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Warren County School District

Qualified Zone Academy Bonds ("QZAB")

Parameters Debt Incurrence

April 11, 2011

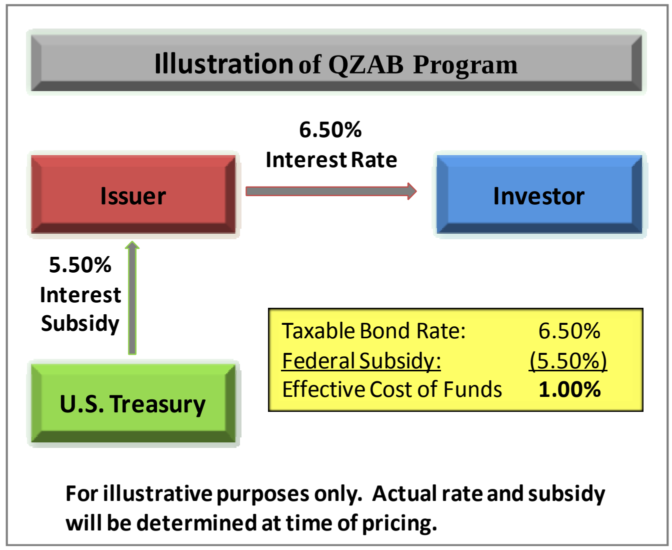
WARREN COUNTY SCHOOL DISTRICT

March 28, 2011

1) Qualified Zone Academy Bond Program ("QZABs")

a) Federal program allocated $112,391,000 to Pennsylvania School Districts
- To be used for renovation, equipment, repair or rehabilitation of facilities
- May be used for up-to-date technology if intended use can be classified as a capital asset
- State Public School Building Authority will be the conduit issuer

b) Warren County SD applied for QZABs
- District **applied** for $17,700,000 for Beaty-Warren Middle School and $18,483,200 for Eisenhower Middle / High School (a total of $36,183,200)
- PDE **awarded** $11,500,000 for Beaty-Warren Middle School and $12,000,000 for Eisenhower Middle / High School (a total of $23,500,000 or 65% of requested amount)
- Potential "clean up" issue of tax exempt bonds needed



c) QZABs are very similar in concept to the Qualified School Construction Bond Program
- District issues taxable debt and receives Federal subsidy (both of which are set at time of pricing)

d) Combination of high Federal Subsidy along with sinking fund investment earnings will generally allow Districts to borrow at near 0%

e) Maximum Maturity is set by Treasury at pricing
- Assumed maximum maturity is currently 15 years (has been 14-19 years)

f) 100% of proceeds must be spent within 3 years.
- And at least 10% of the proceeds are required to be under contract within 6 months of the settlement date of the QZABs ($2,350,000)

g) Bond Proceeds will require a requisition process

h) Project costs incurred after 2/21/10 can be reimbursed within 18 months

i) District still eligible to apply for PlanCon reimbursement and Academic School Construction Exception (60% Exception)

j) Investor buys a taxable bullet maturity in 15 years
- District will deposit annual principal payments into a sinking fund to be used to pay the bondholder at maturity
- District will receive interest earnings on their annual principal sinking fund balance for the full term

k) Major difference is **Private Contribution Requirement**
- District must enter into a partnership with a private entity in which the partner must contribute at least 10% of the proceeds of the bond issue (can be cash or services in kind)

QZAB
WARREN COUNTY SCHOOL DISTRICT
QUALIFIED ZONE ACADEMY BOND PROGRAM
SERIES OF 2011

Estimated:

Dated:	5/23/2011
Settlement:	5/23/2011
Maximum Maturity:	15 years
Final Maturity:	9/1/2025
Par Amount:	$23,500,000
First Interest Payment:	9/1/2011
Principal Due	September 1
Taxable Coupon	6.500%
Tax Credit Rate	5.500%
Assumed Investment Rate:	2.000% [1]

AR%	73.00% (2010-11)
PE%	20.00% (Estimated)

15 YEAR WRAP AROUND DEBT SERVICE STRUCTURE

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	BONDHOLDER INFORMATION			**FEDERAL SUBSIDY**		**ESTIMATED SINKING FUND INFORMATION**				**ISSUER NET PAYMENT STRUCTURE**				**TOTAL LOCAL EFFORT**	
Loan Payment Date	Principal	Taxable Coupon	Interest	Federal Reimbursement Rate	Federal Interest Reimbursement	Gross Principal Sinking Fund Required	Less: Sinking Fund Income	Net Sinking Fund Deposit	Principal Sinking Fund Balance	(4+6+9) Semi-Annual Net Payments	Annual Net Payments	Less: State Aid	Annual Estimated Local Effort	Existing Local Effort	Total Local Effort
							2.000% [1]								
9/1/2011		6.500	475,222.22	5.500	(402,111.11)					73,111.11					
3/1/2012			763,750.00		(646,250.00)					117,500.00	190,611.11	(27,829.22)	162,781.89	2,441,321.69	2,604,103.58
9/1/2012		6.500	763,750.00	5.500	(646,250.00)	5,000.00		5,000.00	5,000.00	122,500.00					
3/1/2013			763,750.00		(646,250.00)				5,000.00	117,500.00	240,000.00	(35,040.00)	204,960.00	2,441,391.40	2,646,351.40
9/1/2013		6.500	763,750.00	5.500	(646,250.00)	5,000.00	(100.00)	4,900.00	10,000.00	122,400.00					
3/1/2014			763,750.00		(646,250.00)				10,000.00	117,500.00	239,900.00	(35,025.40)	204,874.60	2,439,868.85	2,644,743.45
9/1/2014		6.500	763,750.00	5.500	(646,250.00)	795,000.00	(200.00)	794,800.00	805,000.00	912,300.00					
3/1/2015			763,750.00		(646,250.00)				805,000.00	117,500.00	1,029,800.00	(150,350.80)	879,449.20	1,780,895.51	2,660,344.71
9/1/2015		6.500	763,750.00	5.500	(646,250.00)	1,035,000.00	(16,100.00)	1,018,900.00	1,840,000.00	1,136,400.00					
3/1/2016			763,750.00		(646,250.00)				1,840,000.00	117,500.00	1,253,900.00	(183,069.40)	1,070,830.60	1,595,281.19	2,666,111.79
9/1/2016		6.500	763,750.00	5.500	(646,250.00)	1,035,000.00	(36,800.00)	998,200.00	2,875,000.00	1,115,700.00					
3/1/2017			763,750.00		(646,250.00)				2,875,000.00	117,500.00	1,233,200.00	(180,047.20)	1,053,152.80	1,602,356.29	2,655,509.09
9/1/2017		6.500	763,750.00	5.500	(646,250.00)	1,035,000.00	(57,500.00)	977,500.00	3,910,000.00	1,095,000.00					
3/1/2018			763,750.00		(646,250.00)				3,910,000.00	117,500.00	1,212,500.00	(177,025.00)	1,035,475.00	1,600,224.20	2,635,699.20
9/1/2018		6.500	763,750.00	5.500	(646,250.00)	1,850,000.00	(78,200.00)	1,771,800.00	5,760,000.00	1,889,300.00					
3/1/2019			763,750.00		(646,250.00)				5,760,000.00	117,500.00	2,006,800.00	(292,992.80)	1,713,807.20	926,442.42	2,640,249.62
9/1/2019		6.500	763,750.00	5.500	(646,250.00)	2,340,000.00	(115,200.00)	2,224,800.00	8,100,000.00	2,342,300.00					
3/1/2020			763,750.00		(646,250.00)				8,100,000.00	117,500.00	2,459,800.00	(359,130.80)	2,100,669.20	544,962.94	2,645,632.14
9/1/2020		6.500	763,750.00	5.500	(646,250.00)	2,340,000.00	(162,000.00)	2,178,000.00	10,440,000.00	2,295,500.00					
3/1/2021			763,750.00		(646,250.00)				10,440,000.00	117,500.00	2,413,000.00	(352,298.00)	2,060,702.00	539,539.22	2,600,241.22
9/1/2021		6.500	763,750.00	5.500	(646,250.00)	2,340,000.00	(208,800.00)	2,131,200.00	12,780,000.00	2,248,700.00					
3/1/2022			763,750.00		(646,250.00)				12,780,000.00	117,500.00	2,366,200.00	(345,465.20)	2,020,734.80	540,409.84	2,561,144.64
9/1/2022		6.500	763,750.00	5.500	(646,250.00)	2,340,000.00	(255,600.00)	2,084,400.00	15,120,000.00	2,201,900.00					
3/1/2023			763,750.00		(646,250.00)				15,120,000.00	117,500.00	2,319,400.00	(338,632.40)	1,980,767.60	543,929.97	2,524,697.57
9/1/2023		6.500	763,750.00	5.500	(646,250.00)	2,340,000.00	(302,400.00)	2,037,600.00	17,460,000.00	2,155,100.00					
3/1/2024			763,750.00		(646,250.00)				17,460,000.00	117,500.00	2,272,600.00	(331,799.60)	1,940,800.40	539,136.85	2,479,937.25
9/1/2024		6.500	763,750.00	5.500	(646,250.00)	3,020,000.00	(349,200.00)	2,670,800.00	20,480,000.00	2,788,300.00					
3/1/2025			763,750.00		(646,250.00)				20,480,000.00	117,500.00	2,905,800.00	(424,246.80)	2,481,553.20	0.00	2,481,553.20
9/1/2025	23,500,000	6.500	763,750.00	5.500	(646,250.00)	3,020,000.00	(409,600.00)	2,610,400.00	23,500,000.00	2,727,900.00					
3/1/2026									23,500,000.00		2,727,900.00	(398,273.40)	2,329,626.60	0.00	2,329,626.60
9/1/2026															
3/1/2027															
9/1/2027															
3/1/2028															
9/1/2028															
3/1/2029															
TOTALS	**23,500,000**		21,860,222.22		(18,497,111.11)	23,500,000.00	(1,991,700.00)	21,508,300.00		24,871,411.11	24,871,411.11	(3,631,226.02)	21,240,185.09	17,535,760.35	38,775,945.44

[1]For these purposes, investment rate is estimated. Investment contract will not be locked in prior to closing.

WARREN COUNTY SCHOOL DISTRICT
WARREN COUNTY, PENNSYLVANIA
$35,403,333
General Obligation Note
(State Public School Building Authority)
Series of 2011

MAXIMUM PRINCIPAL OR MANDATORY SINKING FUND INSTALLMENTS, PAYMENT DATES, DEBT SERVICE AND INTEREST RATES

Payment Date	Maximum Principal or Mandatory Sinking Fund Installments	Interest Rate	Interest	Debt Service	Fiscal Year Debt Service
9/1/2011			940,000.00	940,000.00	
3/1/2012			940,000.00	940,000.00	1,880,000.00
9/1/2012	420,000.00	8.00%	940,000.00	1,360,000.00	
3/1/2013			940,000.00	940,000.00	2,300,000.00
9/1/2013	420,000.00	8.00%	940,000.00	1,360,000.00	
3/1/2014			940,000.00	940,000.00	2,300,000.00
9/1/2014	1,200,000.00	8.00%	940,000.00	2,140,000.00	
3/1/2015			940,000.00	940,000.00	3,080,000.00
9/1/2015	1,415,000.00	8.00%	940,000.00	2,355,000.00	
3/1/2016			940,000.00	940,000.00	3,295,000.00
9/1/2016	1,415,000.00	8.00%	940,000.00	2,355,000.00	
3/1/2017			940,000.00	940,000.00	3,295,000.00
9/1/2017	1,415,000.00	8.00%	940,000.00	2,355,000.00	
3/1/2018			940,000.00	940,000.00	3,295,000.00
9/1/2018	2,050,000.00	8.00%	940,000.00	2,990,000.00	
3/1/2019			940,000.00	940,000.00	3,930,000.00
9/1/2019	2,956,666.67	8.00%	940,000.00	3,896,666.67	
3/1/2020			940,000.00	940,000.00	4,836,666.67
9/1/2020	2,956,666.67	8.00%	940,000.00	3,896,666.67	
3/1/2021			940,000.00	940,000.00	4,836,666.67
9/1/2021	2,956,666.67	8.00%	940,000.00	3,896,666.67	
3/1/2022			940,000.00	940,000.00	4,836,666.67
9/1/2022	2,956,666.67	8.00%	940,000.00	3,896,666.67	
3/1/2023			940,000.00	940,000.00	4,836,666.67
9/1/2023	2,956,666.67	8.00%	940,000.00	3,896,666.67	
3/1/2024			940,000.00	940,000.00	4,836,666.67
9/1/2024	3,225,000.00	8.00%	940,000.00	4,165,000.00	
3/1/2025			940,000.00	940,000.00	5,105,000.00
9/1/2025	3,020,000.00	8.00%	940,000.00	3,960,000.00	
3/1/2026			940,000.00	940,000.00	4,900,000.00
9/1/2026	3,020,000.00	8.00%	940,000.00	3,960,000.00	
3/1/2027			940,000.00	940,000.00	4,900,000.00
9/1/2027	3,020,000.00	8.00%	940,000.00	3,960,000.00	
					3,960,000.00
Total	35,403,333.35		31,020,000.00	66,423,333.35	66,423,333.35