

Francenia B. Heizer, Esquire
O – (803) 799-9800
C – (803) 331-9415
fheizer@burr.com

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What is the South Carolina Association of Governmental Organizations?

- The South Carolina Association of Governmental Organizations (SCAGO) is a not-for-profit corporation established in 2002 largely through the efforts of representatives of SCASA and SCASBO
- The primary purpose behind SCAGO is to offer efficient, cost-effective financing programs for South Carolina school districts
- SCAGO undergoes an annual external audit which is published on its website (www.scago.com)
- More than 900 series of bonds have been issued through the SCAGO general obligation bond programs representing over $2.7 billion
- The SCAGO general obligation bond program is only available for bonds maturing within one year
- Burr & Forman LLP serves as both general counsel and bond counsel to SCAGO

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What is the South Carolina Association of Governmental Organizations?

- The SCAGO General Obligation Debt Program is structured as follows:
  - Each school district issues its own general obligation bond
  - 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
  - SCAGO bundles/pools all of 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 through SCAGO mature on March 1 following the issue date

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What is the South Carolina Association of Governmental Organizations?

What is the most cost-efficient way to issue annual 8% bonds?

- The school district can choose to issue a stand-alone bond or bond anticipation note through a bank placement or a publicly-traded transaction

OR

- The school district can issue an annual 8% bond (not bond anticipation notes) through SCAGO's general obligation debt programs

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What is the South Carolina Association of Governmental Organizations?

What is the most cost-efficient way to issue annual 8% bonds?

- By issuing a stand-alone bond or bond anticipation note:
  - If the debt is publicly-traded, a preliminary official statement will need to be prepared and a rating obtained
    - Information needed from the school district
    - Information needed from County officials
    - Requires continuing disclosure
  - Costs of issuance have proven to be higher
  - If the debt is sold as a bank placement, a preliminary official statement would not be needed and costs of issuance would be lower than a publicly-traded transaction, but the interest rate would generally be higher

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What is the South Carolina Association of Governmental Organizations?

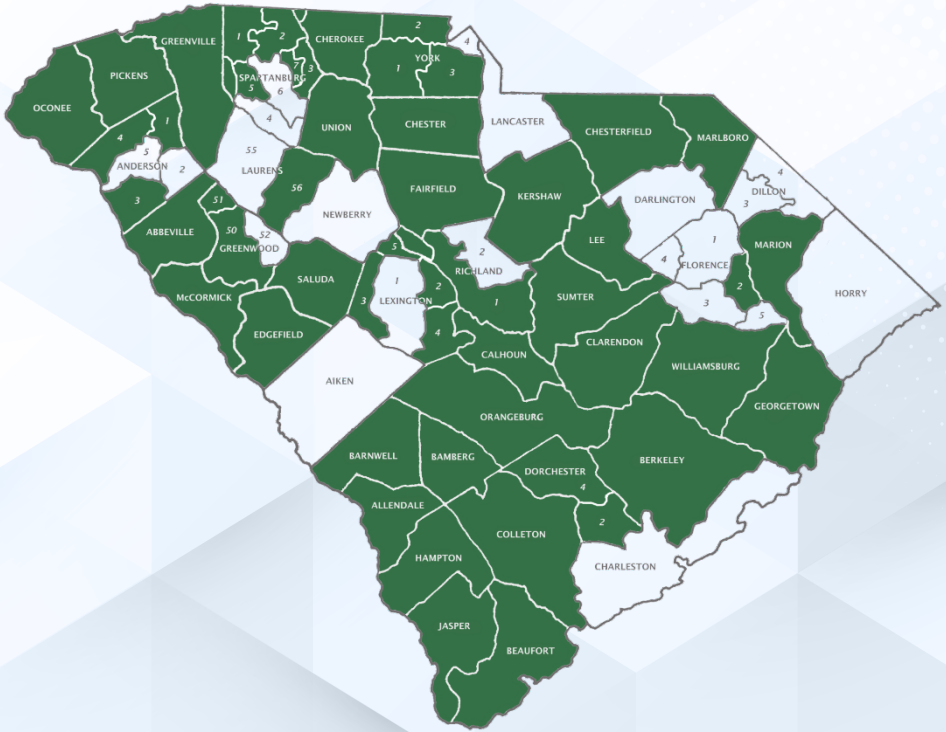
What is the most cost-efficient way to issue annual 8% bonds?

- By issuing a bond through SCAGO:
  - Bond Counsel fees and Financial Advisor fees capped regardless of the size of the bond
  - Aa1 enhanced credit rating from Moody's Investors Service pursuant to Section 59-71-155 of the Code of Laws of South Carolina 1976 as amended
  - Pro-rata cost for bond rating resulting in a lower rating fee
  - Low interest rate through a large, rated, publicly-traded transaction
  - Not necessary to prepare official statement reducing staff time
  - Ease and convenience

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What is the South Carolina Association of Governmental Organizations?

School Districts that have participated in one or more SCAGO general obligation debt Programs since 2002



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What is the South Carolina Association of Governmental Organizations?

- SCAGO Board of Directors
  - Made up of appointees of SCASA, SCASBO and at-large appointees of SCAGO
  - Officers are elected by the SCAGO Board
  - Board members are leaders in their respective fields
  - Board members serve as volunteers for the benefit of program participants

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What is the South Carolina Association of Governmental Organizations?

- Current members of the SCAGO Board of Directors
  - John Gardner, CFO, Horry County School District, Chairman
  - Donnie W. Wilson, Retired CFO, Kershaw County School District, Vice President
  - William K. Saunders, CFO, Dorchester 4 School District, Secretary/Treasurer
  - Melissa C. Campbell, CFO, Spartanburg 7 School District
  - J. Brock Heron, Vice President for Finance & Operations, Governor's School of Science and Mathematics
  - Harrison Goodwin, Superintendent, Kershaw County School District
  - Mellanie Jinnette, Retired CFO, Chester County School District
  - Beth Phibbs, Executive Director, South Carolina Association of School Administrators

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