

Response to John Gerner requesting documentation to support statements made in December 14th presentation on Credit Rating / Debt Capacity Implication of the Navy Hill Project

Mr. Gerner on December 7 requested input on the impact of the non-recourse revenue bonds on the City's constitutional debt limit, the City's self-imposed debt limits, and ratings so as to limit its ability to issue general obligation bonds. Attorneys at the meeting answered his question about the constitutional debt limits. Davenport & Company, the City's financial advisor, provided a clear response on December 14 to Mr. Gerner's other questions. Mr. Gerner has now asked for documentation to support that professional conclusion provided by Davenport & Company. Davenport & Company, and specifically, David Rose, Roland Kooch and Jimmy Sanderson are licensed municipal advisors with the Securities Exchange Commission and the Municipal Securities Rulemaking Board. They have a combined 80 years of experience as municipal advisors and have worked on thousands of credit ratings for local governments. These conclusions are based on their direct experience and knowledge of each rating agency's current criteria. Identical to the legal conclusion regarding the constitutional debt limit that were provided verbally to Mr. Gerner at the December 14 meeting.

It should be noted that Mr. Gerner has continued to imply that he is a professional as it relates to the proposed bond transaction. We would like to stress the dangers of suggesting expertise in an area that requires specialized knowledge and licensing by federal regulatory entities. Mr. Gerner has made comments that, at a minimum, suggest that he provides similar services to other municipalities. A quick check on the following website, <http://msrb.org/MARegistrants.aspx>, does not show that Mr. Gerner is currently a licensed municipal advisor. We would like to remind the Commission that Mr. Gerner lacks the training, licenses, and expertise to provide advice or recommendations related to the municipal securities transactions being proposed and his advice should be viewed through that lens.

Supporting Documents for Davenport Presentation

From: John Gerner [mailto:johngerner@navyhillcommission.org]

Sent: Monday, December 16, 2019 5:07 PM

To: Sledge, Leonard L. - DED <Leonard.Sledge@richmondgov.com>

Cc: Brown, Meghan K. - Council Chief of Staff Office <Meghan.Brown@richmondgov.com>; Pierce Homer <piercehomer@navyhillcommission.org>

Subject: Supporting Documents for Davenport Presentation

On Page 3 of the planned December 14th Davenport presentation on the Credit Rating / Debt Capacity Implications of the Navy Hill Project, there are these statements:

"Moody's Investors Service does not consider the proposed Non-Recourse Revenue Bonds to be a part of the long-term liability of the City or a credit negative."

"Standard & Poor's does not consider the proposed Non-Recourse Revenue Bonds to be a part of the long-term liability of the City or a credit negative."

Please provide the documentation supporting these statements.

Best regards,

John Gerner

Vice Chair

Navy Hill Development Advisory Commission

Re: Supporting Documents for Davenport Presentation

From: Sledge, Leonard L. - DED <Leonard.Sledge@richmondgov.com>

Sent: Friday, December 20, 2019 10:58 AM

To: John Gerner <johngerner@navyhillcommission.org>

Cc: Brown, Meghan K. - Council Chief of Staff Office <Meghan.Brown@richmondgov.com>; Pierce Homer <piercehomer@navyhillcommission.org>; Welch, Matthew A. - DED <Matthew.Welch@Richmondgov.com>

Subject: RE: Supporting Documents for Davenport Presentation

Mr. Gerner,

Please see the attached response to your request for documentation to support statements made during the December 14th presentation on Credit Rating/Debt Capacity.

Best regards,
Leonard

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Fw: Supporting Documents for Davenport Presentation

John Gerner

Fri 12/20/2019 11 51 AM

To: Mark Gordon <markgordon@navyhillcommission.org>; Pierce Homer <piercehomer@navyhillcommission.org>; Grindly Johnson <grindlyj@navyhillcommission.org>; Suzanne Long <suzannelong@navyhillcommission.org>; Dr. Hakim Lucas <hjlucas@navyhillcommission.org>; Mimi Sadler <mimisadler@navyhillcommission.org>; Michael Schewel! <michael.schewel@navyhillcommission.org>; Corey Walker <coreydbwalker@navyhillcommission.org>
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Bcc: John Gerner <johngerner@gmail.com>

■ 1 attachments (405 KB)

Response to John Gerner requesting documentation to support statements made in December 14th presentation on Credit Rating.pdf;

Please see attached response. To be clear, my consulting firm (Leisure Business Advisors LLC) is not a licensed municipal advisor. It has occasionally provided financial analysis to municipalities as part of its consulting services. One example was for the Greene County Department of Economic Development, Tourism and Planning. That report is available at:

<http://greenegovernment.com/wp-content/uploads/2013/03/LBAFinalReport1.pdf>

Thanks,

John

John Gerner

Vice Chair

Navy Hill Development Advisory Commission