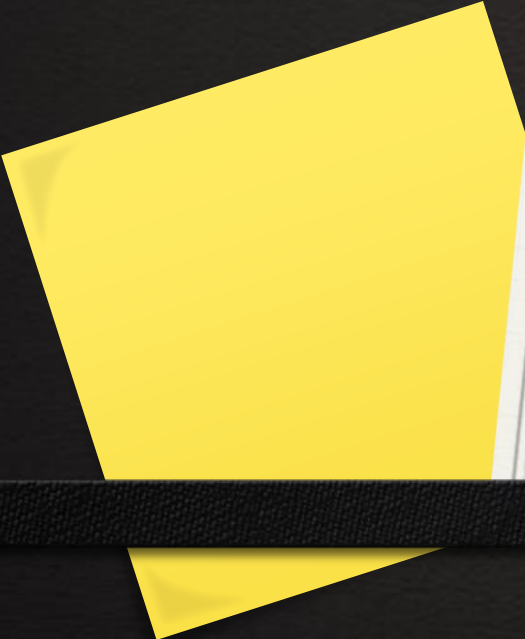




Royston
roystonrobertson.co.uk

“We did put aside money for a rainy day, but we were thinking less torrential downpour and more scattered showers with a chance of some sunshine.”

A bright yellow sticky note is partially visible on the left side of the image, overlapping the white card.

Shotguns, Flags and Whodunnits

SRF 101: Loan Review – Enhanced Credit Review
Minnesota Public Facilities Authority
Oklahoma Water Resources Board

What we'll talk about today...

o Who We Are/What We Do



o Application Review and Requirements

- o *Security*
- o *Financial Review*
- o *Other Considerations*
- o *Red Flags*
- o *Monitoring of Existing Loans*
- o *Whodunnits*



Security

The *North Star State's* Double-Barreled Security

- o G.O. Revenue or G.O. Improvement Note
- o Ability to issue G.O. note required



The *Sooner State's* Debt Coverage Ratio Requirement



- o Specific Collateral Pledged
- o Ability to levy a tax is not required

Financial Review

- Audits (Net Income, Opinion, Findings)
- Financial Plan (Cost of Project, Ability to Repay)
- Existing Debt
- Cash Flow
- Past and Proposed Rates



Other Considerations



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- Trends
 - Population/Age
 - Income
 - Industry
 - Connections
- Applicant Leadership
 - Old vs. New Leadership
 - Communication
- Potential for non-SRF funding

Red Flags

- Limited capacity of gov't. entity
- Engineer driven project & push to have loan “now”
- Temporary financing
- Limited public awareness
- Unrealistic assumptions
- Declining everything
- Heavy debt burden
- Divided town or council
- Smell test?



Monitoring of Existing Loan

- o Desk Reviews
 - o Audit reviews/user rates/compliance with covenants
 - o Follow-up as needed
- o Debt Service Payments
 - o Reminders
 - o Tracking and follow-up
- o Communicate



WHODUNNIT?





Questions?

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