School District No. 5 of Lexington County and Richland County (SC)

Debt Overview

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Long-Term Debt

- Long-Term Debt – used to fund capital projects
- **General Obligation Bonds** – Paid from ad valorem taxes on all taxable property including homeowners. Two types of General Obligation debt:
  - "8% Debt" – State law allows each School District to issue General Obligation Bonds payable from property taxes in an amount up to 8% of the Assessed Value of the District

General Obligation Debt and Limit	
Assessed Value *	586,383,014
Constitutinal Debt Limit	8.00%
8% Debt Limit	46,910,641

* Based on Tax Year 2021 assessed value; includes merchants' inventory

  - Referendum Approved – Additional General Obligation debt can be issued if approved by a majority of the voters at a referendum
  - Currently, the District has both forms of General Obligation debt outstanding

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8% Debt Capacity Over Time / Debt Service Millage

- The amount of available 8% Debt changes over time as:
  - Taxable assessed value increases (or decreases)
  - Debt is retired
  - New debt is issued
- The District budgets using a debt service millage levy of 69.5 mills. This millage levy can be adjusted up or down with a majority vote of the Board of Trustees.

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District Debt Overview

- The District has five (5) financings outstanding, all of which must be paid from the debt service millage levy:

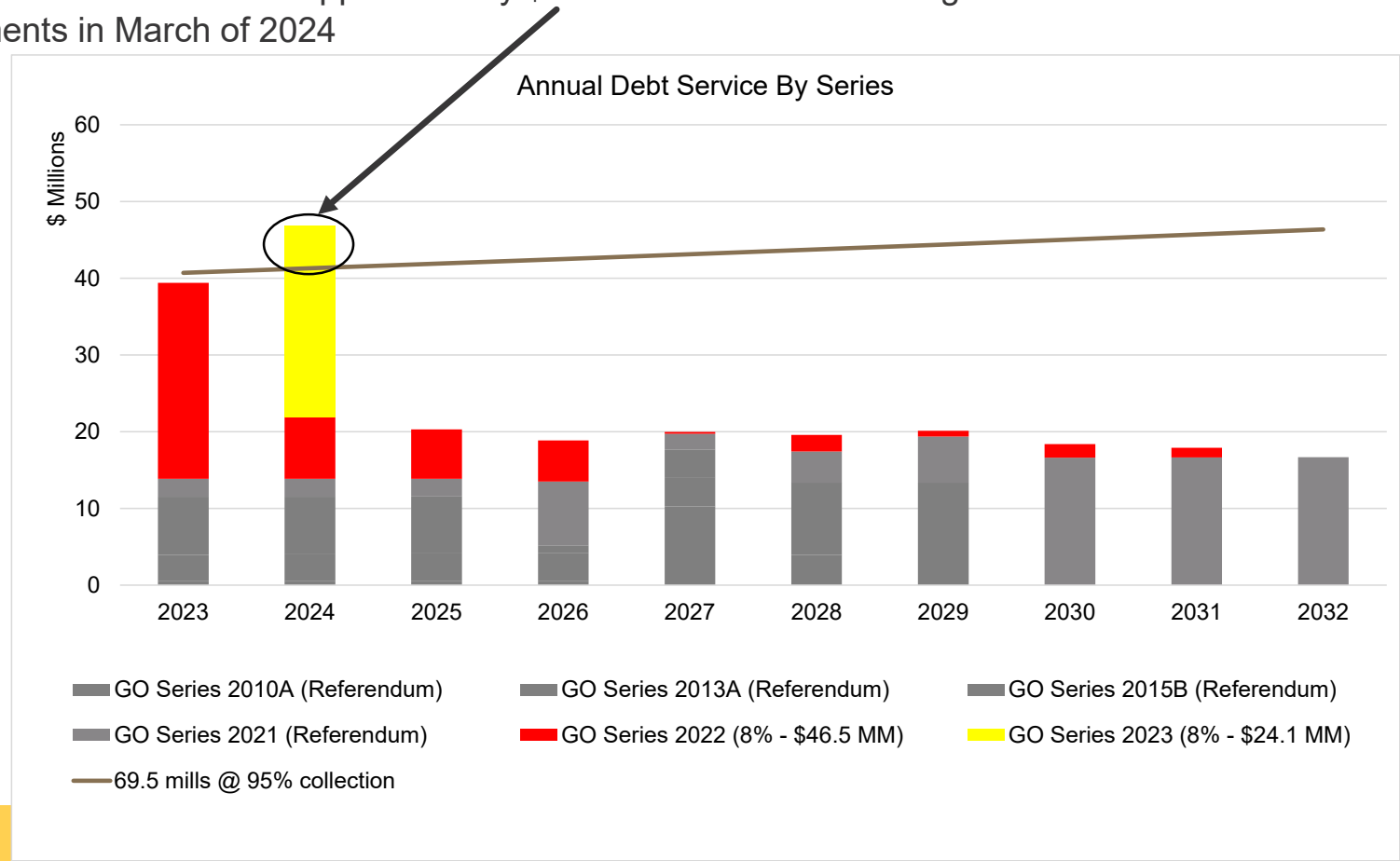
School District No. 5 of Lexington and Richland Counties, SC						
Long-Term Debt Outstanding	**Issue Date**	**Original Par Amount**	**Interest Rate**	**Amount Outstanding**	**Call Date**	**Final Maturity**
General Obligation Bonds, Series 2010A (QSCBs) (1)	6/9/2010	10,000,000	5.25%	10,000,000	Non-callable	6/1/2027
General Obligation Bonds, Series 2013A (1)	11/19/2013	40,444,000	2.21%	17,340,000	–	3/1/2028
General Obligation Bonds, Series 2015 (1)	11/19/2015	62,025,000	2.75% - 5.00%	37,315,000	3/1/2025	3/1/2029
General Obligation Bonds, Series 2021B (1)	12/15/2021	58,185,000	4.00%	58,185,000	Non-callable	3/1/2032
General Obligation Bonds, Series 2022 (2)	5/12/2022	46,485,000	4.00% - 5.00%	22,800,000	Non-callable	3/1/2031
		217,139,000		145,640,000		
(1) Authorized by Referendum						
(2) 8% Debt						

- Of the $145.6 million of outstanding debt, $22.8 million counts against the 8% debt limit. Therefore, the District has additional 8% debt capacity of $24.1 million.
- The District is proposing to issue the $24.1 million of debt in May to fund annual capital maintenance projects ($15 million) and a portion of the Irmo High School Project ($9.1 million).

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District Debt Overview

- The graph below shows the District's current debt obligations, including proposed Series 2023 Bonds, along with ad valorem taxes generated by a 69.5 mill debt service levy (assumes 1.5% increase in assessed values and no reassessment)
- The District will also use approximately $5 million held in the sinking fund to make debt service payments in March of 2024



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General Obligation Bond Program – Financing Options

- Once a financing need is determined, how the bonds are issued is based on market conditions, repayment structure and required timing
- Standalone Public Bond or Direct Placement Bank Loan:
  - The District would be the issuer of the bonds
  - Complete flexibility on timing of issuance at any point throughout the year
  - Bonds can have a final maturity longer than 1 year
- SCAGO General Obligation Bond Program:
  - Each school district issues its own general obligation bond with maturity less than 1 year
  - Bond proceeds and debt service for each school district are held by the respective county treasurers
  - No school district is responsible for any other school district's debt
  - Bundles/pools all the individual bonds and offers them for sale in a publicly-traded transaction as certificates of participation after published notice is given required by South Carolina law
  - Bonds issued twice per year and mature on March 1 following the issue date
- Proposed Timing of 2023 Bonds:
  - March 27: Initial Discussion of Bond Resolution
  - April 24: Action Item for Bond Resolution
  - May: Bond Sale / Lock Interest Rate

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General Obligation Bond Program – Referendum Bonds

- Critical decisions to be made by the Board of Trustees
  - Capital Needs of the School District/Size of the Building Program
  - Maximum Acceptable Millage
  - Amount of Bonds to be Authorized
  - Date of the Referendum:
    - Minimum of 75 days between the adopting of the Resolution and the date of the Referendum
    - Referenda are typically held on Tuesdays and in some cases, Saturdays
    - Generally recommended that the Referendum be held while school is in session
    - If the referendum is going to be held on the first Tuesday after the first Monday in November in any year (General Election date), the resolution ordering the Referendum must be adopted and provided to the County Election Commission by 12:00 noon on August 15.
  - The Form of the Question:
    - The Board of Trustees has the authority to determine the exact wording of the question to be put on the ballot.

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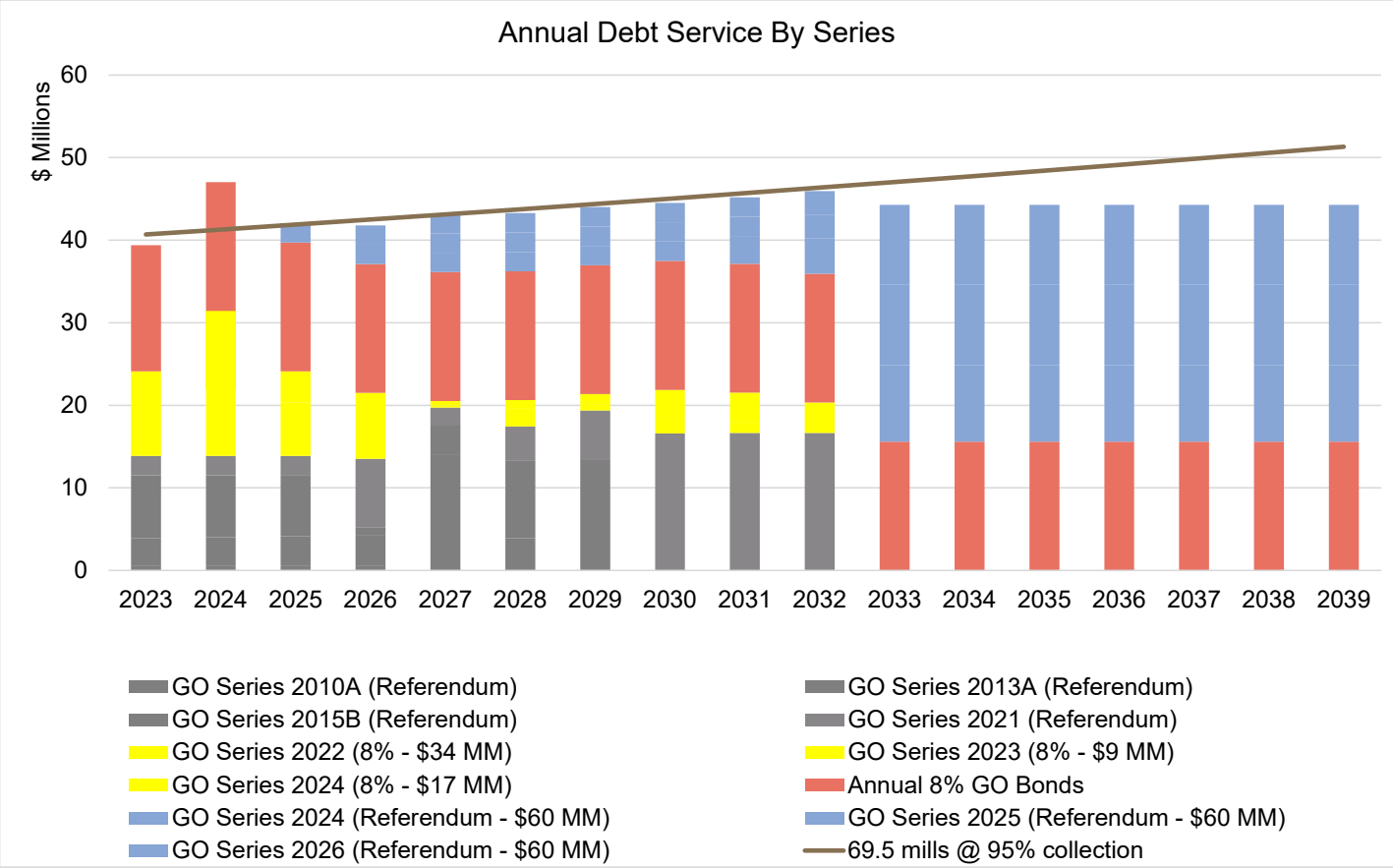
General Obligation Bond Program – Referendum Bonds Timeline

Date	Event	Responsible Parties
A minimum of 75 days before Referendum	Adopt Resolution	Board of Trustees
At least 60 days before the referendum or before noon on August 15 if during General Election	Submission of question to County Election Commissions	Bond Counsel
Not less than 60 days prior to Referendum and again exactly two weeks later	Publication of Notice of Referendum in local paper	Bond Counsel
Not less than 15 days prior to the Referendum	Publication of Notice of Referendum in local paper	Bond Counsel
Not less than 15 days later	Bond Referendum	County Election Commissions
Friday after Referendum	Results certified	County Election Commissions
First Board Meeting after Results have been certified	Adoption of Resolution Declaring Results	Board of Trustees
As soon as possible after adoption	File Resolution Declaring Results with Clerk of Court	Bond Counsel
30 days after filing Resolution	Contest period ends	

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Referendum Scenarios – Fall 2023 / No Tax Increase

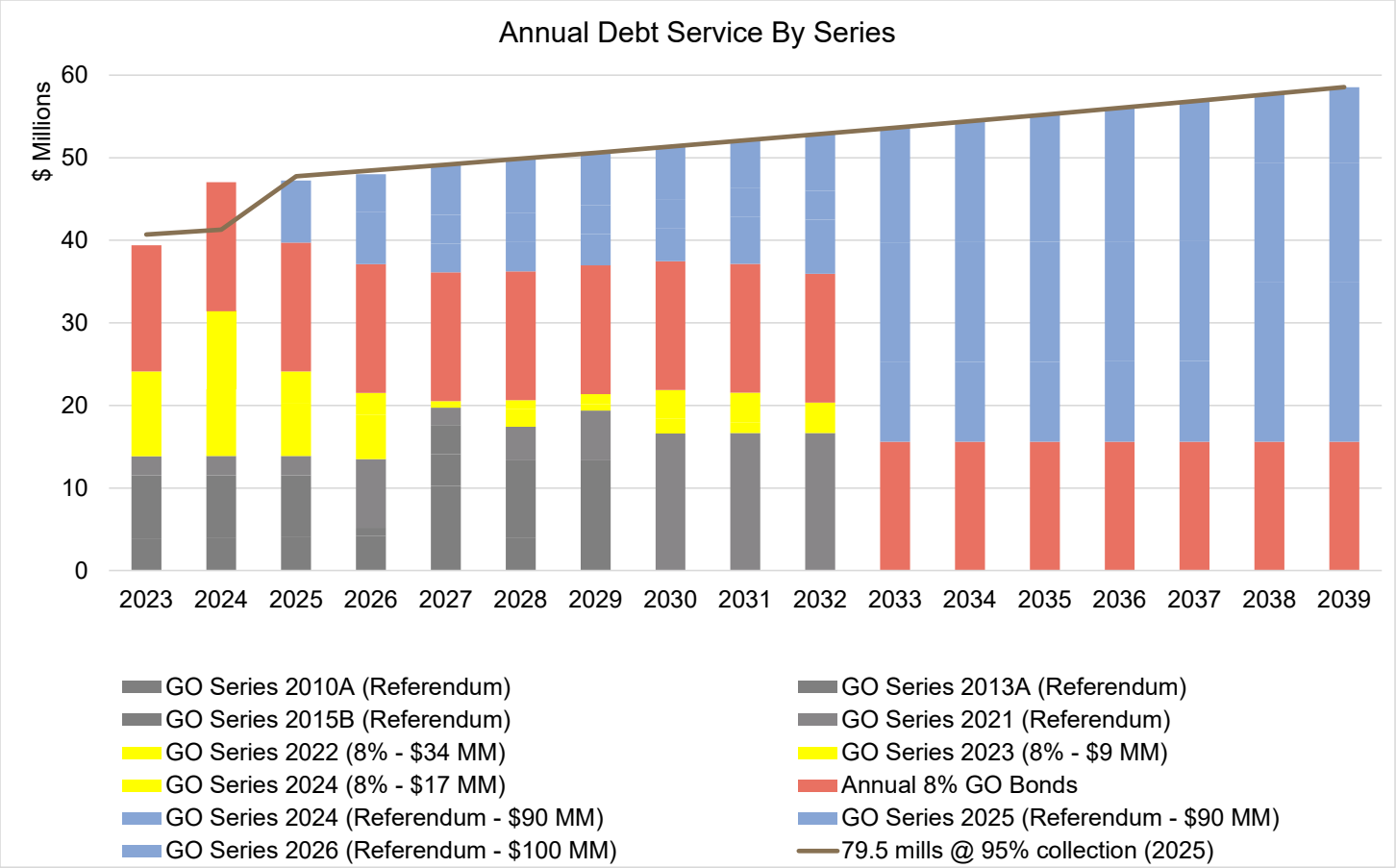
- $180 million referendum issued in 3 installments of $60 million each
- Debt Service millage stays at 69.5 mills



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Referendum Scenarios – Fall 2023 / 10 Mill Increase

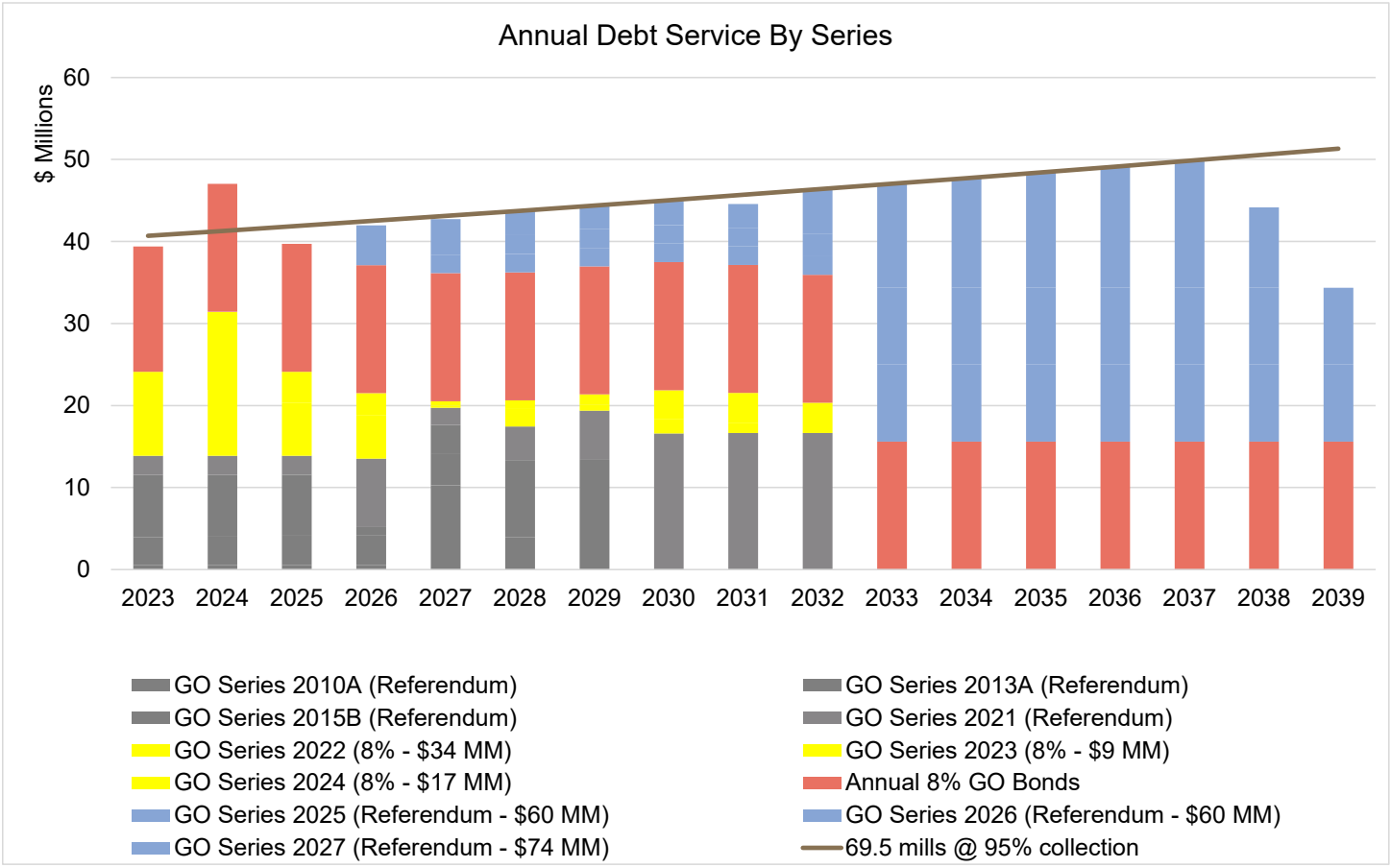
- $280 million referendum issued in 2 installments of $90 million and final installment of $100 million
- Debt Service millage increased to 79.5 mills in 2025 ($150,000 property = $60 increase per year)



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Referendum Scenarios – Fall 2024 / No Tax Increase

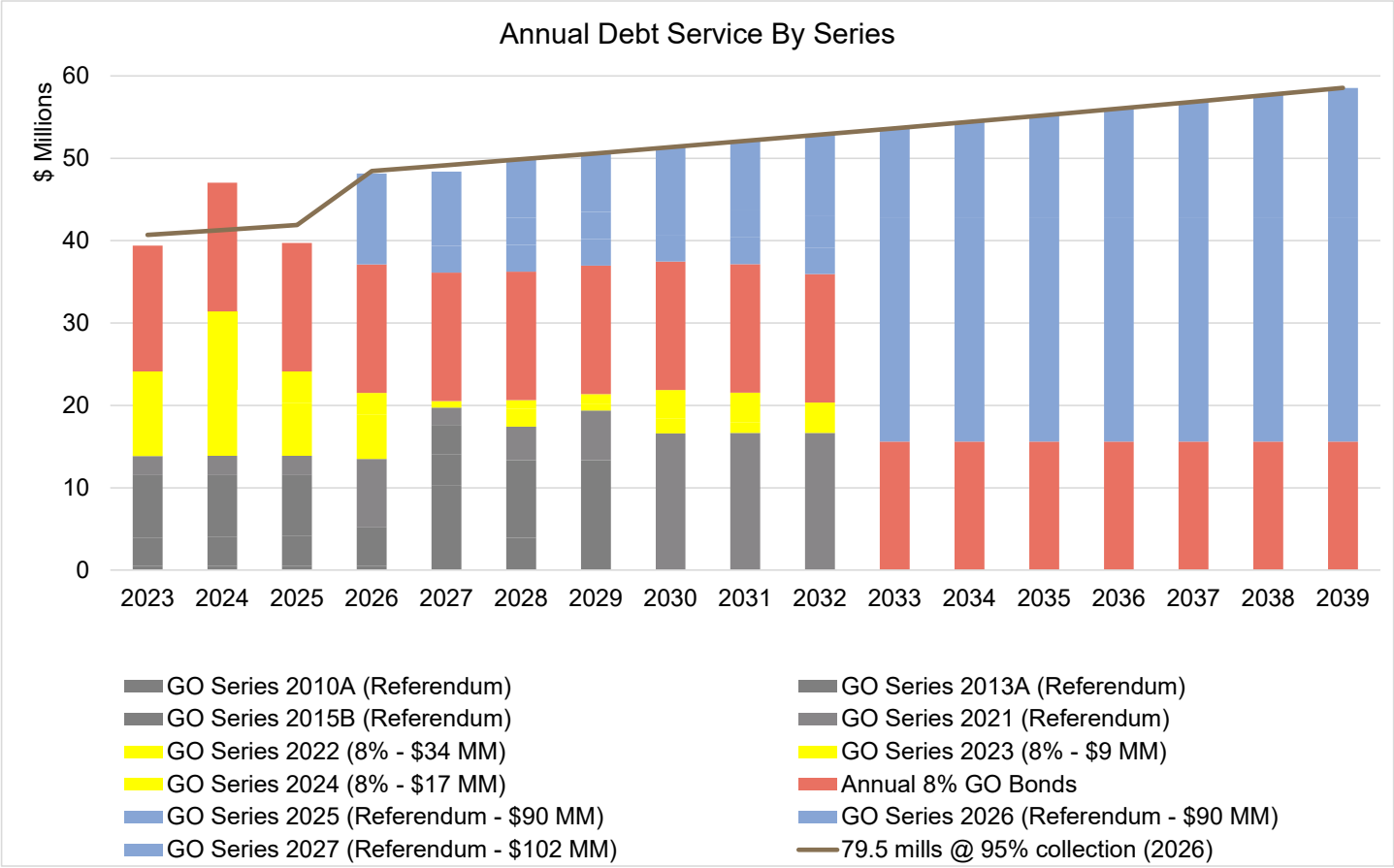
- $194 million referendum issued in 2 installments of $60 million and final installment of $74 million
- Debt Service millage stays at 69.5 mills



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Referendum Scenarios – Fall 2024 / 10 Mill Increase

- $282 million referendum issued in 2 installments of $90 million and final installment of $102 million
- Debt Service millage increased to 79.5 mills in 2026 ($150,000 property = $60 increase per year)



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