



Dorian Pelts the Carolinas

- Hurricane Dorian pelted the Carolinas making landfall over Cape Hatteras as a category one storm Friday morning. We have few concerns around any of the impacted counties from a credit perspective. Coastal areas across the Southeast tend to hold a surplus of cash reserves in the event of storms.
- Two of the impacted areas, Wilmington and Dare County, N.C., for example, hold \$51.7 million and \$31.2 million in cash reserves on their books, respectively, according to their most recently published CAFR, which equates to a strong 59% and 30% of their general fund expenditures. The added cash will be used immediately for overtime pay for emergency personnel before the cleanup effort begins.
- Trump approved a federal disaster declaration for North Carolina Tuesday night, which will hasten the availability of FEMA funds for impacted areas. As we have seen with previous storms, FEMA has typically absorbed approximately 75% of the added storm-related costs with the local municipality covering the balance.

10-Year AAA Tax-Free Municipal Yield



Source: Bloomberg

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