



**SPRING GROVE AREA SCHOOL DISTRICT**  
100 East College Avenue, Spring Grove, PA 17362  
717-225-4731  
sgasd.org

@SGSchoolNews



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**TO: Board of School Directors**

**FROM: Dr. George W. Ioannidis, Superintendent**

**DATE: June 21, 2023**

**SUBJECT: Financial Status / Proposed Resolution**

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As we progress through the development of the facilities projects, we have been working on the financing actions. As you may recall from prior presentations to the Board, we have asked our financial advisor, Concord Public Finance, to assist us with developing options for borrowing funds for the projects and for restructuring our existing debt service. Attached to this memo is an updated schedule of debt service that includes the borrowing of new funds and the restructuring of existing debt.

Another step in the process is the adoption of a reimbursement resolution that will allow the District to reimburse itself for any expenditures from the General Fund that are related to any of the construction projects. Attached is a resolution for consideration by the Board at the next voting meeting, July 17.

Lastly, we have attached a schedule of potential actions leading up to the issuance of the new debt. The dates are tentative and are based on the development of the specific actions related to the Maintenance Facility project as the initial one to be undertaken.

Please feel free to contact me if you have any questions prior to the June 26<sup>th</sup> meeting so that any concerns may be addressed at the meeting. Thank you.



LEARNING WITHOUT LIMITS



**Spring Grove Area School District  
Comparison of Debt Service Costs  
Existing Debt Service vs. Restructured Debt Service - Current Rates**

<b>Projected Net Debt Service</b>					
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
<u>Fiscal Year</u>	<u>Existing Debt Service</u>	<u>Restructured Debt Service</u>	<u>Difference</u>	<u>New Money Debt Service</u>	<u>Total Debt Service</u>
2023-2024	6,062,144.16	4,319,927.29	-1,742,216.87	124,468.31	4,444,395.60
2024-2025	6,040,918.53	4,200,050.87	-1,840,867.66	331,995.00	4,532,045.87
2025-2026	5,959,979.77	4,200,777.92	-1,759,201.85	331,832.50	4,532,610.42
2026-2027	6,054,346.45	4,199,693.31	-1,854,653.13	331,658.75	4,531,352.06
2027-2028	6,080,187.04	4,197,886.87	-1,882,300.17	331,487.50	4,529,374.37
2028-2029	5,811,861.80	4,199,419.33	-1,612,442.47	331,317.50	4,530,736.83
2029-2030		2,864,854.73	2,864,854.73	331,148.75	3,196,003.48
2030-2031		2,860,482.94	2,860,482.94	330,981.25	3,191,464.19
2031-2032		2,862,220.49	2,862,220.49	330,813.00	3,193,033.49
2032-2033		2,858,828.24	2,858,828.24	330,640.75	3,189,468.99
2033-2034		2,862,519.77	2,862,519.77	330,462.00	3,192,981.77
2034-2035		0.00	0.00	899,343.75	899,343.75
2035-2036		0.00	0.00	901,421.50	901,421.50
2036-2037		0.00	0.00	901,699.50	901,699.50
2037-2038		0.00	0.00	900,540.50	900,540.50
2038-2039		0.00	0.00	898,200.25	898,200.25
2039-2040		0.00	0.00	899,463.00	899,463.00
2040-2041		0.00	0.00	899,387.00	899,387.00
2041-2042		0.00	0.00	897,765.00	897,765.00
2042-2043		0.00	0.00	894,585.00	894,585.00
2043-2044		0.00	0.00	895,040.00	895,040.00
2044-2045		0.00	0.00	898,700.00	898,700.00
2045-2046		0.00	0.00		0.00
2046-2047		0.00	0.00		0.00
2047-2048		0.00	0.00		0.00
<b>Totals</b>	<b>36,009,437.74</b>	<b>39,626,661.77</b>	<b>3,617,224.03</b>	<b>13,322,950.81</b>	<b>52,949,612.58</b>
	36,009,437.74	39,626,661.77	3,617,224.03	13,322,950.81	52,949,612.58

**\*Need to Obtain PDE & DCED Review**

<b>Projected Gross Debt Service</b>					
<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
<u>Fiscal Year</u>	<u>Existing Debt Service</u>	<u>Restructured Debt Service</u>	<u>Difference</u>	<u>New Money Debt Service</u>	<u>Total Debt Service</u>
2023-2024	6,820,858.05	4,943,881.78	-1,876,976.27	124,468.31	5,068,350.09
2024-2025	6,798,904.95	4,771,485.70	-2,027,419.25	331,995.00	5,103,480.70
2025-2026	6,818,505.48	4,820,361.23	-1,998,144.25	331,832.50	5,152,193.73
2026-2027	6,792,164.80	4,735,071.80	-2,057,093.00	331,658.75	5,066,730.55
2027-2028	6,713,571.53	4,861,000.78	-1,852,570.75	331,487.50	5,192,488.28
2028-2029	6,833,914.75	4,891,390.75	-1,942,524.00	331,317.50	5,222,708.25
2029-2030		3,077,472.25	3,077,472.25	331,148.75	3,408,621.00
2030-2031		3,072,776.00	3,072,776.00	330,981.25	3,403,757.25
2031-2032		3,074,642.50	3,074,642.50	330,813.00	3,405,455.50
2032-2033		3,070,998.50	3,070,998.50	330,640.75	3,401,639.25
2033-2034		3,074,964.00	3,074,964.00	330,462.00	3,405,426.00
2034-2035		0.00	0.00	899,343.75	899,343.75
2035-2036		0.00	0.00	901,421.50	901,421.50
2036-2037		0.00	0.00	901,699.50	901,699.50
2037-2038		0.00	0.00	900,540.50	900,540.50
2038-2039		0.00	0.00	898,200.25	898,200.25
2039-2040		0.00	0.00	899,463.00	899,463.00
2040-2041		0.00	0.00	899,387.00	899,387.00
2041-2042		0.00	0.00	897,765.00	897,765.00
2042-2043		0.00	0.00	894,585.00	894,585.00
2043-2044		0.00	0.00	895,040.00	895,040.00
2044-2045		0.00	0.00	898,700.00	898,700.00
2045-2046		0.00	0.00		0.00
2046-2047		0.00	0.00		0.00
2047-2048		0.00	0.00		0.00
<b>Totals</b>	<b>40,777,919.55</b>	<b>44,394,045.28</b>	<b>3,616,125.73</b>	<b>13,322,950.81</b>	<b>57,716,996.09</b>
	40,777,919.55	44,394,045.28	3,616,125.73	13,322,950.81	57,716,996.09

SPRING GROVE AREA SCHOOL DISTRICT  
BOARD OF SCHOOL DIRECTORS

WHEREAS, the Spring Grove Area School District (the “School District”) has determined to undertake certain capital projects including the construction and renovation to upgrade or build new facilities for the School District’s Maintenance Department, and upgrades to the transportation network for the Spring Grove Campus and Paradise Elementary School (the “Project”); and

WHEREAS, the United States Department of the Treasury, acting by and through the Internal Revenue Service, on June 18, 1993, promulgated regulations in the Federal Register, Vol. 58, No. 11, Section 1.150-2 (the “Reimbursement Regulations”), which are applicable to the Project; and

WHEREAS, the Reimbursement Regulations require this School District to adopt an “official intent” to reimburse itself from taxable or tax-exempt proceeds for certain capital expenditures made and to be made by this School District in connection with the Project; and

WHEREAS, this School District desires to declare its official intent with respect to certain capital expenditures and reimbursement thereof to be made in connection with the Project.

NOW, THEREFORE, BE IT RESOLVED:

1. This School District has and hereafter, from time to time, shall continue to apply money from its general fund (consisting of general tax and related revenues, including proceeds of any tax and revenue anticipation notes), or from any capital reserve or existing bond fund, for the purpose of paying certain expenditures relating to the Project, including fees and expenses of contractors, engineers, architects, surveyors, lawyers, underwriters, paying advertising costs, filing fees, printing costs, cost of acquiring land or rights of way, permit and inspection fees, cost of acquisition and construction of Project facilities and related costs of a capital nature with an economic life of in excess of one (1) year. Such expenditures of accumulated general fund or capital reserve or bond fund revenues were not originally budgeted for this purpose and are not intended to finance the Project on a long term basis, but on an interim basis only.

2. This School District declares its intention to reimburse its general fund (consisting of general tax and related revenues, including proceeds of any tax and revenue anticipation notes), or any capital reserve or bond fund, for such amounts paid for expenditures allocable to the Project from and after the date which is sixty (60) days prior to the date of this Resolution or such other sums which otherwise constitute “preliminary costs” within the meaning of applicable Treasury Regulations, from proceeds of a borrowing by this School District, through the incurrence of taxable or tax-exempt debt, in the approximate principal amount of \$10,000,000. Such reimbursement

shall occur not later than eighteen (18) months after the later of (i) the date on which the original expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. Such debt shall be payable from the general tax and related revenues of this School District.

3. The Board Secretary of this School District is hereby directed to enter this Resolution upon the minutes of this School District and to make it available for general public inspection at the Administration Offices during normal business hours of this School District.

DULY ADOPTED, by the Board of School Directors of the Spring Grove Area School District, this 17<sup>th</sup> day of July, 2023.

Attest: \_\_\_\_\_  
Board Secretary

By: \_\_\_\_\_  
Board President

SPRING GROVE AREA SCHOOL DISTRICT

**CERTIFICATE OF SECRETARY**

The undersigned, Secretary of the Board of School Directors hereby certifies that:

1. The foregoing Resolution authorizing certain capital expenditures and reimbursement, was duly moved and seconded and adopted by a majority vote of all the members of the Board of School Directors at a duly called and convened public meeting of said Board held on July 17, 2023, that public notice of said meeting was given as required by law; and that the roll of the Board was called and such members voted or were absent as follows:

Name

Vote

2. Said Resolution has not been altered, amended, modified, suspended and is still in full force and effect as of the date of the delivery of this Certificate.

WITNESS my hand and seal of the Spring Grove Area School District as of July 17, 2023.

\_\_\_\_\_  
Board Secretary

(SEAL)



**Spring Grove Area School District  
Proposed General Obligation Bonds/Note, Series of 2023  
Proposed Financing Schedule  
June 21, 2023**

**June**

S	M	T	W	T	F	S
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8

**July**

S	M	T	W	T	F	S
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

**August**

S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2
3	4	5	6	7	8	9

**September**

S	M	T	W	T	F	S
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**October**

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

**November**

S	M	T	W	T	F	S
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

**Date Activity**

**Responsibility**

June 26, 2023	Discussion with School Board regarding Reimbursement Resolution, timing, and financial structure	All
July 17, 2023	Consideration of adoption of reimbursement resolution	School District
August 14, 2023	Discussion with School Board and decision on financing options	All
August 15, 2023	Bank loan RFP disseminated	Concord
September 6, 2023	Bank loan RFP responses due	Concord
September 11, 2023	Discussion of bank financing proposals received; determination of bank loan or bond issue financing	School District/Concord
September 11, 2023	Construction contracts awarded	School District
October 9, 2023	School District considers adoption of Borrowing Resolution for Bank Loan financing	All
October 10, 2023	Bank Financing Proposals valid until this date	Concord
November 14, 2023	Settlement of bank loan financing	All

**Steps to be included if financing is bond issue**

September 7, 2023	First draft of Preliminary Official statement circulated	Concord
September 7, 2023	Information sent to rating agency and bond insurers	Concord
September 11, 2023	Construction contracts awarded	School District
September 14, 2023	Comments due on Preliminary Official Statement	All
September 15, 2023	Second draft of Preliminary Official Statement circulated	Concord
week of September 18, 2023	Conference call with Standard & Poor's Corporation	School District/Concord
week of September 18, 2023	Document due diligence call	All
September 29, 2023	Preliminary Official Statement finalized and posted	All
September 29, 2023	Receive rating	Concord
October 9, 2023	Bonds Priced; School District considers adoption of Borrowing Resolution	Underwriter/Concord
November 14, 2023	Settlement of bond issue	All