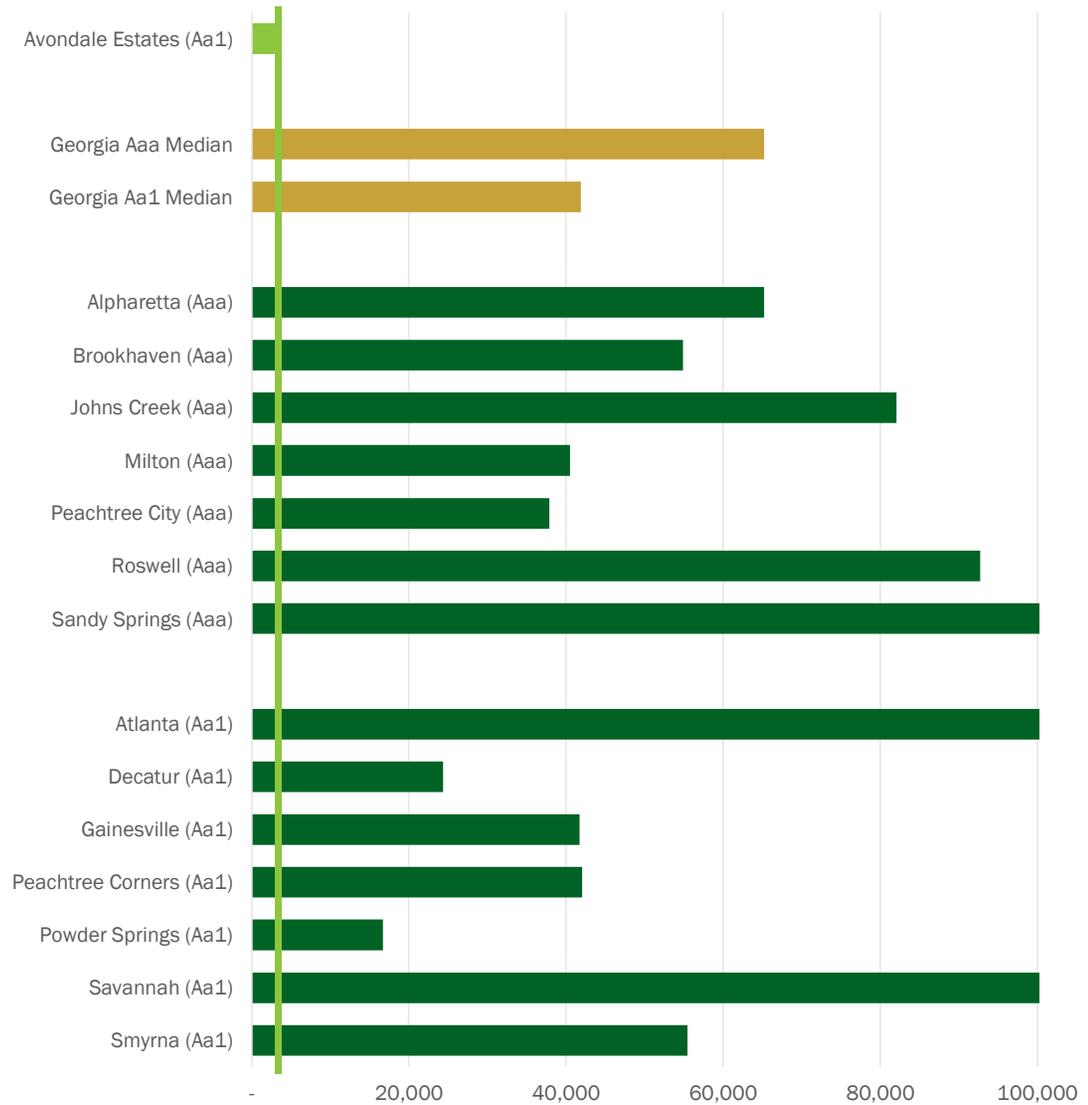
United States		
Rating	Amount	Percentage
Aaa	11	3.94%
Aa1	17	6.09%
Aa2	39	13.98%
Aa3	63	22.58%
A1	67	24.01%
A2	42	15.05%
A3	17	6.09%
Baa1 or Lower	23	8.24%
Total	279	100.00%

Avondale Estates is the highest rated City in Georgia with a population of 5,000 or less. The City is rated amongst the top 10% in the Country with a population of 5,000 or less.

Moody's Peer Comparison – Population



Population



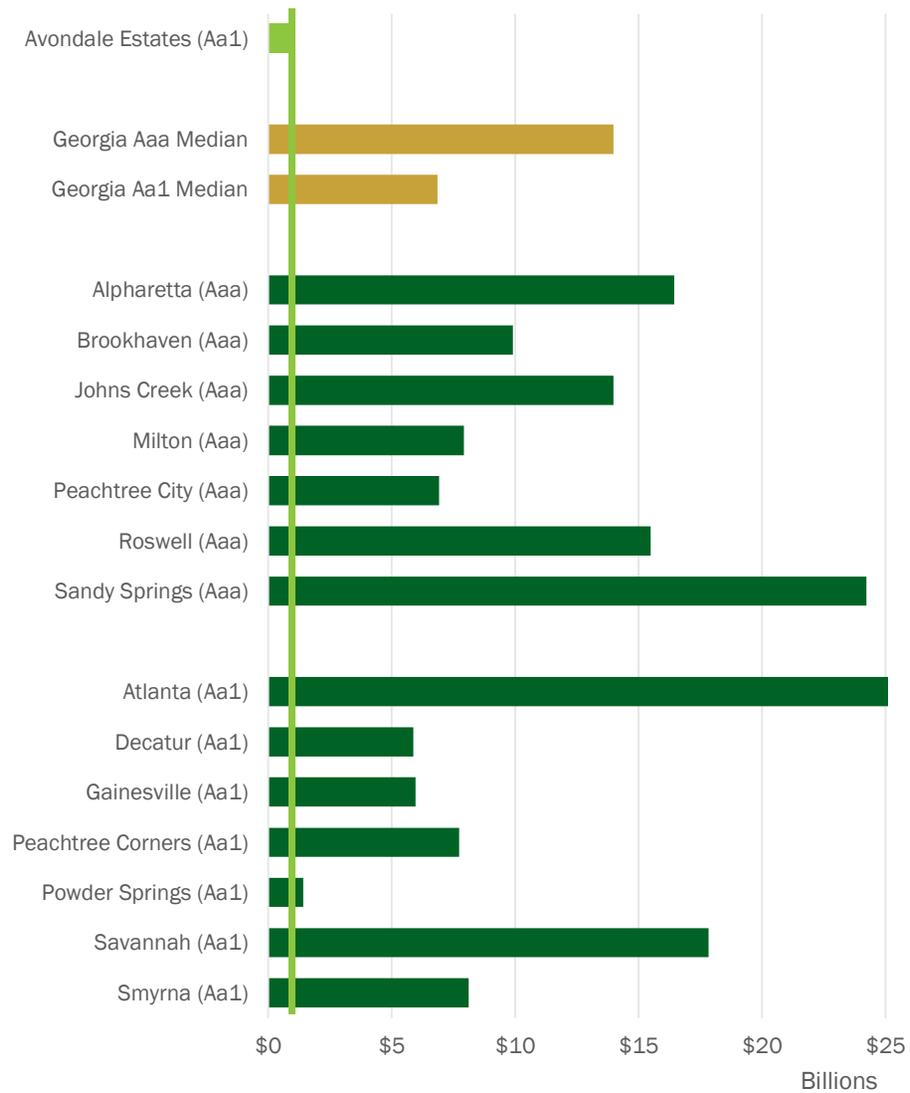
Of the 537 Aaa and Aa1 rated cities by Moody's in the country, the City is the 12th smallest.

Note: Sandy Springs, Atlanta and Savannah extends past 100,000.
Source: Moody's Financial Ratio Analysis (MFRA).

Moody's Peer Comparison – Full Value



Full Value



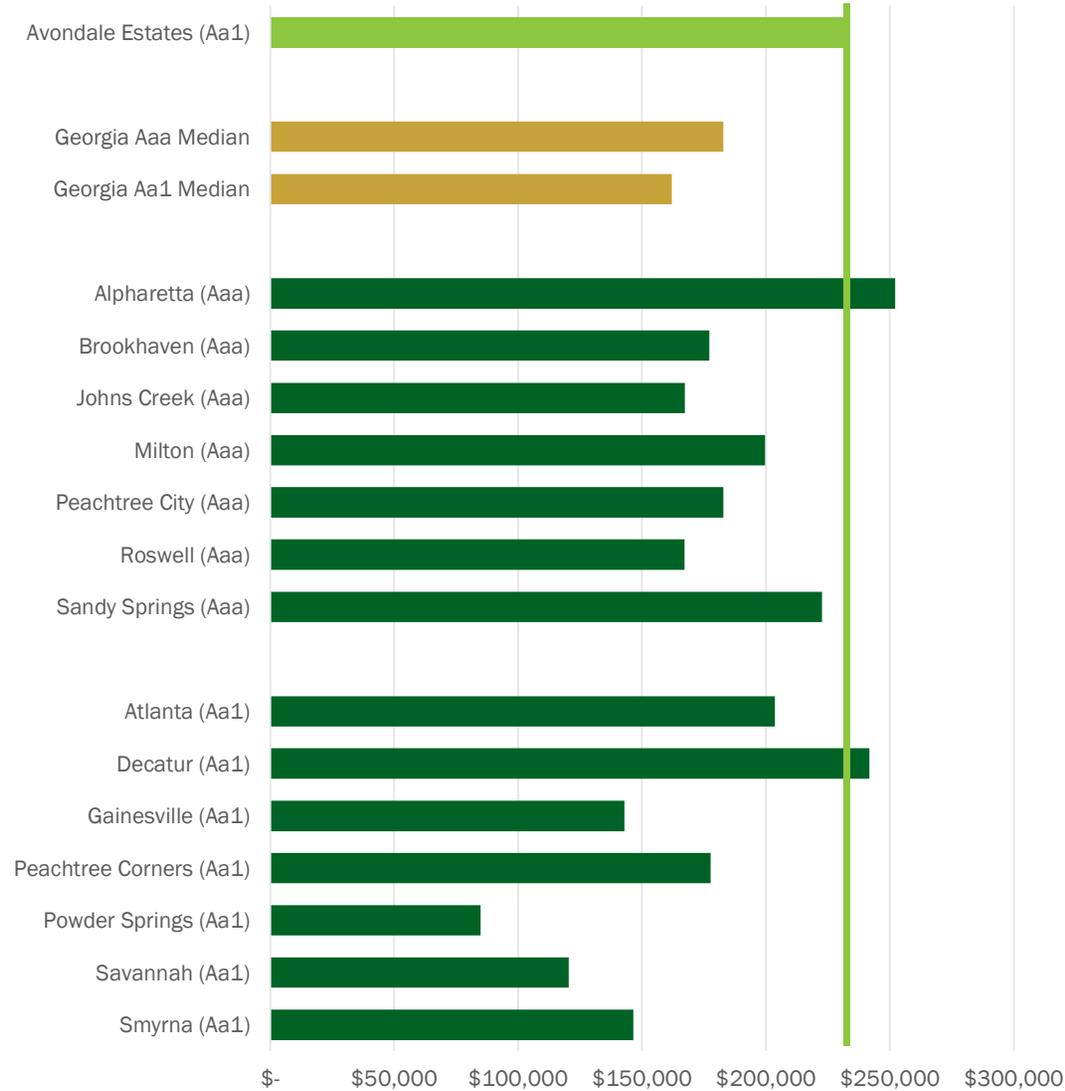
Of the 537 Aaa and Aa1 rated cities by Moody's in the country, the City has the smallest full value nationwide.

Note: Atlanta extends past \$25 Billion.
Source: Moody's Financial Ratio Analysis (MFRA).

Moody's Peer Comparison – Full Value per Capita



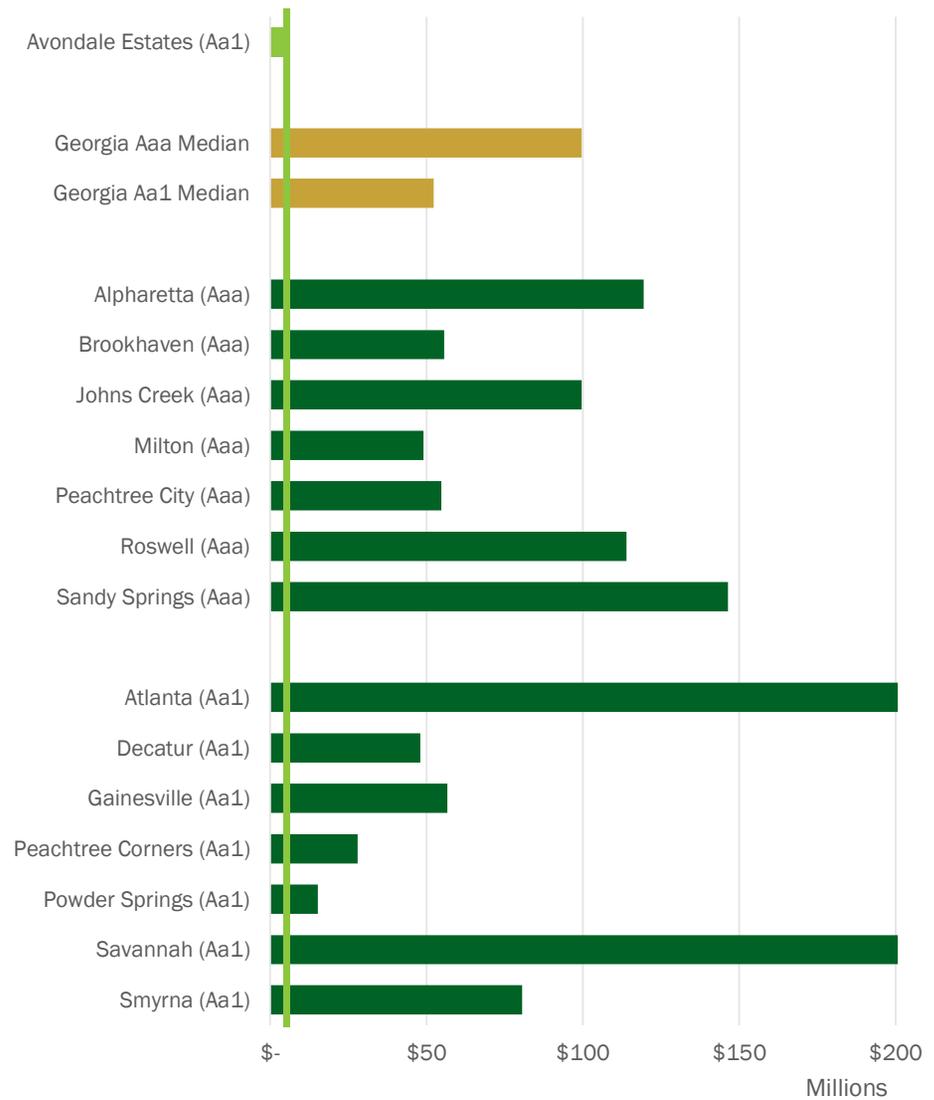
Full Value per Capita



Moody's Peer Comparison – Governmental Funds Revenues



All Governmental Funds Revenues



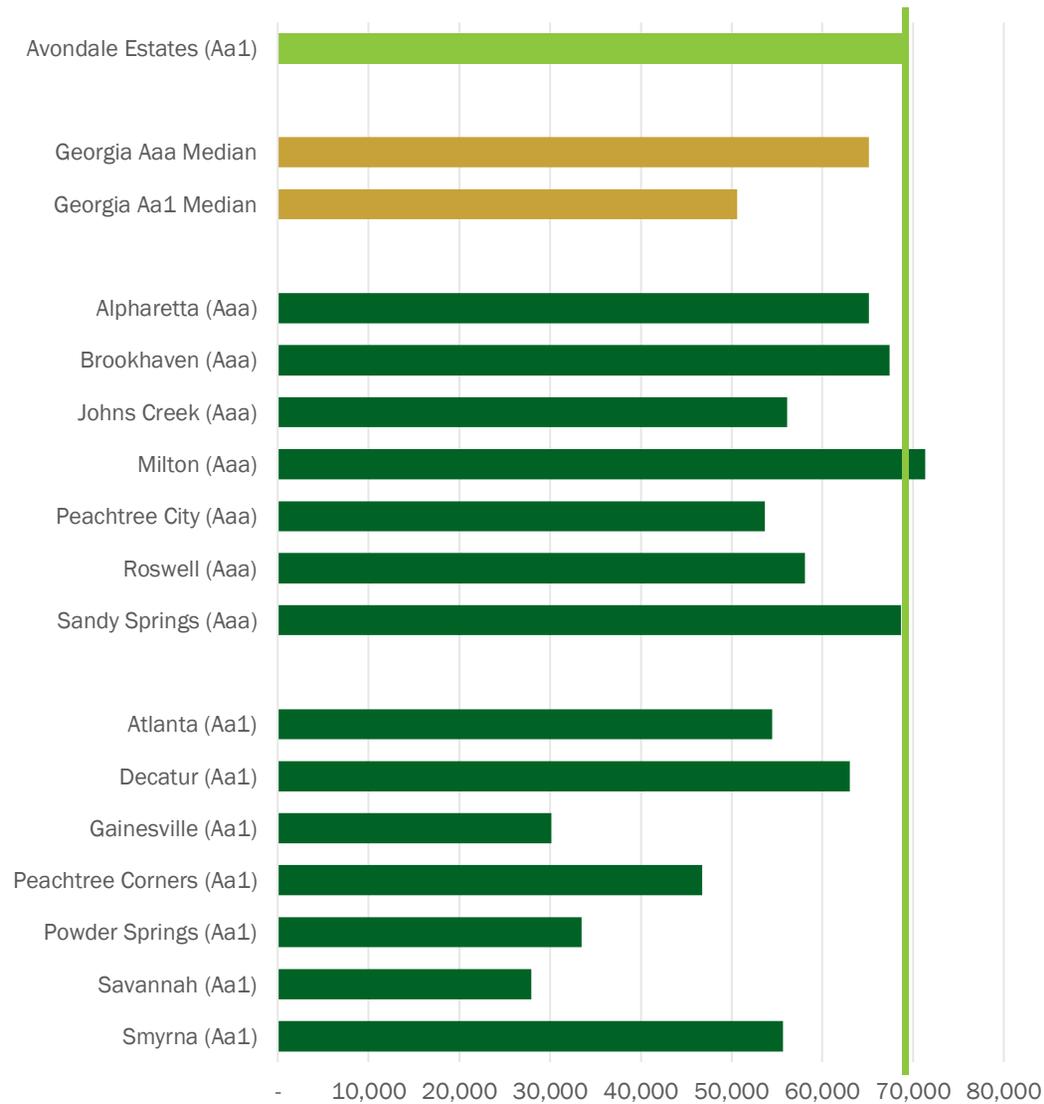
Of the 537 Aaa and Aa1 rated cities by Moody's in the country, the City has the 5th smallest Governmental Revenues.

Note: Atlanta and Savannah extends past \$200 Million.
Source: Moody's Financial Ratio Analysis (MFRA).

Moody's Peer Comparison – Per Capita Income



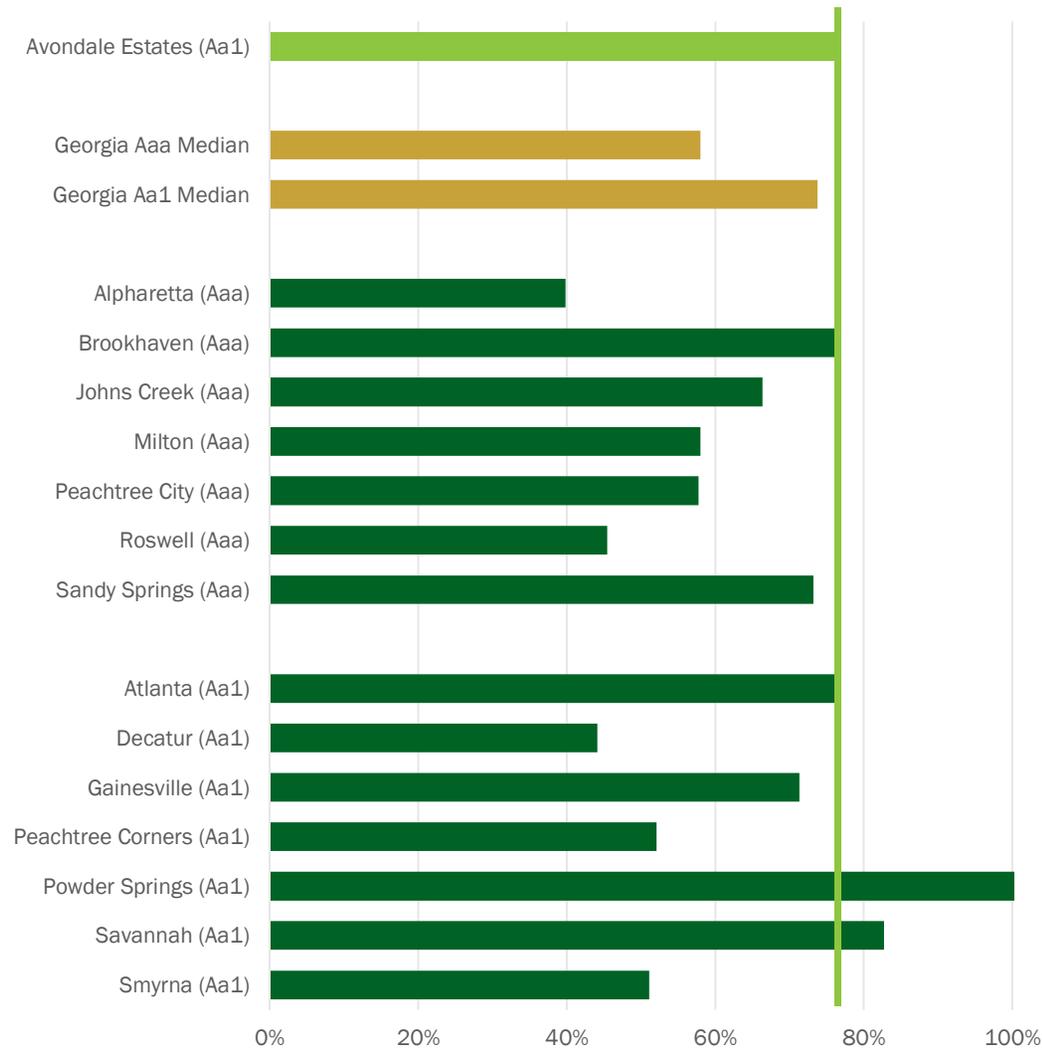
Per Capita Income



Moody's Peer Comparison – Available Fund Balance Ratio

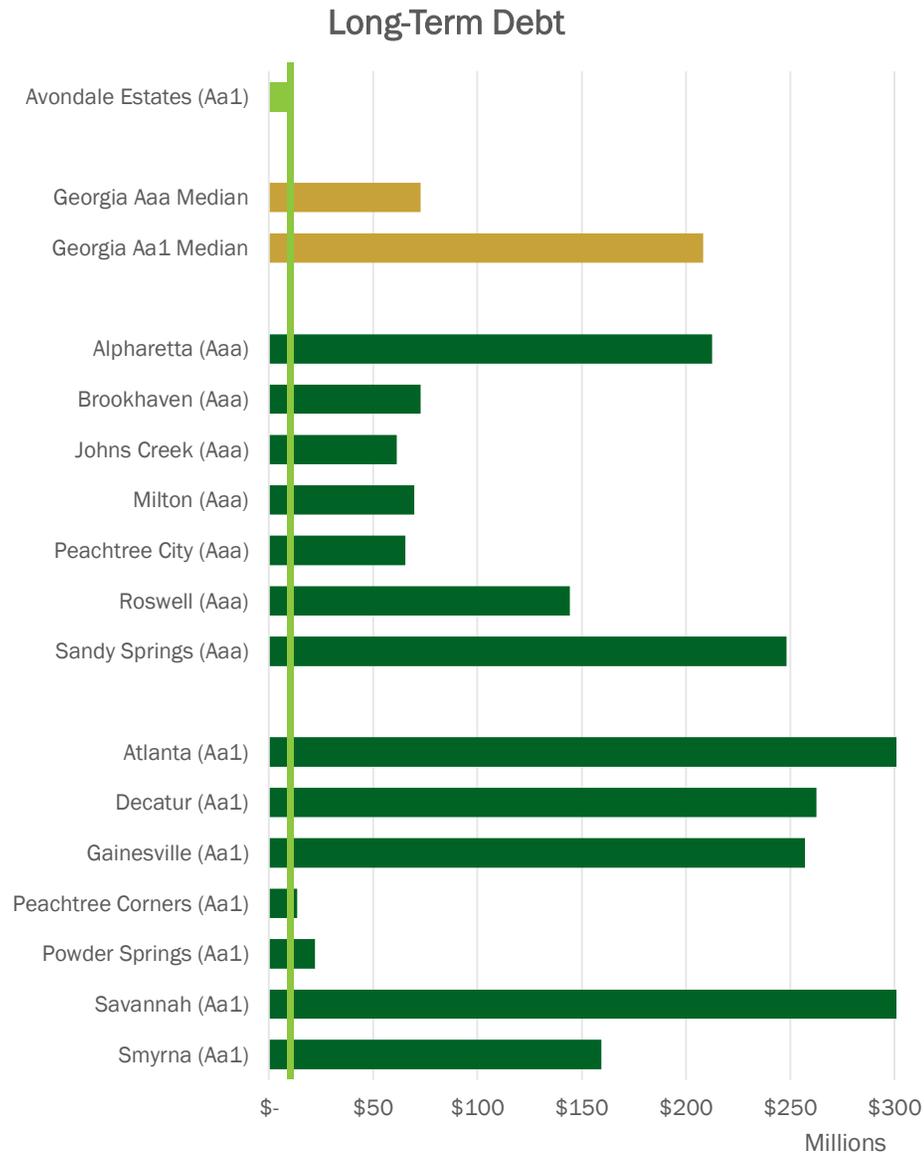


Available Fund Balance Ratio



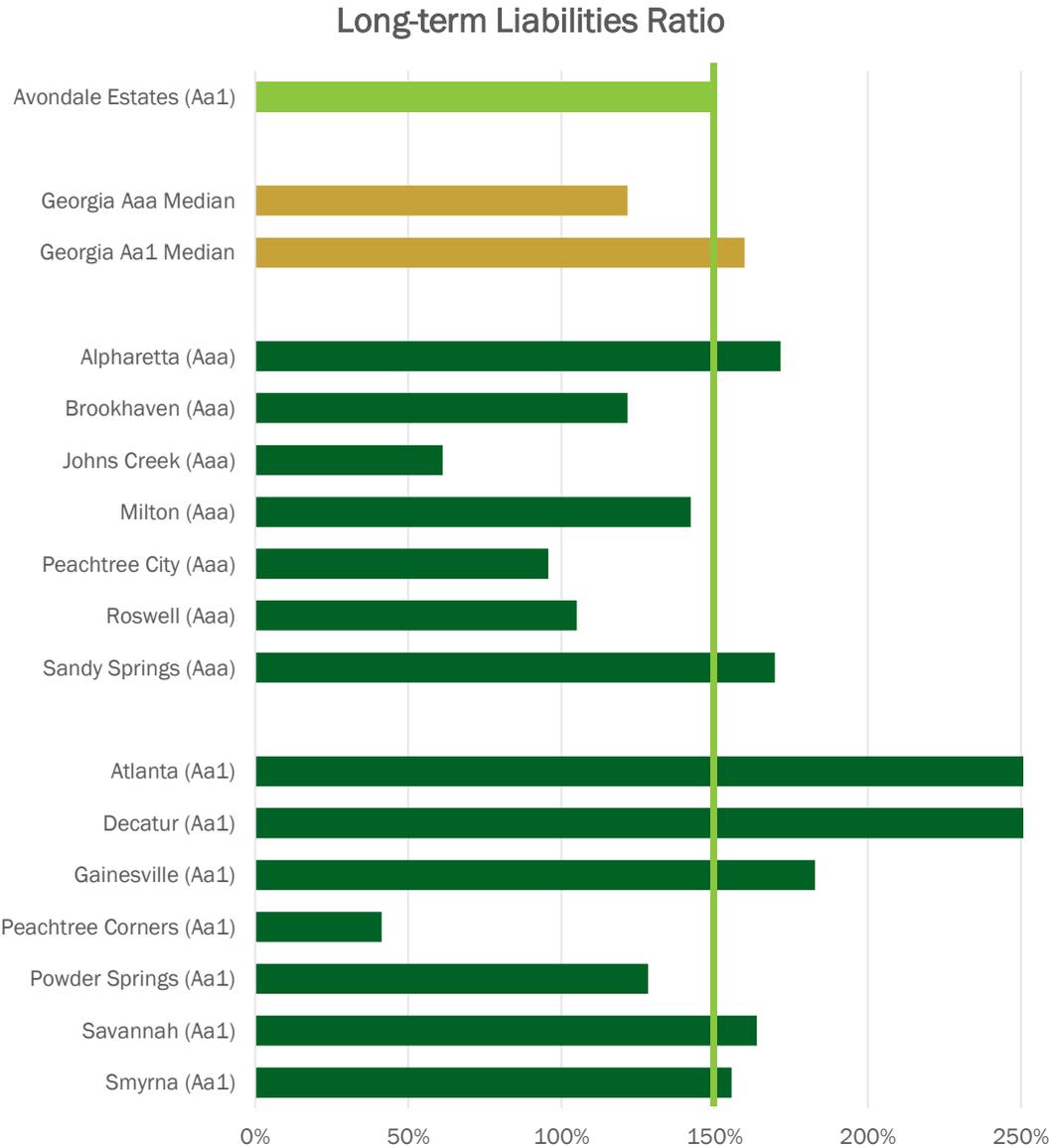
Note: Power Springs extends past 100%.
Source: Moody's Financial Ratio Analysis (MFRA).

Moody's Peer Comparison – Long-Term Debt



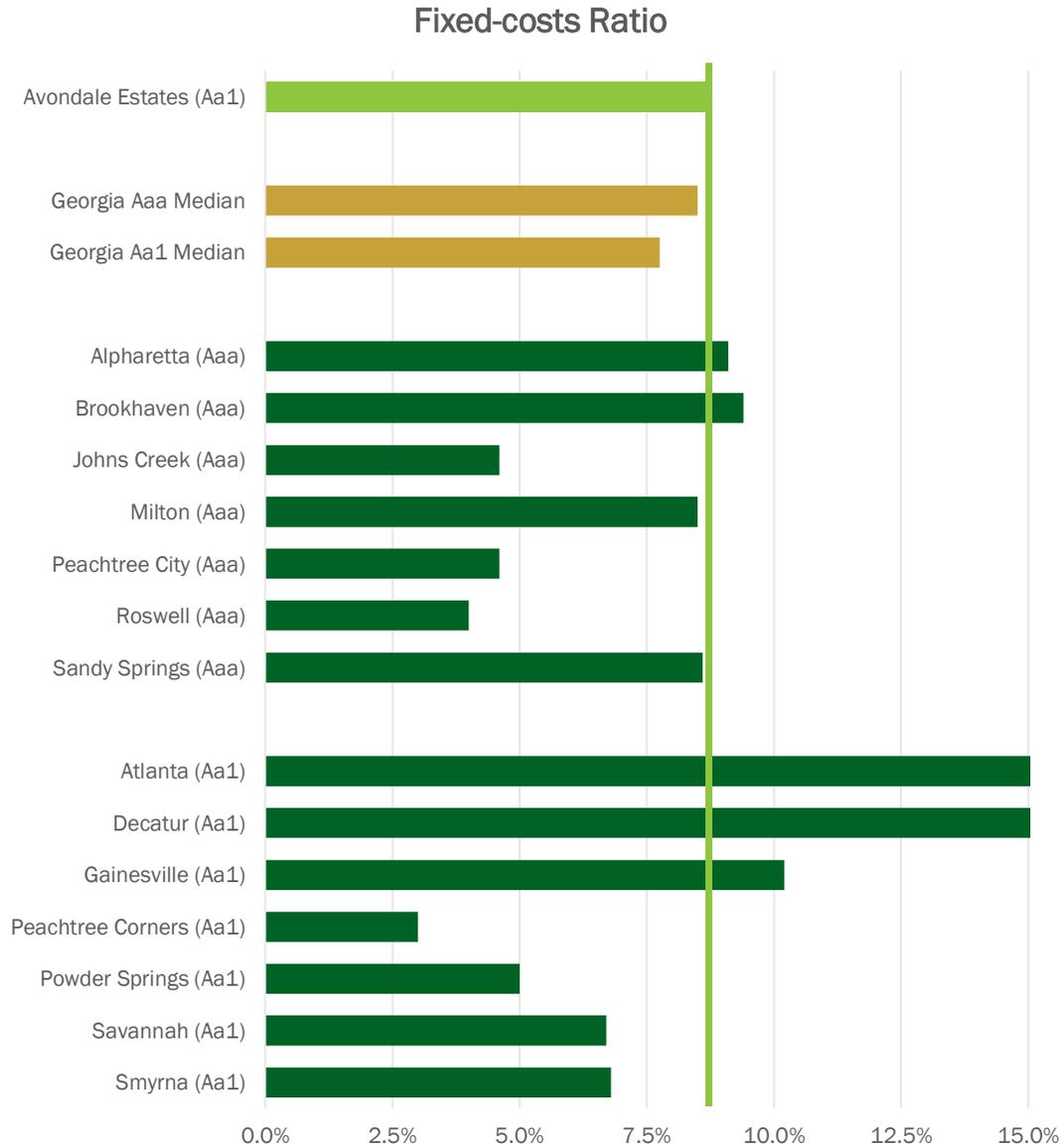
Note: Atlanta and Savannah extends past \$300 Million.
Source: Moody's Financial Ratio Analysis (MFRA).

Moody's Peer Comparison – Long-term Liabilities Ratio



Note: Atlanta and Decatur extends past 250%.
Source: Moody's Financial Ratio Analysis (MFRA).

Moody's Peer Comparison – Fixed-costs Ratio



Note: Atlanta and Decatur extends past 15.0%.
Source: Moody's Financial Ratio Analysis (MFRA).

Contact Information

Richmond — Headquarters

One James Center
901 East Cary Street,
Suite 1100,
Richmond, Virginia 23219

Atlanta Office

515 East Crossville Road
Suite 380
Roswell, Georgia 30075

Courtney Rogers

Senior Vice President

804-697-2902

crogers@investdavenport.com

Christopher Holt

Associate Vice President

404-922-7301

cholt@investdavenport.com

Ricardo Cornejo

First Vice President

404-865-4040

rcornejo@investdavenport.com

Doug Gebhardt

First Vice President

404-825-9467

dgebhardt@investdavenport.com

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