

# Warren County School District

## ***BOND SALE DOCUMENT*** ***General Obligation Bonds, Series A & B of*** ***2017***

### **QZAB Bank Loan Results**

**\$7,478,000**

**November 6, 2017**

**Prepared by:**

**Jamie Doyle**

*Managing Director*

**&**

**Melissa Hughes**

*Senior Analyst*



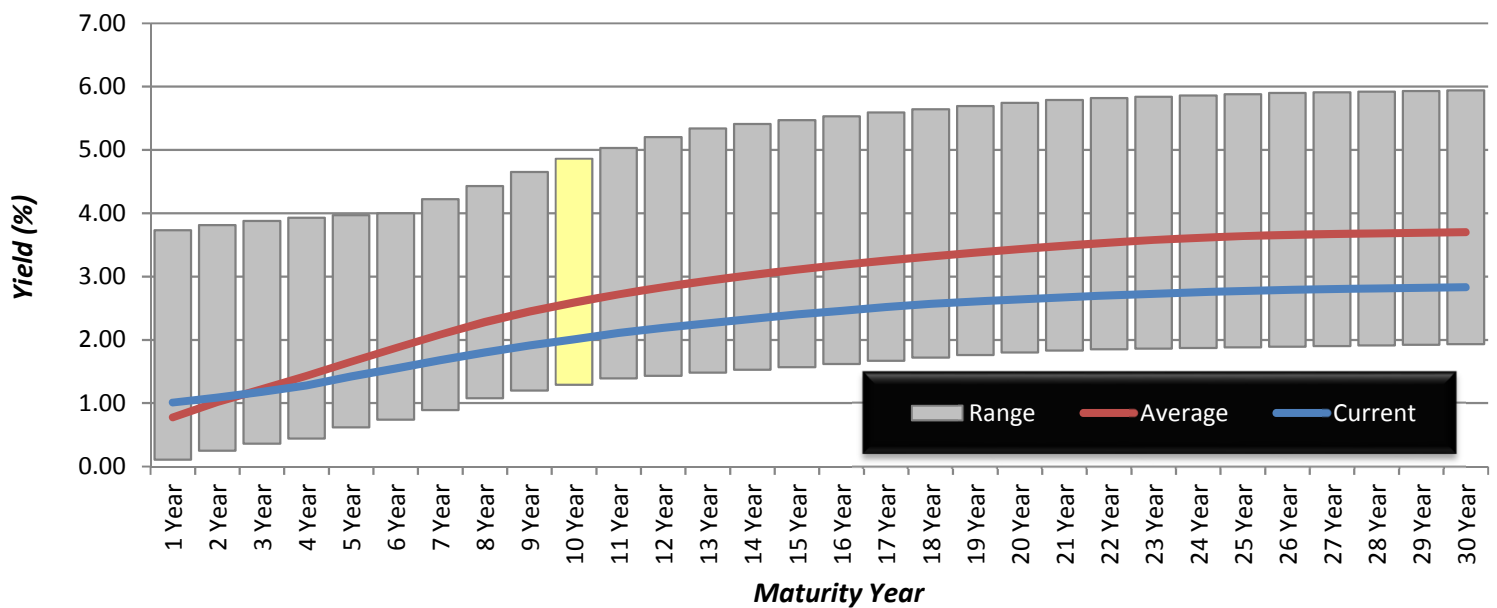
**PFM Financial Advisors LLC**  
One Keystone Plaza, Suite 300  
North Front & Market Streets  
Harrisburg, PA 17101  
717.232.2723 (P)  
717.232.8610 (F)  
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## MMD YIELD CURVE

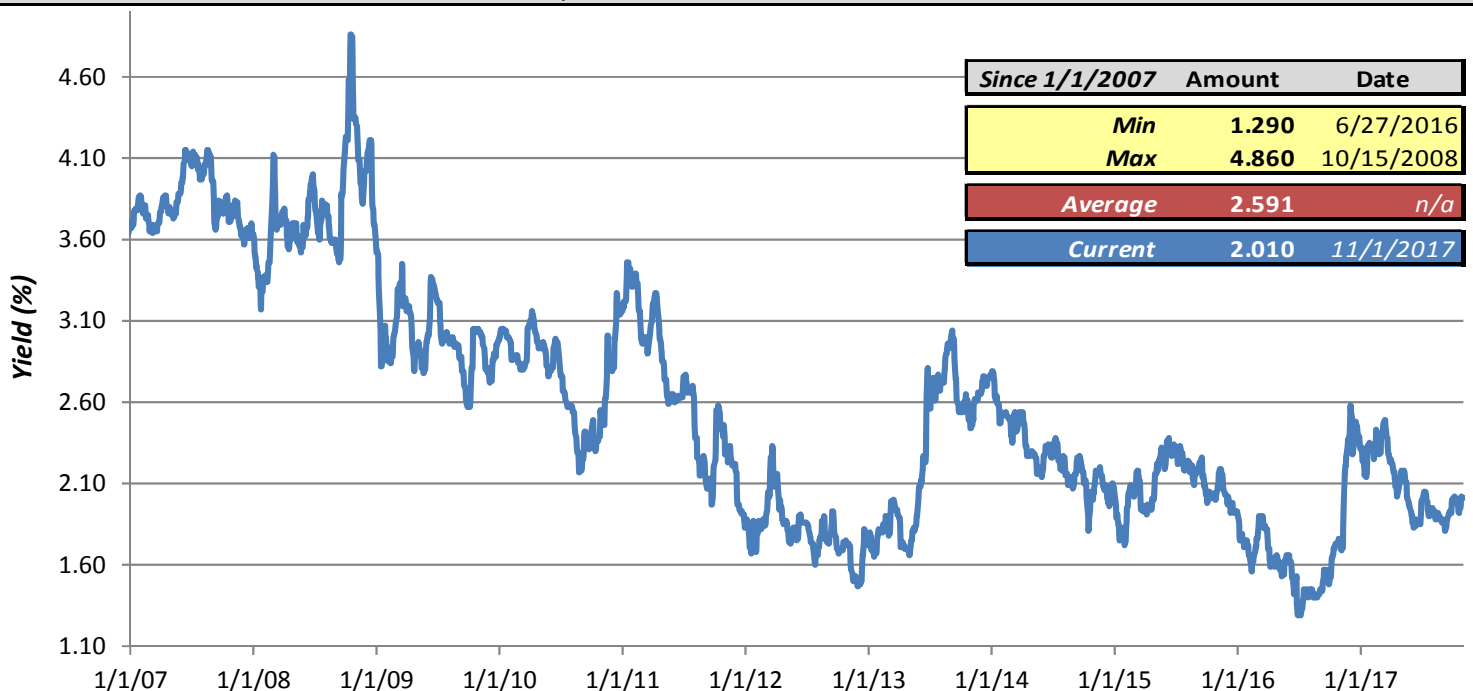
The MMD Yield Curve is a high grade municipal yield curve published daily by Municipal Market Data. It is one of the most commonly used benchmarks in municipal finance. The yields within the curve reflect the current yields for each maturity year at which bondholders would be likely to sell high quality (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, 2007



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



**WARREN COUNTY SCHOOL DISTRICT  
SUMMARY OF NEW MONEY**

**High School + Career Center 15 Year Term QZAB**

	1	2	3
	<b>STEP 2</b>	<b>STEP 2</b>	
	<i>High School Portion</i>	<i>Career Center Portion</i>	<b>Total</b>
<i>Principal</i>	\$2,478,000	\$5,000,000	\$7,478,000
<i>Type</i>	QZAB	QZAB	
<i>Millage Equivalent [1]</i>	0.35	0.82	1.17

4	5	6	7	8	9	10	11	12
<b>Fiscal Year Ending</b>	<b>Existing Local Effort</b>	<b>Proposed Local Effort [2]</b>	<b>Total Local Effort</b>	<b>Millage Equivalent [1]</b>	<b>Proposed Local Effort [2]</b>	<b>Total Local Effort</b>	<b>Millage Equivalent [1]</b>	<b>Total Millage Equivalent</b>
6/30/2018	3,433,374	60,310	3,493,685	0.14	156,000	3,649,685	0.37	0.51
6/30/2019	3,526,429	148,191	3,674,620	0.21	346,000	4,020,620	0.45	0.66
6/30/2020	3,629,215	148,191	3,777,406		346,000	4,123,406		
6/30/2021	3,701,471	148,191	3,849,662		346,000	4,195,662		
6/30/2022	3,681,508	148,191	3,829,699		346,000	4,175,699		
6/30/2023	3,667,658	148,191	3,815,849		346,000	4,161,849		
6/30/2024	3,662,878	148,191	3,811,069		346,000	4,157,069		
6/30/2025	3,752,016	148,191	3,900,207		346,000	4,246,207		
6/30/2026	3,745,746	148,191	3,893,937		346,000	4,239,937		
6/30/2027	3,631,735	148,191	3,779,926		346,000	4,125,926		
6/30/2028	3,620,039	148,191	3,768,230		346,000	4,114,230		
6/30/2029	3,600,487	148,191	3,748,678		346,000	4,094,678		
6/30/2030	3,587,500	148,191	3,735,691		346,000	4,081,691		
6/30/2031	3,537,009	148,191	3,685,201		346,000	4,031,201		
6/30/2032	3,524,868	148,191	3,673,059		346,000	4,019,059		
6/30/2033	3,371,034		3,371,034			3,371,034		
6/30/2034	3,094,781		3,094,781			3,094,781		
6/30/2035	3,048,083		3,048,083			3,048,083		
6/30/2036	3,051,113		3,051,113			3,051,113		
6/30/2037	3,051,367		3,051,367			3,051,367		
6/30/2038	2,434,395		2,434,395			2,434,395		
6/30/2039	2,439,025		2,439,025			2,439,025		
6/30/2040	2,436,573		2,436,573			2,436,573		
6/30/2041								
6/30/2042								
6/30/2043								
6/30/2044								
6/30/2045								
6/30/2046								
6/30/2047								
6/30/2048								
6/30/2049								
6/30/2050								
<b>TOTAL</b>	<b>77,228,303</b>	<b>2,134,987</b>	<b>79,363,290</b>	<b>0.35</b>	<b>5,000,000</b>	<b>84,363,290</b>	<b>0.82</b>	<b>1.17</b>

[1] 1 Mill = 420,000

[2] Reflects BB&T proposal of a 0.0% supplemental coupon as long as the tax credit rate is higher than 4.00% on the day of sale.

Assumes PE% of 19.51% on High School series, 0.00% on Career Center series

Actual rate to be determined at the time of pricing.



# Series A of 2017

**WARREN COUNTY SCHOOL DISTRICT  
QUALIFIED ZONE ACADEMY BOND PROGRAM  
SERIES A OF 2017 (High School)**

**Estimated:**

Dated: 12/18/2017  
Settlement: 12/18/2017  
Maximum Maturity: 33 years  
Actual Final Maturity: 3/1/2032  
Par Amount: \$2,478,000  
Bid Price: 100.0000%  
Proceeds: \$2,478,000  
First Interest Payment: 3/1/2018  
Principal Due: March 1  
Est. Taxable Coupon: 0.000%  
Est. Tax Credit Rate: 4.190%

AR% 70.95% (2017-18)  
PE% 19.51% Estimated  
1 Mill = \$420,000 Estimated

1	2	3	4	5	6	7	8	9
	<b>BANK TAX CREDIT</b>		<b>ISSUER NET PAYMENT STRUCTURE</b>				<b>TOTAL LOCAL EFFORT</b>	
Loan Payment Date	Bondholder Tax Credit Rate	Principal	Semi-Annual Net Payments	Annual Net Payments	Less: State Aid	Annual Estimated Local Effort	Existing Local Effort	Total Local Effort
3/1/2018	4.190	70,000	70,000.00	70,000.00	(9,689.64)	60,310.36	3,433,374.34	3,493,684.70
9/1/2018								
3/1/2019	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,526,428.90	3,674,620.07
9/1/2019								
3/1/2020	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,629,214.95	3,777,406.11
9/1/2020								
3/1/2021	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,701,470.85	3,849,662.02
9/1/2021								
3/1/2022	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,681,508.17	3,829,699.34
9/1/2022								
3/1/2023	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,667,658.13	3,815,849.30
9/1/2023								
3/1/2024	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,662,877.52	3,811,068.69
9/1/2024								
3/1/2025	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,752,016.03	3,900,207.20
9/1/2025								
3/1/2026	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,745,745.73	3,893,936.89
9/1/2026								
3/1/2027	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,631,735.20	3,779,926.36
9/1/2027								
3/1/2028	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,620,038.82	3,768,229.99
9/1/2028								
3/1/2029	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,600,487.30	3,748,678.47
9/1/2029								
3/1/2030	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,587,499.65	3,735,690.82
9/1/2030								
3/1/2031	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,537,009.38	3,685,200.55
9/1/2031								
3/1/2032	4.190	172,000	172,000.00	172,000.00	(23,808.83)	148,191.17	3,524,867.78	3,673,058.95
9/1/2032								
3/1/2033							3,371,033.77	3,371,033.77
9/1/2033								
3/1/2034							3,094,780.72	3,094,780.72
9/1/2034								
3/1/2035							3,048,082.80	3,048,082.80
9/1/2035								
3/1/2036							3,051,112.95	3,051,112.95
9/1/2036								
3/1/2037							3,051,367.28	3,051,367.28
9/1/2037								
3/1/2038							2,434,395.25	2,434,395.25
9/1/2038								
3/1/2039							2,439,024.66	2,439,024.66
9/1/2039								
3/1/2040							2,436,573.18	2,436,573.18
TOTALS		2,478,000	2,478,000.00	2,478,000.00	(343,013.31)	2,134,986.69	77,228,303.35	79,363,290.04

<b>WARREN COUNTY SCHOOL DISTRICT</b> <b>QUALIFIED ZONE ACADEMY BOND PROGRAM</b> <b>SERIES A OF 2017</b> <b>Composition of the Issue</b>
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<b>SOURCES:</b>		2017A
Bonds		2,478,000.00
District Cash Contribution		0.00
Accrued Interest		<u>0.00</u>
	TOTAL	2,478,000.00

<b>USES:</b>		
Deposit to Project Fund		2,444,750.00
Underwriter's Discount	\$0.00	0.00
Bond Insurance	\$0.000	0.00
Legal Fees & Expenses		12,000.00
Financial Advisor		15,000.00
Bank Counsel		3,750.00
Miscellaneous Expenses/Rounding		<u>2,500.00</u>
	TOTAL	2,478,000.00

Sale 11/6/2017

Dated Date 12/18/2017

Settlement Date 12/18/2017

352 State Route 34  
Hurricane, WV 25526  
(304) 353-1635  
Fax (304) 757-2768

October 26, 2017

Dr. Norbert J. Kennerknecht  
Director of Buildings and Grounds  
Warren County School District  
6820 Market Street  
Russell, PA 16345

**RE: Warren County School District, PA, Qualified Zone Academy Bonds, 2017A**

Dear Mr. Kennerknecht:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the Qualified Zone Academy Bond ("QZAB") requested by the Warren County School District, Pennsylvania ("DISTRICT").

- (1) **Project:** QZAB for Warren County High School Upgrades
- (2) **Amount To Be Financed:** not to exceed \$2,478,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Financing	Maturity	Current Tax Credit Rate
QZAB	March 1, 2032	4.20%

The general obligation financing shall constitute a QZAB for federal tax purposes with 100% of the tax credit accruing to the benefit of BB&T. All principal payments will be paid by the District directly to BB&T. Principal will be due in annual installments according to the amortization schedule included in the financing request dated October 12, 2017 for a maturity of March 1, 2032 (subject to the maximum QZAB maturity published periodically by the U.S. Treasury Department). The federal treasury tax credit rate for QZABs is published by the U.S. Treasury Department and is subject to change. This rate is currently 4.20%. The actual tax credit rate for the term of the lease financing will be locked in on the first day on which there is a binding, written contract for the sale of the QZAB. Subject to approval of counsel to the District, the tax credit rate may be locked upon execution of the commitment letter attached hereto by the District. BB&T shall require a minimum tax credit of 4.00%. BB&T reserves the right to cancel this offer at its discretion.

If the tax credit is reduced or eliminated, then the QZAB shall convert to an interest bearing financing bearing interest at a rate determined by BB&T to be an equivalent rate for taxable bonds of similar amount and term as of the date of such determination. Such interest rate shall apply retroactively to the date of the reduction or elimination of the tax credit (but offset by any tax credit received by BB&T if the tax credit has been reduced but not eliminated). In the event that the QZAB begins bearing interest, the QZAB may be prepaid by the School District in whole, but not in part, at par plus accrued interest to the date of prepayment.

This offer is valid for a closing not later than December 18, 2017. Closing of the financing is contingent upon completing documentation acceptable to BB&T and closing shall be in a manner acceptable to BB&T.

All applicable taxes, legal fees (including counsel for the District and BB&T), other professional fees (including placement fees due to PFM Financial Advisors LLC, as placement agent/financial advisor), and any other costs of issuance shall be the District's responsibility. The District shall pay the cost of lender counsel on behalf of BB&T for the review of the documentation. Please note that not more than 2% of the proceeds of the financing can be used to pay these costs, and if the aggregate closing costs exceed that amount, the District will be required to pay the excess from sources other than financing proceeds.

Other than a one-time partial prepayment within the first three years and 90 days of the term, the financing shall be non-callable by the District prior to maturity, excluding required QZAB refunding rules, due to the nature of the QZAB tax credit that serves as BB&T's consideration for providing this financing.

The applicable tax credit rate assumes that the District shall comply with all applicable federal tax requirements in order for the financing to remain a QZAB throughout its term, and if the financing shall become interest-bearing, the District shall comply with all applicable requirements in order for interest on the financing to be exempt from federal income taxation.

If it is determined at any time prior to closing that the financing will not qualify as a QZAB, BB&T reserves the right to terminate this offer, whether or not executed by the District, and to re-negotiate mutually acceptable terms for this financing.

**(4) Security:**

The QZAB shall be secured by the general obligation pledge of the Warren County School District, thus backed by its full faith, credit and taxing authority.

**(5) Financing Documents:**

It shall be the responsibility of the District to retain and compensate counsel to appropriately structure the general obligation financing according to Federal and Pennsylvania Statutes. BB&T shall also require the District's Bond Counsel to provide an unqualified legal opinion. BB&T reserves the right to review the documents and it must be mutually accepted by BB&T and the District.

BB&T agrees to serve as sinking fund depository for the obligation(s) anticipated to be issued in connection with this financing; provided, however, that BB&T shall not, and shall not be obligated by any provision to the contrary, to create, establish or hold a sinking fund account for the benefit of the District. Upon settlement, any miscellaneous or rounding amount balance remaining with respect to the unused proceeds of the obligation(s) will be returned to the District for application thereof to the first payment of principal and interest thereon.

**(6) Disbursement of Proceeds:**

The financing proceeds shall be disbursed to the District at closing.

\* \* \* \* \*

BB&T appreciates the opportunity to provide this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the District of its election to do so (whether or not this offer has previously been accepted by the District) if at any time prior to the closing there is a material adverse change in the District's financial condition, if we discover adverse



circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the District or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to terminate our interest in this transaction at any time should we not be the successful proposer.

Please call me at (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY

A handwritten signature in black ink, reading "Russell R. Akers, II". The signature is written in a cursive style with a large, stylized "R" and a small "II" at the end.

Russell R. Akers, II  
Vice President

On behalf of the Warren County School, the undersigned Manager hereby accepts the foregoing proposal as of the date indicated below. The closing of the financing described above is subject to completion of acceptable documentation. The District and BB&T intend that the acceptance of the proposal on the date indicated below will establish the first date there is a written agreement between the parties to complete the financing, in order to establish "the first date on which there is a binding, written contract for the sale or exchange" of the QZAB within the meaning of Section 54A(b)(3) of the Internal Revenue Code.

Accepted and approved by the undersigned on behalf of the Warren County School District of Pennsylvania.

Date: \_\_\_\_\_, 2017.

Signature: \_\_\_\_\_  
Authorized Signor



# Series B of 2017

**WARREN COUNTY SCHOOL DISTRICT  
QUALIFIED ZONE ACADEMY BOND PROGRAM  
SERIES B OF 2017 (Career Center)**

**Estimated:**

Dated: 12/18/2017  
Settlement: 12/18/2017  
Maximum Maturity: 33 years  
Actual Final Maturity: 3/1/2032  
Par Amount: \$5,000,000  
Bid Price: 100.0000%  
Proceeds: \$5,000,000  
First Interest Payment: 3/1/2018  
Principal Due: March 1  
Est. Taxable Coupon: 0.000%  
Est. Tax Credit Rate: 4.190%

AR% 70.95% (2017-18)  
PE% 0.00% Estimated  
1 Mill = \$420,000 Estimated

1	2	3	4	5	6	7	8	9
	<b>BANK TAX CREDIT</b>		<b>ISSUER NET PAYMENT STRUCTURE</b>				<b>TOTAL LOCAL EFFORT</b>	
Loan Payment Date	Bondholder Tax Credit Rate	Principal	Semi-Annual Net Payments	Annual Net Payments	Less: State Aid	Annual Estimated Local Effort	Existing Local Effort (After 2017A)	Total Local Effort
3/1/2018	4.190	156,000	156,000.00	156,000.00		156,000.00	3,493,684.70	3,649,684.70
9/1/2018								
3/1/2019	4.190	346,000	346,000.00	346,000.00		346,000.00	3,674,620.07	4,020,620.07
9/1/2019								
3/1/2020	4.190	346,000	346,000.00	346,000.00		346,000.00	3,777,406.11	4,123,406.11
9/1/2020								
3/1/2021	4.190	346,000	346,000.00	346,000.00		346,000.00	3,849,662.02	4,195,662.02
9/1/2021								
3/1/2022	4.190	346,000	346,000.00	346,000.00		346,000.00	3,829,699.34	4,175,699.34
9/1/2022								
3/1/2023	4.190	346,000	346,000.00	346,000.00		346,000.00	3,815,849.30	4,161,849.30
9/1/2023								
3/1/2024	4.190	346,000	346,000.00	346,000.00		346,000.00	3,811,068.69	4,157,068.69
9/1/2024								
3/1/2025	4.190	346,000	346,000.00	346,000.00		346,000.00	3,900,207.20	4,246,207.20
9/1/2025								
3/1/2026	4.190	346,000	346,000.00	346,000.00		346,000.00	3,893,936.89	4,239,936.89
9/1/2026								
3/1/2027	4.190	346,000	346,000.00	346,000.00		346,000.00	3,779,926.36	4,125,926.36
9/1/2027								
3/1/2028	4.190	346,000	346,000.00	346,000.00		346,000.00	3,768,229.99	4,114,229.99
9/1/2028								
3/1/2029	4.190	346,000	346,000.00	346,000.00		346,000.00	3,748,678.47	4,094,678.47
9/1/2029								
3/1/2030	4.190	346,000	346,000.00	346,000.00		346,000.00	3,735,690.82	4,081,690.82
9/1/2030								
3/1/2031	4.190	346,000	346,000.00	346,000.00		346,000.00	3,685,200.55	4,031,200.55
9/1/2031								
3/1/2032	4.190	346,000	346,000.00	346,000.00		346,000.00	3,673,058.95	4,019,058.95
9/1/2032								
3/1/2033							3,371,033.77	3,371,033.77
9/1/2033								
3/1/2034							3,094,780.72	3,094,780.72
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TOTALS		5,000,000	5,000,000.00	5,000,000.00		5,000,000.00	79,363,290.04	84,363,290.04

<b>WARREN COUNTY SCHOOL DISTRICT</b> <b>QUALIFIED ZONE ACADEMY BOND PROGRAM</b> <b>SERIES B OF 2017</b> <b>Composition of the Issue</b>
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<b>SOURCES:</b>		2017B
Bonds		5,000,000.00
District Cash Contribution		0.00
Accrued Interest		<u>0.00</u>

TOTAL 5,000,000.00

<b>USES:</b>		
Deposit to Project Fund		4,938,750.00
Underwriter's Discount	\$0.00	0.00
Bond Insurance	\$0.000	0.00
Legal Fees & Expenses		25,000.00
Financial Advisor		30,000.00
Bank Counsel		3,750.00
Miscellaneous Expenses/Rounding		<u>2,500.00</u>
	TOTAL	5,000,000.00

Sale 11/6/2017

Dated Date 12/18/2017

Settlement Date 12/18/2017

352 State Route 34  
Hurricane, WV 25526  
(304) 353-1635  
Fax (304) 757-2768

October 26, 2017

Dr. Norbert J. Kennerknecht  
Director of Buildings and Grounds  
Warren County School District  
6820 Market Street  
Russell, PA 16345

**RE: Warren County School District, PA, Qualified Zone Academy Bonds, 2017B**

Dear Mr. Kennerknecht:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the Qualified Zone Academy Bond ("QZAB") requested by the Warren County School District, Pennsylvania ("DISTRICT").

- (1) **Project:** QZAB for Warren County Career and Technical Center Upgrades
- (2) **Amount To Be Financed:** not to exceed \$5,000,000.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Financing	Maturity	Current Tax Credit Rate
QZAB	March 1, 2032	4.20%

The general obligation financing shall constitute a QZAB for federal tax purposes with 100% of the tax credit accruing to the benefit of BB&T. All principal payments will be paid by the District directly to BB&T. Principal will be due in annual installments according to the amortization schedule included in the financing request dated October 12, 2017 for a maturity of March 1, 2032 (subject to the maximum QZAB maturity published periodically by the U.S. Treasury Department). The federal treasury tax credit rate for QZABs is published by the U.S. Treasury Department and is subject to change. This rate is currently 4.20%. The actual tax credit rate for the term of the lease financing will be locked in on the first day on which there is a binding, written contract for the sale of the QZAB. Subject to approval of counsel to the District, the tax credit rate may be locked upon execution of the commitment letter attached hereto by the District. BB&T shall require a minimum tax credit of 4.00%. BB&T reserves the right to cancel this offer at its discretion.

If the tax credit is reduced or eliminated, then the QZAB shall convert to an interest bearing financing bearing interest at a rate determined by BB&T to be an equivalent rate for taxable bonds of similar amount and term as of the date of such determination. Such interest rate shall apply retroactively to the date of the reduction or elimination of the tax credit (but offset by any tax credit received by BB&T if the tax credit has been reduced but not eliminated). In the event that the QZAB begins bearing interest, the QZAB may be prepaid by the School District in whole, but not in part, at par plus accrued interest to the date of prepayment.

This offer is valid for a closing not later than December 18, 2017. Closing of the financing is contingent upon completing documentation acceptable to BB&T and closing shall be in a manner acceptable to BB&T.

All applicable taxes, legal fees (including counsel for the District and BB&T), other professional fees (including placement fees due to PFM Financial Advisors LLC, as placement agent/financial advisor), and any other costs of issuance shall be the District's responsibility. The District shall pay the cost of lender counsel on behalf of BB&T for the review of the documentation. Please note that not more than 2% of the proceeds of the financing can be used to pay these costs, and if the aggregate closing costs exceed that amount, the District will be required to pay the excess from sources other than financing proceeds.

Other than a one-time partial prepayment within the first three years and 90 days of the term, the financing shall be non-callable by the District prior to maturity, excluding required QZAB refunding rules, due to the nature of the QZAB tax credit that serves as BB&T's consideration for providing this financing.

The applicable tax credit rate assumes that the District shall comply with all applicable federal tax requirements in order for the financing to remain a QZAB throughout its term, and if the financing shall become interest-bearing, the District shall comply with all applicable requirements in order for interest on the financing to be exempt from federal income taxation.

If it is determined at any time prior to closing that the financing will not qualify as a QZAB, BB&T reserves the right to terminate this offer, whether or not executed by the District, and to re-negotiate mutually acceptable terms for this financing.

**(4) Security:**

The QZAB shall be secured by the general obligation pledge of the Warren County School District, thus backed by its full faith, credit and taxing authority.

**(5) Financing Documents:**

It shall be the responsibility of the District to retain and compensate counsel to appropriately structure the general obligation financing according to Federal and Pennsylvania Statutes. BB&T shall also require the District's Bond Counsel to provide an unqualified legal opinion. BB&T reserves the right to review the documents and it must be mutually accepted by BB&T and the District.

BB&T agrees to serve as sinking fund depository for the obligation(s) anticipated to be issued in connection with this financing; provided, however, that BB&T shall not, and shall not be obligated by any provision to the contrary, to create, establish or hold a sinking fund account for the benefit of the District. Upon settlement, any miscellaneous or rounding amount balance remaining with respect to the unused proceeds of the obligation(s) will be returned to the District for application thereof to the first payment of principal and interest thereon.

**(6) Disbursement of Proceeds:**

The financing proceeds shall be disbursed to the District at closing.

\* \* \* \* \*

BB&T appreciates the opportunity to provide this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

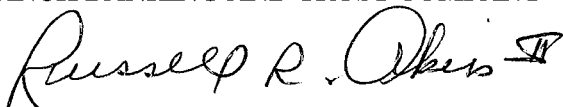
BB&T shall have the right to cancel this offer by notifying the District of its election to do so (whether or not this offer has previously been accepted by the District) if at any time prior to the closing there is a material adverse change in the District's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the District or if there is a change in law (or proposed change in law) that changes the economic

effect of this financing to BB&T. We reserve the right to terminate our interest in this transaction at any time should we not be the successful proposer.

Please call me at (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY

A handwritten signature in cursive script that reads "Russell R. Akers, II". The signature is written in dark ink and is positioned above the printed name.

Russell R. Akers, II  
Vice President



On behalf of the Warren County School, the undersigned Manager hereby accepts the foregoing proposal as of the date indicated below. The closing of the financing described above is subject to completion of acceptable documentation. The District and BB&T intend that the acceptance of the proposal on the date indicated below will establish the first date there is a written agreement between the parties to complete the financing, in order to establish "the first date on which there is a binding, written contract for the sale or exchange" of the QZAB within the meaning of Section 54A(b)(3) of the Internal Revenue Code.

Accepted and approved by the undersigned on behalf of the Warren County School District of Pennsylvania.

Date: \_\_\_\_\_, 2017.

Signature: \_\_\_\_\_  
Authorized Signor

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

Debt Service Requirements													11
1	2	3	4	5	6	7	8	9	10	11	12		Total Debt Service
Fiscal Year Ended	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	QZAB Series of 2016	G.O. Bonds Series of 2017	QZAB Series A of 2017	QZAB Series B of 2017		
6/30/2018	1,044,884	104,025	295,755	862,750	406,760	125,721	1,215,890	149,000	203,016	70,000	156,000		4,633,801
6/30/2019	1,777,800	180,000	295,680		406,670	125,621	1,216,100	164,000	351,334	172,000	346,000		5,035,204
6/30/2020	1,315,700	1,215,000	295,583		406,580	125,521	710,807	159,000	351,246	172,000	346,000		5,097,437
6/30/2021	762,100	1,825,000	295,463		406,460	125,421	704,166	159,000	351,159	172,000	346,000		5,146,768
6/30/2022	789,000	1,764,254	295,343		406,310	125,321	706,321	168,000	351,071	172,000	346,000		5,123,619
6/30/2023	720,000	1,802,781	295,223		406,160	125,221	711,159	172,000	350,984	172,000	346,000		5,101,526
6/30/2024	702,000	1,797,494	295,103		425,710	125,121	705,745	172,000	350,878	172,000	346,000		5,092,050
6/30/2025	684,000	2,559,846	294,983		449,535	125,021		172,000	350,753	172,000	346,000		5,154,136
6/30/2026	666,000	2,016,867	792,273		487,273	124,921		172,000	350,628	172,000	346,000		5,127,960
6/30/2027	648,000	639,871	1,397,523		1,062,210	124,821		172,000	350,503	172,000	346,000		4,912,927
6/30/2028	630,000	599,733	1,363,323		1,133,010	124,721		172,000	350,378	172,000	346,000		4,891,164
6/30/2029	612,000	559,595	1,329,123		1,194,910	124,621		172,000	350,239	172,000	346,000		4,860,487
6/30/2030	594,000	514,639	1,294,923		1,267,710	124,521		173,000	350,086	172,000	346,000		4,836,878
6/30/2031		479,501	1,260,723		1,777,110	124,421		173,000	349,934	172,000	346,000		4,682,688
6/30/2032		439,363	1,231,448		1,827,595	124,321		173,000	349,781	172,000	346,000		4,663,507
6/30/2033		399,225	1,197,098		1,887,285	124,221			349,629				3,957,457
6/30/2034		359,087	1,162,461		1,490,295	284,121			349,476				3,645,440
6/30/2035						2,775,821			845,475				3,621,296
6/30/2036						2,777,621			847,275				3,624,896
6/30/2037						2,771,910			853,288				3,625,198
6/30/2038									2,892,200				2,892,200
6/30/2039									2,897,700				2,897,700
6/30/2040									2,894,788				2,894,788
6/30/2041													
6/30/2042													
6/30/2043													
<b>TOTAL</b>	10,945,484	17,256,279	13,392,021	862,750	15,441,583	10,609,004	5,970,188	2,522,000	17,041,817	2,478,000	5,000,000		101,519,125
Local Effort Requirements													21
12	13	14	15	16	17	18	19	20	21	22	23		Total Local Effort
Fiscal Year Ended	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	QZAB Series of 2016	G.O. Bonds Series of 2017	QZAB Series A of 2017	QZAB Series B of 2017		
6/30/2018	778,815	83,603	244,114	651,691	358,478	105,820	914,558	125,415	170,880	60,310	156,000		3,649,685
6/30/2019	1,325,102	144,663	244,052		358,399	105,736	914,716	138,041	295,721	148,191	346,000		4,020,620
6/30/2020	980,671	976,473	243,971		358,319	105,652	534,649	133,832	295,648	148,191	346,000		4,123,406
6/30/2021	568,039	1,466,718	243,872		358,213	105,568	529,653	133,832	295,574	148,191	346,000		4,195,662
6/30/2022	588,089	1,417,898	243,773		358,081	105,484	531,275	141,407	295,500	148,191	346,000		4,175,699
6/30/2023	536,660	1,448,861	243,674		357,949	105,400	534,914	144,774	295,427	148,191	346,000		4,161,849
6/30/2024	523,243	1,444,612	243,575		375,178	105,315	530,842	144,774	295,337	148,191	346,000		4,157,069
6/30/2025	509,827	2,057,300	243,476		396,175	105,231		144,774	295,232	148,191	346,000		4,246,207
6/30/2026	496,410	1,620,919	653,335		429,434	105,147		144,774	295,127	148,191	346,000		4,239,937
6/30/2027	482,994	514,253	1,153,504		936,126	105,063		144,774	295,022	148,191	346,000		4,125,926
6/30/2028	469,577	481,994	1,125,276		998,522	104,979		144,774	294,916	148,191	346,000		4,114,230
6/30/2029	456,161	449,736	1,097,047		1,053,075	104,895		144,774	294,800	148,191	346,000		4,094,678
6/30/2030	442,744	413,606	1,068,819		1,117,234	104,810		145,616	294,671	148,191	346,000		4,081,691
6/30/2031		385,366	1,040,590		1,566,168	104,726		145,616	294,543	148,191	346,000		4,031,201
6/30/2032		353,108	1,016,427		1,610,661	104,642		145,616	294,415	148,191	346,000		4,019,059
6/30/2033		320,849	988,075		1,663,265	104,558			294,286				3,371,034
6/30/2034		288,591	959,486		1,313,398	239,147			294,158				3,094,781
6/30/2035						2,336,438			711,645				3,048,083
6/30/2036						2,337,953			713,160				3,051,113
6/30/2037						2,333,146			718,221				3,051,367
6/30/2038									2,434,395				2,434,395
6/30/2039									2,439,025				2,439,025
6/30/2040									2,436,573				2,436,573
6/30/2041													
6/30/2042													
6/30/2043													
<b>TOTAL</b>	8,158,331	13,868,550	11,053,668	651,691	13,608,677	8,929,710	4,490,606	2,122,794	14,344,277	2,134,987	5,000,000		84,363,290
<b>Principal *</b>	16,200,000	23,180,000	9,685,000	0	9,970,000	8,449,000	4,513,000	2,373,000	9,920,000	2,478,000	5,000,000		84,290,000
<b>PE%:</b>	35.89%	27.67%	24.61%	34.48%	16.73%	22.31%	34.93%	22.31%	22.31%	19.51%	0.00%		
<b>PE Status:</b>	Temporary	Permanent	Temporary	Temporary	Temporary	Temporary	Permanent	Temporary	Estimated	Temporary	Estimated		
<b>AR%:</b>	70.95%	70.95%	70.95%	70.95%	70.95%	70.95%	70.95%	70.95%	70.95%	70.95%	70.95%		
<b>Call Date:</b>	Non-Callable	Non-Callable	5/15/2018	Non-Callable	5/15/2019	9/1/2025	Anytime	Anytime	9/1/2022	Noncallable	Noncallable		
<b>Purpose:</b>	New Money	New Money	New Money	Cur Ref 08	New Money	New Money	Cur Ref 2010	New Money	New Money	New Money	New Money		

\* Outstanding as of November 1, 2017

(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 & 9/1/2016 payment reduced by 6.80% (\$28,300.10 per payment)
- (1E) Assumes Fed. Reimbursement Subsidy for 3/1/17 & 9/1/2017 payment reduced by 6.90% (\$28,716.28 per payment)
- (1F) Assumes Fed. Reimbursement Subsidy for 3/1/18 payment reduced by 6.60% (\$27,467.75 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 11/1/14 & 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)
- (2D) Assumes Fed. Reimbursement Subsidy for 11/1/2016 & 5/1/2017 payments reduced by 6.90% (\$33,467.86 per payment)
- (2E) Assumes Fed. Reimbursement Subsidy for 11/1/2017 & 5/1/2018 payments reduced by 6.60% (\$32,012.74 per payment)

**WARREN COUNTY SCHOOL DISTRICT**  
**Series A & B of 2017**  
**Comparison of QZAB**

	Base Case	Bank Loan	Net Benefit
	Est. Tax Exempt Bond Issue	Est. Taxable QZAB- BANK	
Estimated Project Proceeds Available to District:	7,210,949	7,384,000	
<b>Borrowing Amount:</b>	7,480,000	7,478,000	
<b>PLUS:</b> Estimated Interest:	5,574,686	0	
<b>LESS:</b> Estimated Sinking Fund Earnings:	0	0	
<b>Total Local Effort (Principal + Interest):</b>	<b>13,054,686</b>	<b>7,478,000</b>	<b>5,576,686</b>
<b>Assumptions</b>			
Est. Final Maturity:	9/1/2040	3/1/2032	
Est. Interest Rate:	3.64%	0.00%	
Est. Subsidy:	0.00%	0.00%	
Est. Sinking Fund Investment Rate:	0.00%	0.00%	
Est. Millage Equivalent:	0.62	1.17	

Estimated rates. Actual rates to be determined at the time of pricing.

**WARREN COUNTY SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
SERIES A & B OF 2017**

**SUMMARY OF FINANCING**

**2017A Bonds Principal:** \$2,478,000

**2017B Bonds Principal** \$5,000,000

**Pricing Date:** 11/6/2017

**Settlement Date:** 12/18/2017

**Use of Proceeds (2017A):** (1) paying costs of renovation, repair, rehabilitation and equipping of the School District's Warren Area High School.

**Use of Proceeds (2017B):** (1) paying costs of renovation, repair, rehabilitation and equipping of the Warren County Career and Technical Center.

**FINANCING TEAM MEMBERS**

<b>Issuer</b>	<i>Warren County School District</i>
<b>Solicitor</b>	<i>Stapleford &amp; Byham, LLC</i>
<b>Bond Counsel</b>	<i>Knox McLaughlin Gornall &amp; Sennett, P.C.</i>
<b>Financial Advisor</b>	<i>PFM Financial Advisors LLC</i>
<b>Bank</b>	<i>BB&amp;T</i>
<b>Bank Counsel</b>	<i>Eckert, Seamens, Cherin &amp; Mellott, LLC</i>