

# Warren County School District

## *PARAMETERS* *BANK LOAN SALE DOCUMENT* *General Obligation Note, Series of 2015*

Competitive RFP Results

**\$6,698,000**

**September 14, 2015**

***Presented By:***



**Jamie Doyle**  
*Managing Director*

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# MUNICIPAL MARKET UPDATE

September 14, 2015

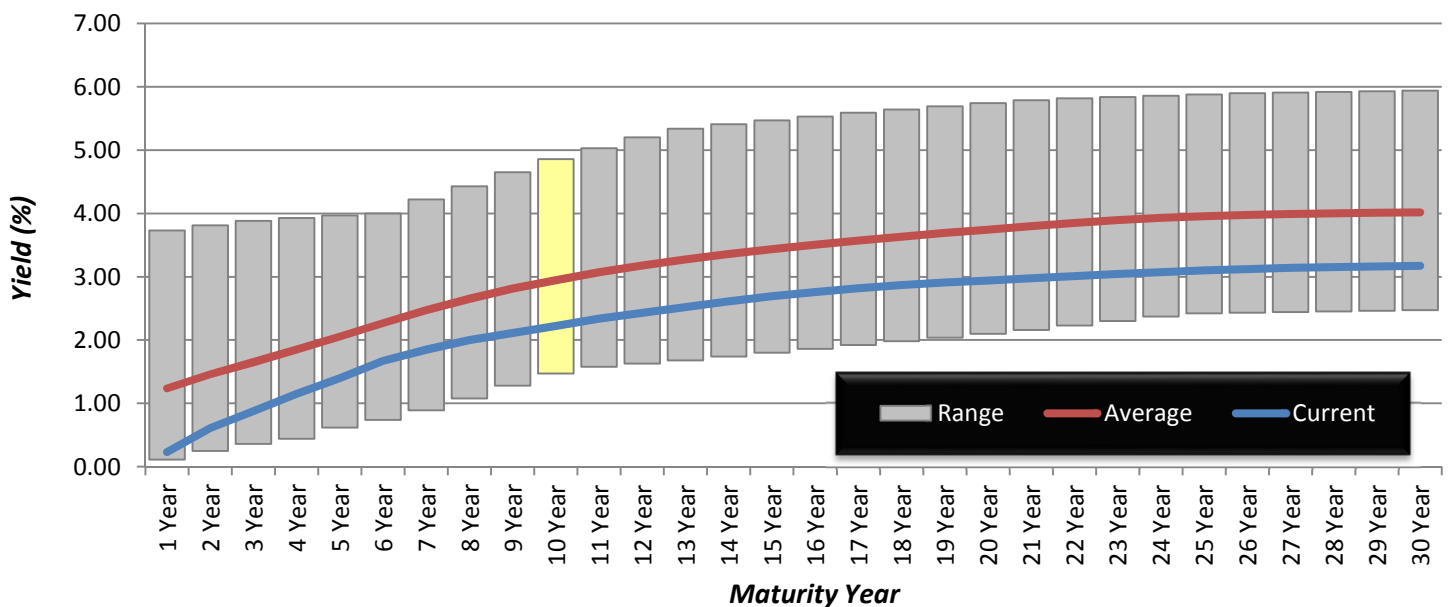


## MMD YIELD CURVE

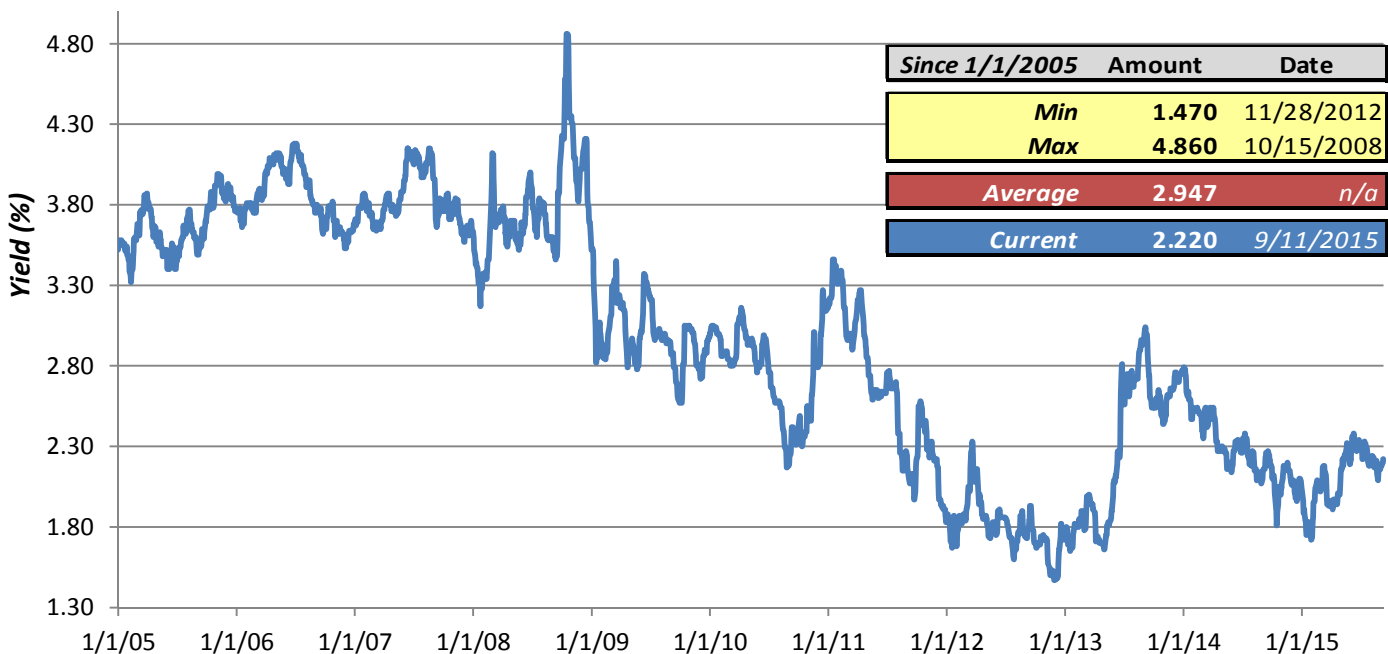
The MMD Yield Curve is a high grade municipal yield curve published daily by Municipal Market Data. It is one of the most commonly used benchmarks in municipal finance. The yields within the curve reflect the current yields for each maturity year at which bondholders would be likely to sell high quality (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, 2005



## SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2005



**WARREN COUNTY SCHOOL DISTRICT****SUMMARY OF BANK LOAN PROPOSALS**

Proposals Due: Monday, September 14, 2015

Lender	Rate	Bank Fees	Pre-payable	Interest Savings	Conditions
(1) <i>First Niagara Bank</i>	1.93%	\$2,500	Anytime	<b>\$121,598</b>	
(2) <i>First Niagara Bank</i>	1.48%	\$2,500	Anytime	\$213,255	Requires \$3,000,000 depository relationship
(3) <i>BB&amp;T</i>	2.05%	\$2,000	Any Pmt Date Beginning 10/1/2019	\$97,156	
(4) <i>Est. Bond Issue</i>	2.01%	\$0	5 Year Call	\$27,696	
(5) <i>Northwest Savings Bank</i>	2.29%	\$1,500	Anytime		Maintenance of Depository Relationship Required
(6) <i>Dollar Bank</i>	2.70%	\$1,000	Anytime		
(7) <i>Farmers National Bank</i>	3.25%	\$16,767	Anytime		

**WARREN COUNTY SCHOOL DISTRICT**

SERIES OF 2010

Bonds to be Refunded

*Optional Redemption: October 1, 2015*

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 the District Makes the 10/1/2015 Payment as Regularly Scheduled (\$1,139,678.13)</b>							
4/1/2016			84,228.13	84,228.13	84,228.13	20,101.70	64,126.42
10/1/2016	1,075,000	2.000	84,228.13	1,159,228.13			
4/1/2017			73,478.13	73,478.13	1,232,706.25	294,195.04	938,511.21
10/1/2017	1,095,000	2.125	73,478.13	1,168,478.13			
4/1/2018			61,843.75	61,843.75	1,230,321.88	293,625.99	936,695.89
10/1/2018	1,120,000	2.375	61,843.75	1,181,843.75			
4/1/2019			48,543.75	48,543.75	1,230,387.50	293,641.65	936,745.85
10/1/2019	635,000	2.625	48,543.75	683,543.75			
4/1/2020			40,209.38	40,209.38	723,753.13	172,729.37	551,023.75
10/1/2020	645,000	2.750	40,209.38	685,209.38			
4/1/2021			31,340.63	31,340.63	716,550.00	171,010.29	545,539.71
10/1/2021	665,000	3.000	31,340.63	696,340.63			
4/1/2022			21,365.63	21,365.63	717,706.25	171,286.24	546,420.01
10/1/2022	690,000	3.000	21,365.63	711,365.63			
4/1/2023			11,015.63	11,015.63	722,381.25	172,401.96	549,979.29
10/1/2023	705,000	3.125	11,015.63	716,015.63			
4/1/2024					716,015.63	170,882.76	545,132.87
10/1/2024							
TOTALS	6,630,000		744,050.00	7,374,050.00	7,374,050.00	1,759,874.99	5,614,175.01
PE%	33.23%	<i>(Temporary)</i>					
AR%	71.82%	<i>(2014-2015)</i>					
Net	23.87%	<i>Effective Reimbursement</i>					

<b>WARREN COUNTY SCHOOL DISTRICT</b> <b>AMOUNT TO CALL BONDS</b>
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1	2	3	4	5
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<b>SERIES OF 2010</b>
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<b>AMOUNT TO CALL BONDS</b>				
<u>Date</u>	<u>Principal</u>	<u>Interest</u>	Escrow <u>Agent</u>	<u>Required</u>
10/19/2015	6,630,000.00	8,422.81		6,638,422.81
TOTALS	6,630,000.00	8,422.81	0.00	6,638,422.81

**WARREN COUNTY SCHOOL DISTRICT**

SERIES OF 2015

REFUNDS THE SERIES OF 2010

**First Niagara Bank- No Depository Relationship**

Settle 10/19/2015

Dated 10/19/2015

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>
4/1/2016			58,172.13	58,172.13	58,172.13	13,883.24	44,288.89	64,126.42	19,837.53
10/1/2016	1,067,000	1.930	64,635.70	1,131,635.70					
4/1/2017			54,339.15	54,339.15	1,185,974.85	283,042.22	902,932.63	938,511.21	35,578.58
10/1/2017	1,118,000	1.930	54,339.15	1,172,339.15					
4/1/2018			43,550.45	43,550.45	1,215,889.60	290,181.61	925,707.99	936,695.89	10,987.90
10/1/2018	1,140,000	1.930	43,550.45	1,183,550.45					
4/1/2019			32,549.45	32,549.45	1,216,099.90	290,231.80	925,868.10	936,745.85	10,877.75
10/1/2019	652,000	1.930	32,549.45	684,549.45					
4/1/2020			26,257.65	26,257.65	710,807.10	169,639.70	541,167.40	551,023.75	9,856.35
10/1/2020	658,000	1.930	26,257.65	684,257.65					
4/1/2021			19,907.95	19,907.95	704,165.60	168,054.66	536,110.94	545,539.71	9,428.77
10/1/2021	673,000	1.930	19,907.95	692,907.95					
4/1/2022			13,413.50	13,413.50	706,321.45	168,569.17	537,752.28	546,420.01	8,667.73
10/1/2022	691,000	1.930	13,413.50	704,413.50					
4/1/2023			6,745.35	6,745.35	711,158.85	169,723.65	541,435.20	549,979.29	8,544.09
10/1/2023	699,000	1.930	6,745.35	705,745.35					
4/1/2024					705,745.35	168,431.67	537,313.68	545,132.87	7,819.19
10/1/2024									

TOTALS	6,698,000		516,334.83	7,214,334.83	7,214,334.83	1,721,757.71	5,492,577.12	5,614,175.01	<b>121,597.89</b>
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PE% 33.23% (Estimated)

AR% 71.82% (2014-2015)

Net 23.87% Effective Reimbursement

Savings Allocation	Amount	Percentage
School District's Share	121,597.89	1.83%
State's Share	<u>38,117.28</u>	<u>0.57%</u>
Total Savings	159,715.17	2.41%

**WARREN COUNTY SCHOOL DISTRICT**

SERIES OF 2015

Composition of the Issue

**SOURCES:**

Notes	6,698,000.00
Accrued Interest	0.00
Total	6,698,000.00

**USES:**

Amount to call bonds	6,638,422.81
Underwriter's Discount	\$0.00 0.00
Bond Insurance	0 bps 0.00
Original Issue Discount/(Premium)	0.00
Legal Fees	23,500.00
Financial Advisor	30,000.00
Bank Fee (First Niagara)	2,500.00
Redemption Fee (BNY Mellon)	500.00
Miscellaneous Expenses/Rounding	3,077.19
Total	6,698,000.00

Dated Date 10/19/2015

Settlement Date 10/19/2015

Yield of the Issue 1.930110



September 14, 2015

By email to:

Jamie Doyle, doylej@pfm.com  
Melissa Hughes, hughesm@pfm.com  
Public Financial Management, Inc.  
One Keystone Plaza  
Suite 300  
Harrisburg, PA 17101-2044

**Re:**

***Warren County School District, Warren County, Pennsylvania  
General Obligation Note, Series A of 2015***

First Niagara Bank, N.A. (the “Bank” and the “Lender”) understands the terms of the issue to be:

Issuer:	The Warren County School District (the “District”)
Debt:	General Obligation Note, Series A of 2015 issued as a bank loan (the “Note”)
Principal Amount:	Approximately \$6,707,000
<b>Fixed Rate Options:</b>	<b>Option 1 - Bank Qualified, Tax Exempt Rate: <u>1.48%</u> with deposits (\$3,000,000 money market account paying .30% interest). Other lending rates with various deposit levels available upon request.</b>  <b>Option 2 - Bank Qualified, Tax Exempt Rate: <u>1.93%</u> No Deposit Relationship.</b>
Interest:	Calculated on a 30 day month /360 day year basis. Payable on April 1st and October 1st, commencing April 1, 2016.
<b>Fees and Expenses:</b>	The costs of the District’s professionals (Financial Advisor, Note Counsel and Solicitor), shall be paid by the District out of the loan proceeds. <b>The Lender’s origination fee / legal fee is \$2,500 , payable at closing.</b>
Prepayment:	Pre-payment without penalty
Purpose:	Refinancing the outstanding Series of 2010 Bonds, and to pay costs of issuance.
Structure:	Principal payable starting October 1, 2016 and each October 1 <sup>st</sup> thereafter maturing October 1, 2023. Amortization in accordance with the Estimated Principal Amortization Schedule in the August 28, 2015 PFM RFP.





Security:

The Note will be a general obligation of the District, payable from its tax and other general revenues. The District will covenant in a debt authorizing resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Note for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, or any other of its revenues or funds, the principal of the Note and the interest thereon at the dates and place and in the manner stated in the Note, and for such budgeting, appropriation and payment the District will irrevocably pledge its full faith, credit and available taxing power.

Settlement:

Funds advance on settlement, on or around October 19, 2015.

Documentation:

The District's Bond Counsel will draft all loan documentation that is customary for borrowings of this type and provide customary opinions including designation as qualified tax exempt and shall provide the Lender and its counsel with drafts for review at least one week prior to loan closing. Closing documentation shall include approved debt proceedings of the District under the Pennsylvania Local Government Unit Debt Act.

Continuing Compliance:

The District shall remit annual audited financial statements prepared in accordance with GAAP to the Lender.

Subject to final credit decision which is available upon request, and awarded no later than 30 days from the date of this proposal. Please contact me should you have any questions. I can be reached at 585-770-1695 or at [scott.rose@fnfg.com](mailto:scott.rose@fnfg.com). In my absence please contact Carol Martini at [carol.martini@fnfg.com](mailto:carol.martini@fnfg.com) or 724-424-5606.

Sincerely,

Accepted by:  
Warren County School District

*Scott Rose*

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Date

Scott Rose  
Vice President Government Relationship Manager

Cc: Kelli Arnold, First Niagara Bank (via e-mail to [kelli.arnold@fnfg.com](mailto:kelli.arnold@fnfg.com) )  
Cc: Carol Martini, First Niagara Bank (via e-mail to [carol.martini@fnfg.com](mailto:carol.martini@fnfg.com) )

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

Debt Service Requirements										10
1	2	3	4	5	6	7	8	9		Total
Fiscal Year Ended	G.O. Bonds Series of 2010	QZAB Series of 2011 (1)	QZAB Series of 2012(2)	G.O. Bonds Series of 2013	G.O. Bonds Series A of 2013	G.O. Bonds Series of 2014	QZAB Series of 2015	G.O. Notes Series of 2015		Debt Service
6/30/2015	1,472,056	835,146	75,816	295,980	884,550	401,985				3,965,533
6/30/2016	1,139,678	1,052,981	105,966	295,905	868,350	406,940	53,027	58,172		3,981,019
6/30/2017		984,100	40,000	295,830	862,875	406,850	125,821	1,185,975		3,901,451
6/30/2018		988,700	40,000	295,755	862,750	406,760	125,721	1,215,890		3,935,575
6/30/2019		1,777,800	180,000	295,680		406,670	125,621	1,216,100		4,001,871
6/30/2020		1,315,700	1,215,000	295,583		406,580	125,521	710,807		4,069,190
6/30/2021		762,100	1,825,000	295,463		406,460	125,421	704,166		4,118,609
6/30/2022		789,000	1,764,254	295,343		406,310	125,321	706,321		4,086,548
6/30/2023		720,000	1,802,781	295,223		406,160	125,221	711,159		4,060,543
6/30/2024		702,000	1,797,494	295,103		425,710	125,121	705,745		4,051,172
6/30/2025		684,000	2,559,846	294,983		449,535	125,021			4,113,384
6/30/2026		666,000	2,016,867	792,273		487,273	124,921			4,087,333
6/30/2027		648,000	639,871	1,397,523		1,062,210	124,821			3,872,424
6/30/2028		630,000	599,733	1,363,323		1,133,010	124,721			3,850,786
6/30/2029		612,000	559,595	1,329,123		1,194,910	124,621			3,820,248
6/30/2030		594,000	514,639	1,294,923		1,267,710	124,521			3,795,792
6/30/2031			479,501	1,260,723		1,777,110	124,421			3,641,754
6/30/2032			439,363	1,231,448		1,827,595	124,321			3,622,726
6/30/2033			399,225	1,197,098		1,887,285	124,221			3,607,828
6/30/2034			359,087	1,162,461		1,490,295	284,121			3,295,964
6/30/2035							2,775,821			2,775,821
6/30/2036							2,777,621			2,777,621
6/30/2037							2,771,910			2,771,910
6/30/2038										
6/30/2039										
<b>TOTAL</b>	2,611,734	13,761,527	17,414,035	14,279,736	3,478,525	16,657,358	10,787,851	7,214,335		86,205,102

Local Effort Requirements										20
11	12	13	14	15	16	17	18	19		Total Local Effort
Fiscal Year Ended	G.O. Bonds Series of 2010	QZAB Series of 2011 (1)	QZAB Series of 2012(2)	G.O. Bonds Series of 2013	G.O. Bonds Series A of 2013	G.O. Bonds Series of 2014	QZAB Series of 2015	G.O. Notes Series of 2015		
6/30/2015	1,120,738	835,146	75,816	295,980	665,504	401,985				3,395,169
6/30/2016	867,685	1,052,981	105,966	295,905	653,316	406,940	53,027	44,289		3,480,108
6/30/2017		723,015	28,176	213,054	649,197	356,183	105,109	902,933		2,977,665
6/30/2018		726,395	28,176	213,000	649,103	356,104	105,026	925,708		3,003,510
6/30/2019		1,306,144	126,790	212,946		356,025	104,942	925,868		3,032,715
6/30/2020		966,641	855,832	212,875		355,946	104,859	541,167		3,037,321
6/30/2021		559,913	1,285,510	212,789		355,841	104,775	536,111		3,054,938
6/30/2022		579,676	1,242,721	212,703		355,710	104,691	537,752		3,033,253
6/30/2023		528,982	1,269,859	212,616		355,579	104,608	541,435		3,013,078
6/30/2024		515,757	1,266,135	212,530		372,694	104,524	537,314		3,008,953
6/30/2025		502,533	1,803,127	212,443		393,552	104,441			3,016,095
6/30/2026		489,308	1,420,659	570,586		426,590	104,357			3,011,500
6/30/2027		476,084	450,718	1,006,481		929,927	104,274			2,967,483
6/30/2028		462,859	422,445	981,850		991,910	104,190			2,963,255
6/30/2029		449,635	394,173	957,220		1,046,101	104,107			2,951,234
6/30/2030		436,410	362,506	932,589		1,109,835	104,023			2,945,363
6/30/2031			337,755	907,959		1,555,796	103,940			2,905,449
6/30/2032			309,482	886,875		1,599,994	103,856			2,900,207
6/30/2033			281,209	862,137		1,652,250	103,773			2,899,369
6/30/2034			252,937	837,192		1,304,700	237,351			2,632,180
6/30/2035							2,318,889			2,318,889
6/30/2036							2,320,393			2,320,393
6/30/2037							2,315,622			2,315,622
6/30/2038										
6/30/2039										
<b>TOTAL</b>	1,988,423	10,611,477	12,319,990	10,449,729	2,617,119	14,683,659	9,020,776	5,492,577		67,183,751

<b>Principal *:</b>	1,045,000	16,200,000	23,180,000	9,695,000	1,675,000	9,980,000	8,449,000	6,698,000		76,922,000
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<b>PE%:</b>	33.23%	36.94%	41.16%	38.96%	34.48%	17.34%	22.92%	33.23%	
<b>PE% Status:</b>	Temporary	Estimated	Estimated	Estimated	Temporary	Estimated	Estimated	Temporary	
<b>AR%</b>	71.82%	71.82%	71.82%	71.82%	71.82%	71.82%	71.82%	71.82%	
<b>Call Date:</b>	10/1/2015	Non-Callable	Non-Callable	5/15/2018	Non-Callable	5/15/2019	9/1/2025	Anytime	
<b>Purpose:</b>	Cur Ref 03 & 04	New Money	New Money	New Money	Cur Ref 08	New Money	New Money	Cur Ref 2010	



<b>2015 Reimbursement</b>	221,567	22,412	82,818		50,062	0			376,859
<b>2016 Reimbursement</b>	279,359	31,325	82,797		50,679	8,729			452,889

\* Outstanding as of September 14, 2015

(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 9/1/13 payments reduced by 8.70% (\$36,207.49 per payment)

(1B) Assumes Fed. Reimbursement Subsidy for 3/1/14 & 9/1/14 payments reduced by 7.20% (\$29,964.82 per payment)

(1C) Assumes Fed. Reimbursement Subsidy for 3/1/15 & 9/1/15 payments reduced by 7.30% (\$30,380.99 per payment)

(1D) Assumes Fed. Reimbursement Subsidy for 3/1/16 payment reduced by 6.80% (\$28,300.10 per payment)

(2) QZAB debt service is net of Fed. Reimbursement Subsidy 4.185% & sinking fund earnings of 3.14%

(2A) Assumes Fed. Reimbursement Subsidy for 11/1/13 & 5/1/14 payments reduced by 7.20% (\$34,922.99 per payment)

(2B) Assumes Fed. Reimbursement Subsidy for 11/1/214 & 5/1/2015 payments reduced by 7.30% (\$35,408.03 per payment)

(2C) Assumes Fed. Reimbursement Subsidy for 11/1/2015 & 5/1/2016 payments reduced by 6.80% (\$32,982.82 per payment)

(3) Assumes that receipt of state reimbursement on highlighted bonds is delayed from FY11/12 through and including FY15/16 (Approx. \$877,203)



# Maximum Parameters

WARREN COUNTY SCHOOL DISTRICT					
SERIES OF 2015		<b>MAXIMUM PARAMETERS</b>		Settle	10/19/2015
REFUNDS THE SERIES OF 2010				Dated	10/19/2015

1	2	3	4	5	6
<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>
4/1/2016			180,000.00	180,000.00	180,000.00
10/1/2016	1,190,000	5.000	200,000.00	1,390,000.00	
4/1/2017			170,250.00	170,250.00	1,560,250.00
10/1/2017	1,345,000	5.000	170,250.00	1,515,250.00	
4/1/2018			136,625.00	136,625.00	1,651,875.00
10/1/2018	1,375,000	5.000	136,625.00	1,511,625.00	
4/1/2019			102,250.00	102,250.00	1,613,875.00
10/1/2019	790,000	5.000	102,250.00	892,250.00	
4/1/2020			82,500.00	82,500.00	974,750.00
10/1/2020	795,000	5.000	82,500.00	877,500.00	
4/1/2021			62,625.00	62,625.00	940,125.00
10/1/2021	815,000	5.000	62,625.00	877,625.00	
4/1/2022			42,250.00	42,250.00	919,875.00
10/1/2022	840,000	5.000	42,250.00	882,250.00	
4/1/2023			21,250.00	21,250.00	903,500.00
10/1/2023	850,000	5.000	21,250.00	871,250.00	
4/1/2024					871,250.00
10/1/2024					
TOTALS	8,000,000		1,615,500.00	9,615,500.00	9,615,500.00