

New Early Childhood Center Funding and Financing

Dr. Lonita Broome
Chief Financial Officer

Regular Board Meeting
May 12, 2026





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



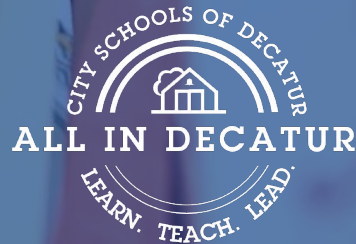
Organizational Effectiveness and Excellence

The CSD Sustainable Experience: Future Ready Classrooms



Finance Considerations

Exploring Additional Funding



Operational Costs





Start-up cost for new ECLC includes personnel and operational costs:

- Salaries and benefits for the principal and ½ year for a bookkeeper - \$246,248
- Operational costs (supplies, equipment, technology, security equipment) - \$1,344,736
- General fund budget only

MAJOR EXPENDITURE CATEGORIES	BUDGET
Instruction	\$ 391,280
Educational Media Services	1,881
School Administration	558,823
Maintenance and Operation	420,000
Safety & Security	184,000
Support Services - Central	25,000
Total Expenditures	\$1,580,984

FY2028 New ECLC Projected Budget General Fund



ECLC Tuition	FY28 Projection
Scholarship/free/CAPS	\$ 783,770
Full Tuition	1,014,750
Partial Tuition (Staff)	492,340
Total Tuition	\$2,290,860
MAJOR EXPENDITURE CATEGORIES	
Instruction	\$ 1,859,736
Pupil Services	151,016
Improvement of Instructional Services	186,280
School Administration	280,703
Maintenance and Operation	471,443
Safety & Security	52,000
Student Transportation Service	83,000
School Nutrition Program	125,000
Total Expenditures	\$3,209,178
Difference between Tuition & Expenditures	\$918,318
Reallocation of Frasier FY27 Budget	(857,196)
FY28 Anticipated Fiscal Impact*	\$ (61,122)

Assumptions:

10% increase in ECLC FY26 tuition		
Category	Full Tuition	Partial Tuition
Infants	\$21,041	\$10,310
Toddler	\$19,549	\$9,384

Scholarship/free/CAPS	25 infants full pay	25 infants partial pay
Full Tuition	25 infants full pay	25 toddlers full pay
Partial Tuition (staff)	25 infants partial pay.	25 toddlers partial pay

*FY28 Anticipated fiscal impact rounded to \$70,000

City Schools of Decatur, Georgia

Financing Options Update



May 12, 2026

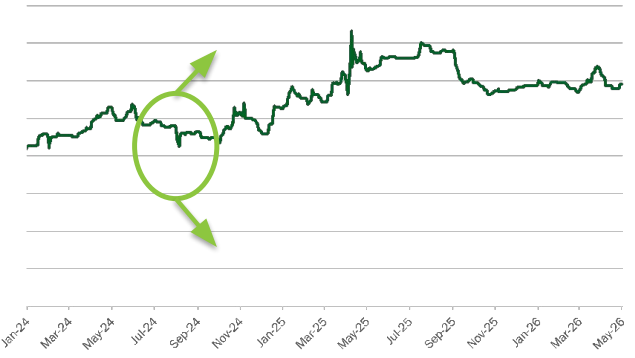
- Davenport & Company LLC (“Davenport”), in our capacity as financial advisor to the City Schools of Decatur (the “School District”), has been assisting in developing the Plan of Finance for upcoming capital projects and potential refinancing opportunities.
- Davenport & the School District have been pursuing an issuance through the Decatur Public Facilities Authority, a process that dates back to June 2025.
- Senate Bill 625 was passed, which potentially impacts the School District’s ability to utilize the Public Facilities Authority for the contemplated borrowing.
- At a special called meeting on April 27, the School Board requested that alternative financing options be explored. Enclosed herein is our findings.



Market Update

City Schools of Decatur, Georgia

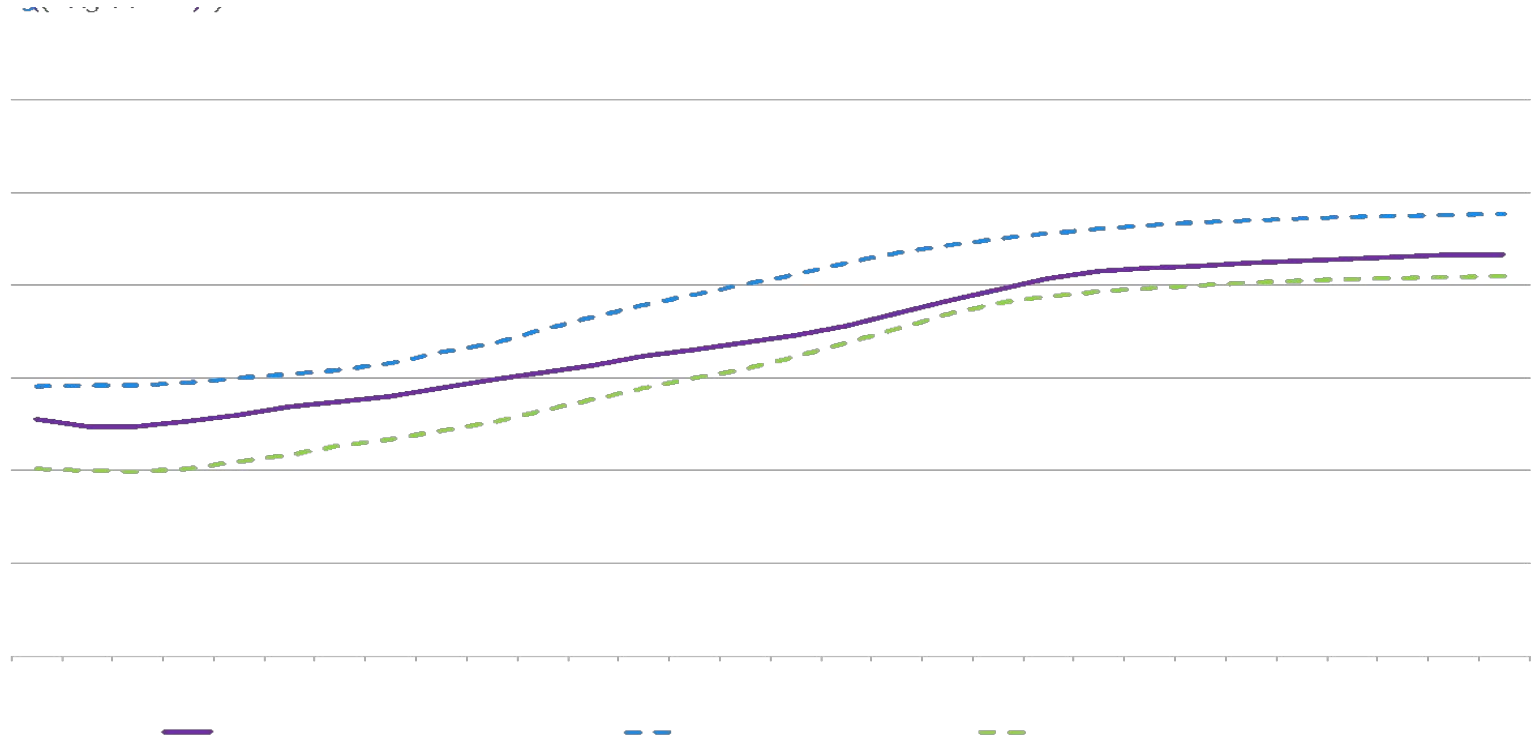
AAA Tax-Exempt 20-Year Interest Rate



AAA Tax-Exempt Interest Rates (January 2022 to Present)



Tax-Exempt Interest Rates – AAA MMD Yield Curve



AAA Tax-Exempt Interest Rates (July 2025 to Present)

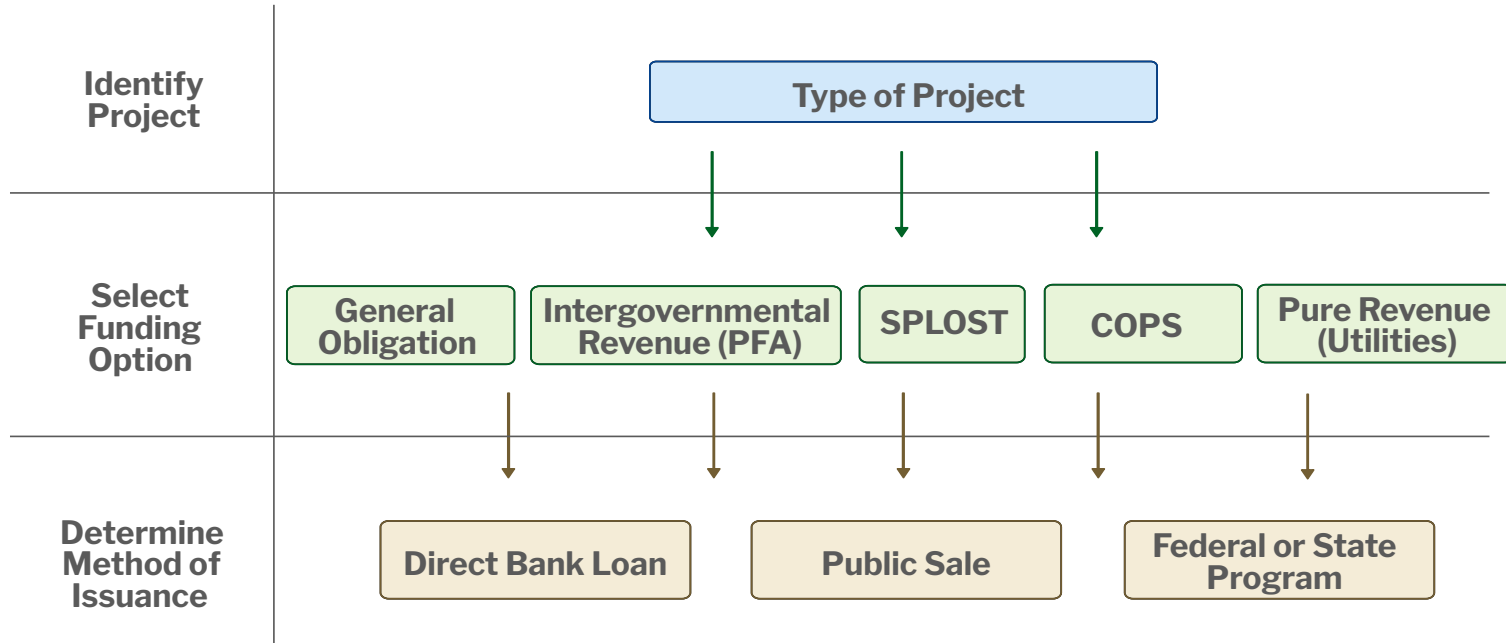




Financing Options Available

City Schools of Decatur, Georgia

Evaluating Financing Options / Method of Sale



First, the District would identify the project, then the District and Davenport would select the Financing Options and then the Method of Sale. Each type of Financing Option can be sold with either method of sale and vice versa.

Current Available Financing Options



- Based upon the project and facts on hand (i.e. \$22 million, 30 years, etc.), the School District has 3 main financing options which are below.
 - General Obligation Bonds
 - Public Facilities Authority
 - Certificates of Participation (COPS)

- Due to the cash flows, a SPLOST Bond issuance would not work at this time.

- The following pages contain a brief summary and a series of observations for each type of issuance.

GO Bond vs. PFA Bond vs. COPS Comparison



	GO Bond	PFA Bond	COPS
Issuer	City of Decatur	Public Facilities Authority	Typically GMA
Obligor	City of Decatur	Decatur Schools	Decatur Schools
Security	General Obligation Millage Rate; Full Faith & Credit	Intergovernmental Contract backed by Full Faith & Credit	Collateral & Annual Appropriations of the School Board
Project Eligibility	Any Lawful Capital Outlay Project as Defined in the Ballot Question	As Defined by the PFA's Authorizing Legislation	General Public Purpose Projects; Combined annual payments cannot exceed 7.5% of most recent local M&O Revenues
Referendum Required?	Yes	No (TBD)*	No
Validation Required?	Yes	Yes	No
Subject to Millage Rate Cap	No	Yes; Would have to come from M&O Millage	Yes; Would have to come from M&O Millage
Interest Rate / Credit Implications	Highest Possible Credit Rating; Impact of Issuance Falls on the City	Same Credit Rating as GO, interest rate approximately equal to GO Bond	Lower Credit Quality due to appropriation risk. Typically credit rating one notch below GO Rating resulting in higher interest rates.

Key Observations: General Obligation Bonds



- The School District does not have the power to issue General Obligation Bonds.

- The School District would have to request the City to call the referendum, issue the bonds and levy the tax on their behalf. The City Commissioners would have to approve this request.
 - Because the City would be the issuer, it would impact the City’s financial books and credit profile.

- General Obligation Bond repayment is through a dedicated millage rate that would be added to tax bill.

- The next potential referendum to get these bonds on the ballot is November 2026.
 - Consequently, the earliest potential closing would be early calendar year 2027.

Key Observations: PFA Bond



- The parameters for Public Facilities Bond has been **validated** in the court system.

- However, recently approved legislation (Senate Bill 625) stipulates that any School District project that **costs** greater than \$20 million would require a referendum.
 - Due to the estimated costs of the project, without going to referendum, would leave the School District with insufficient funding or with a materially different design.

 - Similar to the GO Bond, the next potential referendum is November 2026.

- The final pricing terms and condition would need to be formally approved by the Public Facilities Authority Board, which could pose a third party approval risk.

Key Observations: COPS Issuance



- The COPS issuance does not require a referendum nor validation.
- However, the School District does have to satisfy the required limitation tests to ensure that the issuance is within legal requirements such as the 7.5% which is outlined herein.
- In addition to borrowing \$22 Million for the ECLC, a COPS issuance cannot have “equity” in the project. Therefore, the borrowing will increase by roughly \$6 million (estimated appraised value, will be fine tuned once formal appraisal is received) to a total of \$28 million. These funds could be used to fund the FF&E associated with the ECLC and/or jump start the High School Projects.
- The credit rating for COPS is typically one notch below the GO Rating and the interest rate is typically higher due to the annual appropriation nature of the security.

For purposes of the balance of this presentation, Davenport has assumed a COPS issuance will be pursued by the School Board.



Series 2026 COPS Issuance

City Schools of Decatur, Georgia

Participants. The participants in the COPS transaction include:

1. City Schools of Decatur, which will serve as lessee of the Project (the “School District”)
2. Georgia Municipal Association, issuer of the COPS and holder of title to the Project (“GMA”)
3. Trustee under the indenture pursuant to which the COPS are issued
4. Raymond James & Company, Inc. as underwriter of the COPS
5. Murray Barnes Finister LLP, as bond and disclosure counsel
6. Davenport & Company LLC, as financial advisor
7. Wilson, Morton & Downs, as counsel to the School District
8. GMA, Underwriter and Trustee counsel

Structure. To facilitate the COPS transaction, the following legal documents and steps will occur (which is the typical structure for a COPS deal):

- The School District conveys the property on which the early childhood learning center is to be located (the “Property” and together with the improvements, the “Project”) to GMA
- GMA will lease the Project to the School District pursuant to an annual-appropriation lease (the “Lease”).
- The School District, as agent for GMA, will construct the Project and operate the Project
- The COPS will be issued pursuant to a trust indenture between GMA and the trustee.
- The COPS will be publicly offered to investors, and represent an ownership interest in the lease payments to be made by the School District to GMA under the Lease.
- As security for the payment of the COPS, the Lease and the lease payments will be assigned to the Trustee by GMA for the benefit of the owners of the COPS. Upon such assignment, GMA’s participation in the transaction will solely be to hold title to the Property.
- GMA also will grant a deed to secure debt on the Project in favor of the Trustee to further secure the payment of the COPS.
- The School District has previously issued COPS to finance improvements to the middle school and high school.

Why Real Estate Security is Required.

- Because of the annual-appropriation nature of a COPS transaction (where the borrower can walk away from the lease at the end of any year), investors also require a security interest in the project being financed by the COPS so that if there is a failure of the School District to appropriate or otherwise an event of default under the Lease, investors can exercise their remedies against the project for repayment of the COPS.
- In order to give investors confidence that the sizing of the borrowing is appropriate, an appraisal is required, and the financing roughly equals the value of the Property and the cost of the improvements.
- to assure that the investors will be able to exercise remedies against the Project, if required, investors require three things at closing: (a) an appraisal and survey of the Property; (b) a Phase I environmental assessment of the Property and (c) title insurance on the Property indicating that there are no liens or other “clouds of title” that would prevent the Trustee, on behalf of the investors, from exercising its security interest in the Project, if needed.
- The School District has obtained the appraisal, the survey and the Phase I, and will be responsible for obtaining the title insurance policy prior to closing.

Protection of Project Against Risk of Loss.

- Pursuant to the Lease, GMA will not be able to convey the property once it has been transferred by the School District to GMA.
- Upon the closing of the COPS transaction, GMA will assign all of its right, title and interest to the Lease to the Trustee for the benefit of the COPS investors.
- Upon the assignment by GMA’s rights in the Lease to the Trustee, the Lease becomes part of the Trust Estate securing the COPS and the Trustee is also expressly prohibited from disposing of the Project except in the situations permitted by the Lease (an event of non-appropriation or an event of default).
- The Lease further provides that upon the payment of the COPS, title to the Project will be conveyed by GMA to the School District.

Key Borrowing Assumptions



■ Davenport has used the following key assumptions:

- \$28 Million Project Fund;
 - \$22 Million ECLC Cost plus approximately \$6 million for the equity cash out.
- Closing June 25, 2026;
- Estimated Market Rates as of May 5, 2026;
- 2 Years Interest Only, Level Debt Service Structure Thereafter;
- 30-year Amortization;
- First semi-annual interest due November 1, 2026;
- First annual principal due May 1, 2029;
- Standard 10-Year Call Provision; and,
- 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	\$1,144,668	\$1,144,668
2028	0	1,346,669	1,346,669
2029	485,000	1,346,669	1,831,669
2030	510,000	1,322,419	1,832,419
2031	535,000	1,296,919	1,831,919
2032	560,000	1,270,169	1,830,169
2033	590,000	1,242,169	1,832,169
2034	620,000	1,212,669	1,832,669
2035	650,000	1,181,669	1,831,669
2036	680,000	1,149,169	1,829,169
2037	715,000	1,115,169	1,830,169
2038	750,000	1,079,419	1,829,419
2039	790,000	1,041,919	1,831,919
2040	830,000	1,002,419	1,832,419
2041	870,000	960,919	1,830,919
2042	915,000	917,419	1,832,419
2043	960,000	871,669	1,831,669
2044	1,005,000	823,669	1,828,669
2045	1,060,000	773,419	1,833,419
2046	1,110,000	720,419	1,830,419
2047	1,160,000	670,469	1,830,469
2048	1,215,000	618,269	1,833,269
2049	1,270,000	563,594	1,833,594
2050	1,325,000	504,856	1,829,856
2051	1,390,000	443,575	1,833,575
2052	1,450,000	379,288	1,829,288
2053	1,520,000	310,413	1,830,413
2054	1,595,000	238,213	1,833,213
2055	1,670,000	162,450	1,832,450
2056	1,750,000	83,125	1,833,125
Total	\$27,980,000	\$25,793,875	\$53,773,875

Sources

Par Amount	\$27,980,000
Premium	829,956
Total Sources	\$28,809,956

Uses

Project Fund	\$28,000,000
Cost of Issuance	600,000
Underwriter's Discount	209,850
Additional Proceeds	106
Total Uses	\$28,809,956

All-In True Interest Cost: 4.77%

Aggregate Debt Service



Aggregate Debt Service							
Fiscal Year	Series 2014 COPS	Series 2020 ISA	Series 2020B URA Bond*	Public Works Building Lease	Short-Term Leases	2026 COPS	Total Aggregate Debt Service
2027	\$1,106,538	\$558,898	\$361,215	\$145,926	\$812,619	\$1,144,668	\$4,129,863
2028	1,105,025	560,664	367,215	145,926	812,619	1,346,669	4,338,117
2029	1,107,200	562,251	367,765	145,926	476,809	1,831,669	4,491,620
2030	1,109,200	563,659	368,015	143,292	0	1,832,419	4,016,584
2031	1,107,075	554,888	362,965	143,086	0	1,831,919	3,999,933
2032	1,108,100	556,117	363,035	142,607	0	1,830,169	4,000,027
2033	1,107,700	557,167	367,515	148,767	0	1,832,169	4,013,317
2034	1,105,875	558,038	366,480	153,567	0	1,832,669	4,016,628
2035	1,107,625	553,730	0	157,047	0	1,831,669	3,650,070
2036	1,107,306	554,332	0	158,247	0	1,829,169	3,649,054
2037	1,105,750	554,756	0	159,247	0	1,830,169	3,649,921
2038	1,107,956	0	0	160,047	0	1,829,419	3,097,422
2039	1,108,719	0	0	165,724	0	1,831,919	3,106,362
2040	1,108,038	0	0	169,844	0	1,832,419	3,110,300
2041	1,109,788	0	0	170,684	0	1,830,919	3,111,390
2042	1,104,838	0	0	169,284	0	1,832,419	3,106,540
2043	1,108,400	0	0	170,724	0	1,831,669	3,110,793
2044	1,105,050	0	0	169,884	0	1,828,669	3,103,603
2045	0	0	0	170,844	0	1,833,419	2,004,263
2046	0	0	0	169,624	0	1,830,419	2,000,043
2047	0	0	0	0	0	1,830,469	1,830,469
2048	0	0	0	0	0	1,833,269	1,833,269
2049	0	0	0	0	0	1,833,594	1,833,594
2050	0	0	0	0	0	1,829,856	1,829,856
2051	0	0	0	0	0	1,833,575	1,833,575
2052	0	0	0	0	0	1,829,288	1,829,288
2053	0	0	0	0	0	1,830,413	1,830,413
2054	0	0	0	0	0	1,833,213	1,833,213
2055	0	0	0	0	0	1,832,450	1,832,450
2056	0	0	0	0	0	1,833,125	1,833,125
Total	\$19,930,181	\$6,134,495	\$2,924,205	\$3,160,298	\$2,102,047	\$53,773,875	\$88,025,101



Preliminary Timetable / Next Steps

City Schools of Decatur

Preliminary Financing Timeline



Date	Action
May 12	Regularly Scheduled Board of Education Meeting – Davenport to present Plan of Finance. Board of Education to approve Authorizing Resolution and approval to move forward with COPS financing.
Late May	Rating Agency Discussions
June 2	Regular Board of Education Meeting – Board to approve near final form bond documents including Preliminary Official Statement.
On/Around June 4	Mail / Post Preliminary Official Statement
June 15	Bond Sale
June 16	Special Called Board of Education Meeting – Davenport to present pricing results / recommendation. Board of Education to approve sale results, School Board Resolution and other documents, as necessary.
June 17-24	Distribution of Final Documents/Closing Memo
June 25	Closing

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The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

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Existing Debt Gap Funding Public-Private Partnerships



Existing Debt

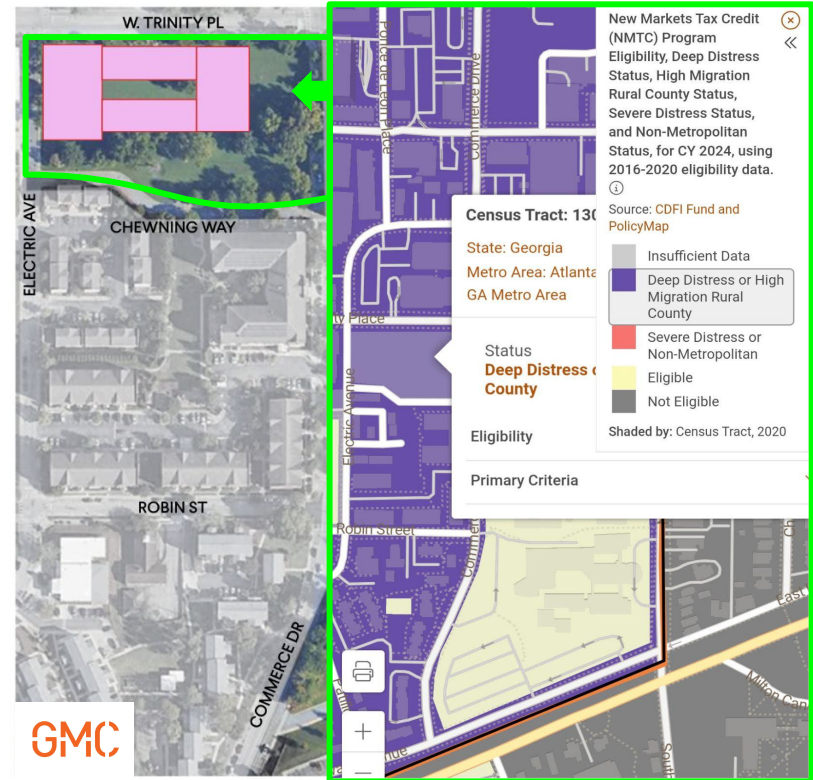


Type of Debt	Balance	Description
COPS Series 2014	\$19,930,181	<ul style="list-style-type: none">• Finance the acquisition and construction of school buildings and facilities
COPS Series 2020	\$6,134,495	<ul style="list-style-type: none">• Refinance the outstanding Series 2010 Certificates of Participation
COPS Series 2020B	\$2,924,205	<ul style="list-style-type: none">• Partially refund the Series 2013B (construction of central administration facility)
Lease	\$3,160,298	<ul style="list-style-type: none">• Maintenance Facility
Short-term Lease	\$2,102,047	<ul style="list-style-type: none">• Technology Equipment
TOTAL	\$34,251,226	

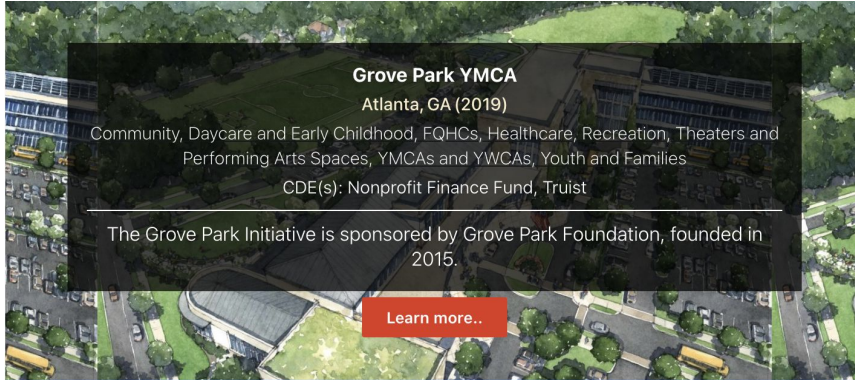
Gap Funding



The **New Markets Tax Credit (NMTC)** program has successfully supported [hundreds of national and local community-based youth and early learning projects](#), by providing low-cost financing for the construction of childcare facilities in underserved areas. Currently, the location of the new ECLC project is in an eligible low-income census tract, qualifying CSD for NMTC support. To date, a multi-million dollar soft commitment of **NMTC allocation** has been secured, with increased interest developing, which may result in an estimated \$2M - \$4M in overall gap funding for the project.



Local Georgia NMTC Spotlights



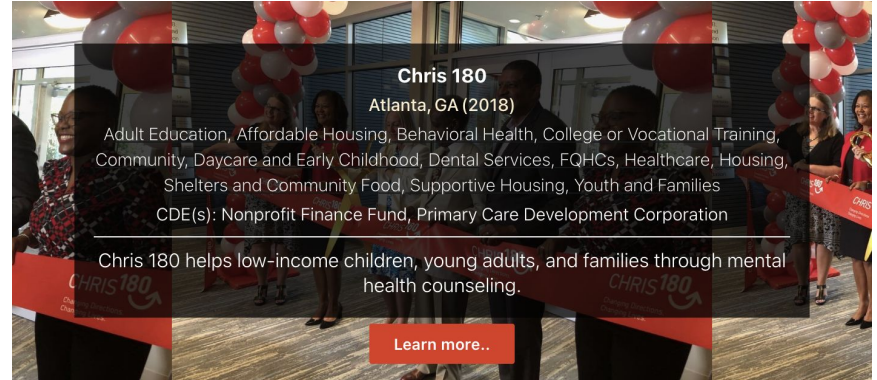
Grove Park YMCA
Atlanta, GA (2019)

Community, Daycare and Early Childhood, FQHCs, Healthcare, Recreation, Theaters and Performing Arts Spaces, YMCAs and YWCAs, Youth and Families

CDE(s): Nonprofit Finance Fund, Truist

The Grove Park Initiative is sponsored by Grove Park Foundation, founded in 2015.

[Learn more..](#)



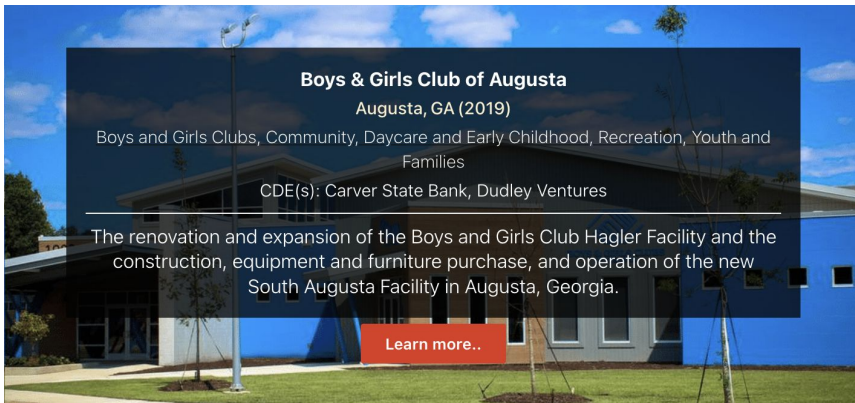
Chris 180
Atlanta, GA (2018)

Adult Education, Affordable Housing, Behavioral Health, College or Vocational Training, Community, Daycare and Early Childhood, Dental Services, FQHCs, Healthcare, Housing, Shelters and Community Food, Supportive Housing, Youth and Families

CDE(s): Nonprofit Finance Fund, Primary Care Development Corporation

Chris 180 helps low-income children, young adults, and families through mental health counseling.

[Learn more..](#)



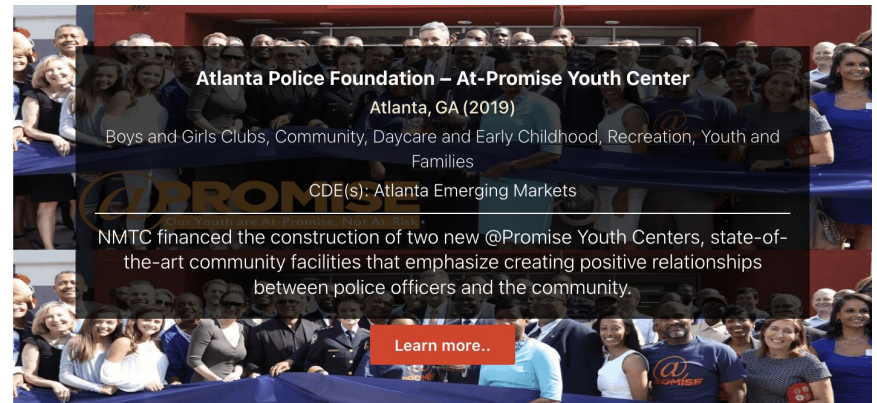
Boys & Girls Club of Augusta
Augusta, GA (2019)

Boys and Girls Clubs, Community, Daycare and Early Childhood, Recreation, Youth and Families

CDE(s): Carver State Bank, Dudley Ventures

The renovation and expansion of the Boys and Girls Club Hagler Facility and the construction, equipment and furniture purchase, and operation of the new South Augusta Facility in Augusta, Georgia.

[Learn more..](#)



Atlanta Police Foundation – At-Promise Youth Center
Atlanta, GA (2019)

Boys and Girls Clubs, Community, Daycare and Early Childhood, Recreation, Youth and Families

CDE(s): Atlanta Emerging Markets

NMTC financed the construction of two new @Promise Youth Centers, state-of-the-art community facilities that emphasize creating positive relationships between police officers and the community.

[Learn more..](#)

Public-Private Partnerships



In 2025, the U.S. Chamber of Commerce Foundation reported that [public-private partnerships](#) are fueling childcare innovation across the nation. **Public-Private Partnerships** offer viable way to collaboratively generate revenue, share costs, and sustainably support the New Early Childhood Learning Lab, which serves the following community needs:

- an **early childhood innovation** hub,
- a **workforce development** strategy,
- a **family support** ecosystem,
- an **educational equity investment**,
- and a **long-term economic development initiative** for the City of Decatur.

The multiplying power of this inclusive vision is what creates excitement, makes public-private partnership investment compelling, and drives sustainability.



Questions?

