



## **The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

One Keystone Plaza, Suite 300  
North Front & Market Streets  
Harrisburg, PA 17101

717-232-2723  
717-232-8610 FAX  
www.pfm.com

# **Warren County School District**

## *Refinancing Discussion*

May 28, 2013

*Prepared by:*

**Jamie Doyle**

*Director*

Albany, Ann Arbor, Arlington, Atlanta, Austin, Boston, Charlotte, Chattanooga, Chicago, Cleveland, Denver, Des Moines, Fargo, Harrisburg, Huntsville, Lafayette, Long Island, Los Angeles, Malvern, Memphis, Miami, Milwaukee, Minneapolis, New York, Orlando, Philadelphia, Phoenix, Princeton, Rhode Island, Richmond, San Francisco, Seattle, St. Louis, Tampa



# MUNICIPAL MARKET UPDATE

May 13, 2013

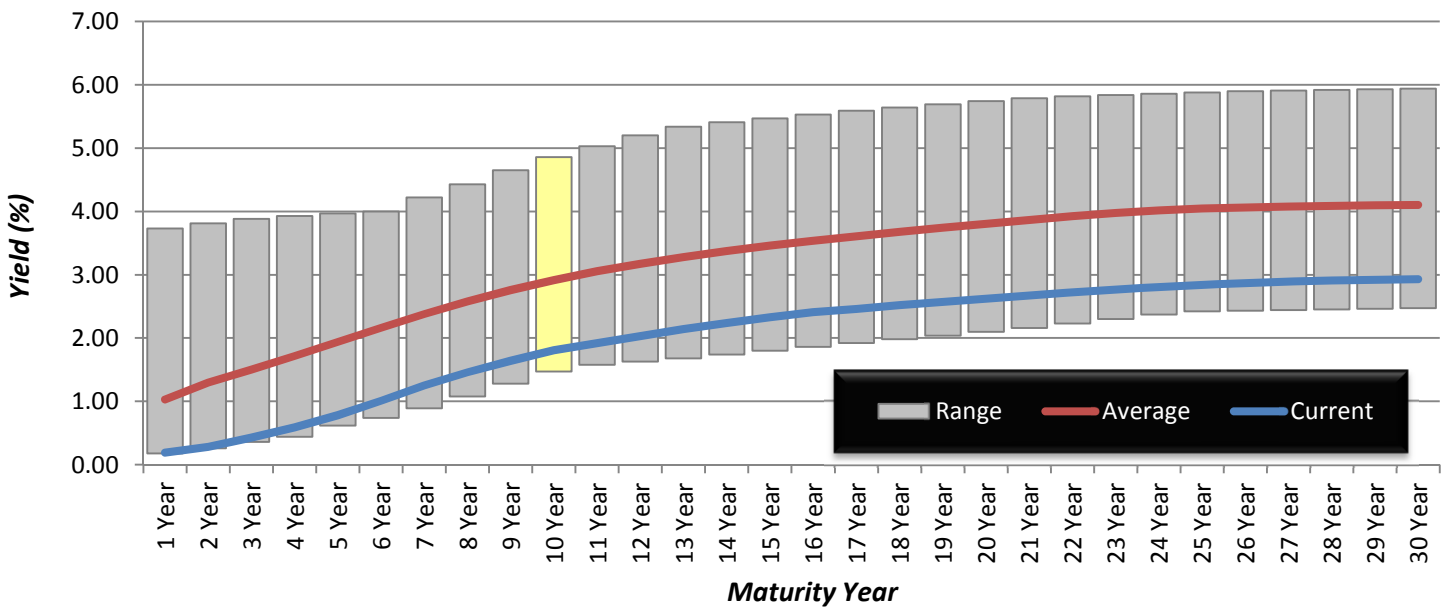


## MMD YIELD CURVE

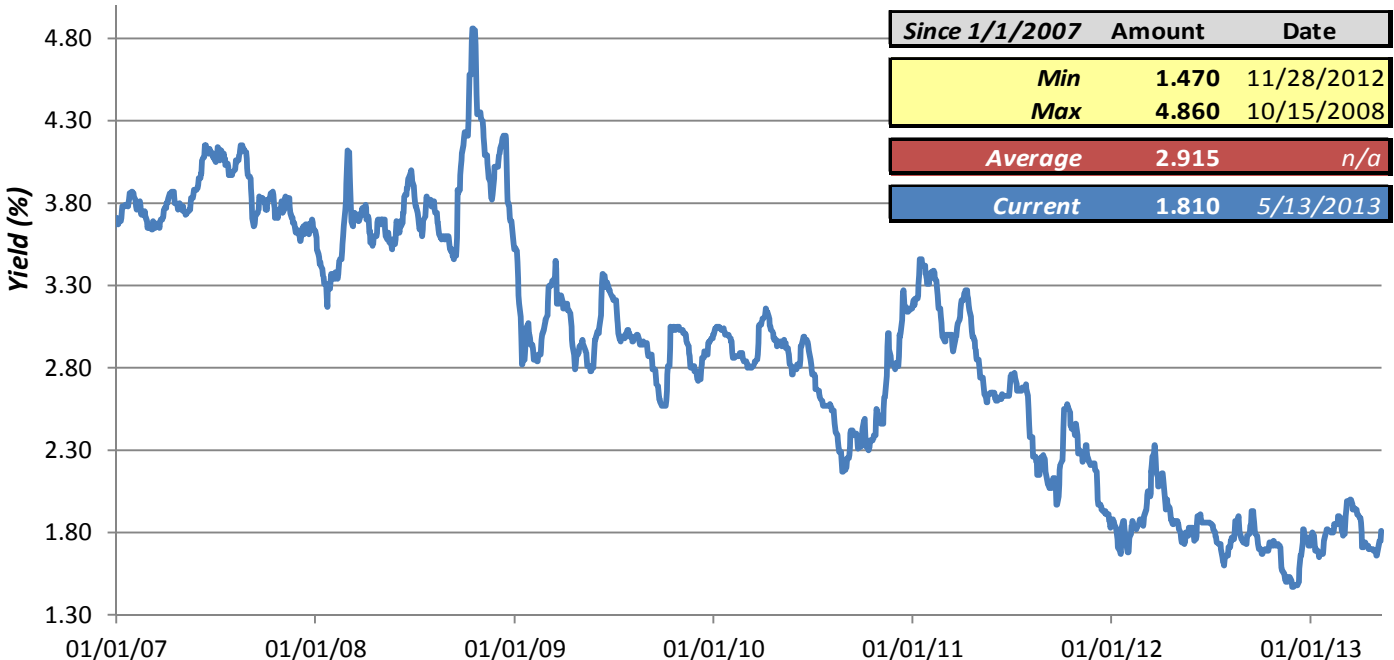
The MMD Yield Curve is a high grade municipal yield curve published daily by Municipal Market Data. It is one of the most commonly used benchmarks in municipal finance. The yields within the curve reflect the current yields for each maturity year at which bondholders would likely to sell high quality (AAA rated) general obligation backed bonds. The yield curve is typically influenced by new issuances in the primary market as well as post-issuance trading in the secondary market.

Municipal bonds typically trade at a "spread to MMD", meaning the difference between the yield in a specific year of a bond issue and the respective yield in the MMD Yield Curve. While these spreads vary over time, they can be a meaningful and powerful tool in trying to compare relative yield levels in a volatile interest rate environment.

## HISTORICAL MMD CURVE ILLUSTRATION - SINCE JANUARY 1, 2007



## SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2007



**WARREN COUNTY SCHOOL DISTRICT  
SUMMARY OF OUTSTANDING INDEBTEDNESS**

**ESTIMATED  
FOR BUDGETING PURPOSES ONLY**

<b>Debt Service Requirements</b>						
1	2	3	4	5	6	7
Fiscal Year Ended	G.O. Bonds Series of 2008	G.O. Bonds Series of 2010	QZAB Series of 2011 (1)	QZAB Series of 2012(2)	G.O. Bonds Series of 2013	Total Debt Service
6/30/2013	1,786,738	1,466,706	41,207	45,715		3,340,366
6/30/2014	1,784,250	1,467,156	41,107	5,000	358,922	3,656,435
6/30/2015	898,688	1,472,056	774,800	4,900	295,980	3,446,424
6/30/2016	900,338	1,223,906	994,300	39,800	295,905	3,454,249
6/30/2017	900,938	1,232,706	984,100	39,000	295,830	3,452,574
6/30/2018	900,488	1,230,322	988,700	38,200	295,755	3,453,464
6/30/2019		1,230,388	1,777,800	177,400	295,680	3,481,268
6/30/2020		723,753	1,315,700	1,208,800	295,583	3,543,836
6/30/2021		716,550	762,100	1,794,500	295,463	3,568,613
6/30/2022		717,706	789,000	1,763,000	295,343	3,565,049
6/30/2023		722,381	720,000	1,831,400	295,223	3,569,004
6/30/2024		716,016	702,000	1,857,700	295,103	3,570,818
6/30/2025			684,000	2,652,700	294,983	3,631,683
6/30/2026			666,000	2,156,000	792,273	3,614,273
6/30/2027			648,000	818,100	1,397,523	2,863,623
6/30/2028			630,000	796,000	1,363,323	2,789,323
6/30/2029			612,000	773,900	1,329,123	2,715,023
6/30/2030			594,000	746,800	1,294,923	2,635,723
6/30/2031				729,800	1,260,723	1,990,523
6/30/2032				707,700	1,231,448	1,939,148
6/30/2033				685,600	1,197,098	1,882,698
6/30/2034				663,500	1,162,461	1,825,961
6/30/2035						
<b>TOTAL</b>	<b>7,171,438</b>	<b>12,919,647</b>	<b>13,724,815</b>	<b>19,535,515</b>	<b>14,638,658</b>	<b>67,990,072</b>

<b>Local Effort Requirements</b>						
8	9	10	11	12	13	14
Fiscal Year Ended	G.O. Bonds Series of 2008	G.O. Bonds Series of 2010	QZAB Series of 2011 (1)	QZAB Series of 2012(2)	G.O. Bonds Series of 2013	Total Local Effort
6/30/2013	1,338,117	1,111,791	41,207	45,715		2,536,832
6/30/2014	1,336,255	1,112,133	41,107	5,000	358,922	2,853,416
6/30/2015	673,042	1,115,847	774,800	4,900	295,980	2,864,569
6/30/2016	674,278	927,744	726,836	27,871	211,955	2,568,684
6/30/2017	674,727	934,415	719,380	27,311	211,901	2,567,734
6/30/2018	674,390	932,608	722,743	26,750	211,847	2,568,338
6/30/2019		932,657	1,299,577	124,228	211,794	2,568,256
6/30/2020		548,619	961,781	846,490	211,724	2,568,613
6/30/2021		543,159	557,097	1,256,640	211,638	2,568,533
6/30/2022		544,035	576,761	1,234,581	211,552	2,566,929
6/30/2023		547,579	526,322	1,282,480	211,466	2,567,847
6/30/2024		542,754	513,164	1,300,897	211,380	2,568,194
6/30/2025			500,006	1,857,614	211,294	2,568,914
6/30/2026			486,848	1,509,788	567,499	2,564,136
6/30/2027			473,690	572,893	1,001,036	2,047,619
6/30/2028			460,532	557,417	976,539	1,994,488
6/30/2029			447,374	541,941	952,042	1,941,356
6/30/2030			434,216	522,964	927,544	1,884,724
6/30/2031				511,059	903,047	1,414,106
6/30/2032				495,583	882,078	1,377,661
6/30/2033				480,107	857,473	1,337,580
6/30/2034				464,631	832,663	1,297,294
6/30/2035						
<b>TOTAL</b>	<b>5,370,809</b>	<b>9,793,340</b>	<b>10,263,441</b>	<b>13,696,861</b>	<b>10,671,372</b>	<b>49,795,823</b>

<b>Principal *</b>	<b>5,000,000</b>	<b>10,185,000</b>	<b>16,200,000</b>	<b>23,180,000</b>	<b>9,700,000</b>	<b>64,265,000</b>
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<b>PE%:</b>	34.48%	33.23%	36.94%	41.16%	38.96%
<b>PE% Status:</b>	Temporary	Temporary	Estimated	Estimated	Estimated
<b>CARF%:</b>	72.82%	72.82%	72.82%	72.82%	72.82%
<b>Call Date:</b>	9/1/2013	10/1/2015	Non-Callable	Non-Callable	5/15/2018
<b>Purpose:</b>	Cur Ref 01 & 02	Cur Ref 03 & 04	New Money	New Money	New Money



- \* Outstanding as of May 16, 2013
- (1) QZAB debt service is net of Fed. Reimbursement Subsidy 5.138% & est. sinking fund earnings of 2.00%
  - (1A) Assumes Fed. Reimbursement Subsidy for 3/1/13 & 9/1/13 payments reduced by 8.70% (\$36,207.49 per payment)
- (2) QZAB debt service is net of Fed. Reimbursement Subsidy 4.185% & est. sinking fund earnings of 2.00%
  - (2A) Assumes Fed. Reimbursement Subsidy for 5/1/13 payments reduced by 8.70% (\$45,715.16)
- (3) Assumes that receipt of state reimbursement on highlighted bonds is delayed through and including FY14/15 (Approx. \$430,375)

**WARREN COUNTY SCHOOL DISTRICT**

SERIES OF 2008

Bonds to be Refunded

	1	2	3	4	5	6	7	8
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>	<u>State Aid</u>	<u>Local Effort</u>	
<b>* Assumes School District Will Make Regularly Scheduled Payment in amount of \$1,725,450 *</b>								
3/1/2014			58,800.00	58,800.00	58,800.00	14,763.70	44,036.30	
9/1/2014	795,000	3.500	58,800.00	853,800.00				
3/1/2015			44,887.50	44,887.50	898,687.50	225,645.48	673,042.02	
9/1/2015	825,000	3.500	44,887.50	869,887.50				
3/1/2016			30,450.00	30,450.00	900,337.50	226,059.76	674,277.74	
9/1/2016	855,000	3.500	30,450.00	885,450.00				
3/1/2017			15,487.50	15,487.50	900,937.50	226,210.41	674,727.09	
9/1/2017	885,000	3.500	15,487.50	900,487.50				
3/1/2018					900,487.50	226,097.43	674,390.07	
TOTALS	3,360,000		299,250.00	3,659,250.00	3,659,250.00	918,776.79	2,740,473.21	

PE%	34.48%	(Estimated)
CARF%	72.82%	

<b>WARREN COUNTY SCHOOL DISTRICT</b>			
AMOUNT REQUIRED TO CALL BONDS			

1                      2                      3                      4

<b>SERIES OF 2008</b>
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<b>AMOUNT REQUIRED TO CALL BONDS</b>			
<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
9/1/2013	3,360,000.00	0.00	3,360,000.00
TOTALS	3,360,000.00	0.00	3,360,000.00

**WARREN COUNTY SCHOOL DISTRICT**

SERIES OF 2013

REFUNDS THE SERIES OF 2008

Settle 8/27/2013

Dated 8/27/2013

1	2	3	4	5	6	7	8	9	10
<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>	<u>State Aid</u>	<u>Proposed Local Effort</u>	<u>Existing Local Effort</u>	<u>Savings</u>
3/1/2014			17,308.78	17,308.78	17,308.78	4,345.95	12,962.83	44,036.30	31,073.47
9/1/2014	810,000	0.790	16,932.50	826,932.50					
3/1/2015			13,733.00	13,733.00	840,665.50	211,077.12	629,588.38	673,042.02	43,453.64
9/1/2015	875,000	0.880	13,733.00	888,733.00					
3/1/2016			9,883.00	9,883.00	898,616.00	225,627.52	672,988.48	674,277.74	1,289.26
9/1/2016	885,000	1.030	9,883.00	894,883.00					
3/1/2017			5,325.25	5,325.25	900,208.25	226,027.31	674,180.94	674,727.09	546.15
9/1/2017	895,000	1.190	5,325.25	900,325.25					
3/1/2018					900,325.25	226,056.69	674,268.56	674,390.07	121.51

TOTALS	3,465,000		92,123.78	3,557,123.78	3,557,123.78	893,134.59	2,663,989.19	2,740,473.21	<b>76,484.03</b>
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PE% 34.48% (Estimated)  
 CARF% 72.82%

Savings Allocation	Amount	Percentage
School District's Share	76,484.03	2.28%
State's Share	<u>25,642.20</u>	<u>0.76%</u>
Total Savings	102,126.22	3.04%

### **SAMPLE MOTION**

Resolved: The Board of School Directors of the Warren County School District does hereby authorize the Administration to work with Public Financial Management, Inc. as Independent Financial Advisor, Knox McLaughlin Gornall & Sennett, P.C. as Bond Counsel and the local Solicitor to issue G.O. Bonds, Series A of 2013 for the purpose of current refunding the 2008 Bonds with a net savings target of \$\_\_\_\_\_ via a competitive internet auction.

### **SAMPLE TIME LINE**

May 28, 2013 - Initial Presentation to Board

June 10, 2013 - Authorize Finance Team to proceed

July 15, 2013 - Competitive Internet Bond Sale

August 27, 2013- Settlement

September 1, 2013 – 2008 Bond Call Date