

December 19, 2012

Boenning & Scattergood Inc

Corporate Profile

BOENNING & SCATTERGOOD
ESTABLISHED 1914

Contact Information

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Boenning & Scattergood Firm Organization and Qualifications

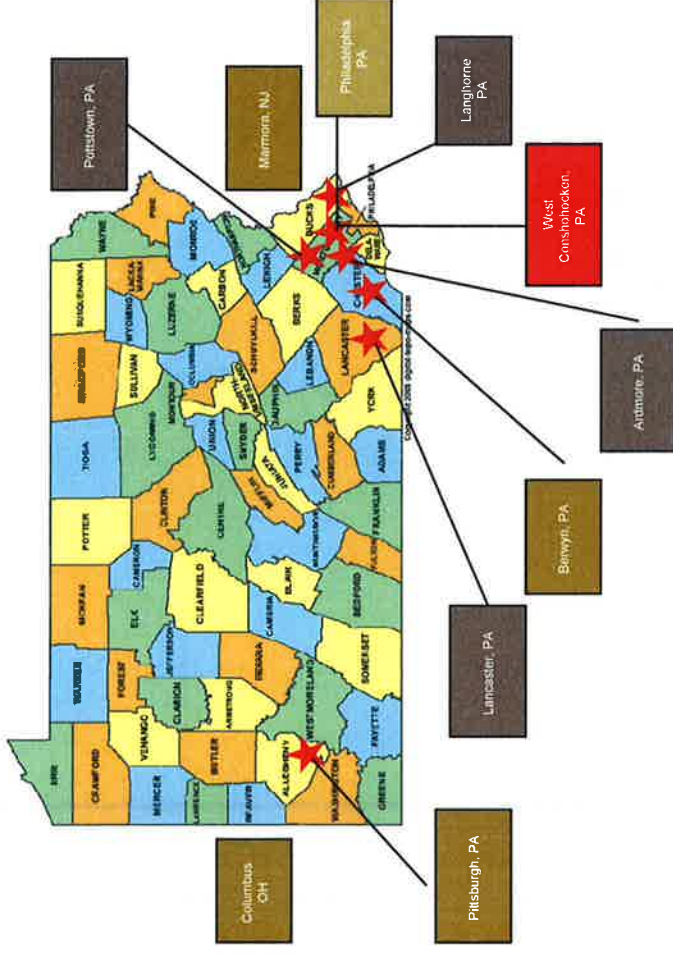
Boenning & Scattergood

- Headquartered in West Conshohocken, PA
- **Second Largest Pennsylvania Public Finance Underwriter by number of issues (2011)**
- Conshohocken and Pittsburgh Public Finance Offices to serve State College
- Nearly 200 employees nationwide
- Boenning regularly supports our public finance underwritings through capital commitments, and taking risk for our clients to deliver market rates.

Pennsylvania Presence

- Firm's core service area is primarily focused in the Mid-Atlantic region
- Eight retail and public finance offices located throughout the Commonwealth
- We have more than 48 retail sales professionals and more than 15 institutional sales professionals
- Public finance offices located in Pittsburgh and West Conshohocken
- Seven public finance investment bankers

Office Locations



Boenning School District Financings

\$9,995,000
Connellsville Area School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$7,500,000
Plum Borough School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$24,795,000
Upper Saint Clair School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$8,225,000
Conemaugh Twp School District
General Obligation Bonds,
Series of 2012



Boenning – Sole Manager

\$4,570,000
Garnet Valley School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$7,715,000
Conneaut Area School District
General Obligation Bonds,
Series of 2012



Boenning – Sole Manager

\$9,995,000
Belle Vernon Area School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$19,975,000
New Kensington Arnold School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$9,95,000
Phillipsburg Osceola School District
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$20,980,000
Hempfield Area School District
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$55,115,000
Chester Upland School District
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$69,470,000
Marple Newtown School District
General Obligation Bonds
Series of 2010



Boenning – Sole Manager

\$20,500,000
Central Valley School District
General Obligation Bonds
Series of 2010



Boenning – Sole Manager

\$42,200,000
The Pittsburgh School District
General Obligation Bonds
Series of 2009



Boenning – Senior Manager

\$31,000,000
Moon Area School District
General Obligation Bonds,
Series of 2010



Boenning – Sole Manager

Boenning & Scattergood Local Government Financings

\$114,495,000
City of Pittsburgh
General Obligation Bonds,
Series of 2012



Boenning – Senior Manager

\$7,200,000
City of Washington
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$8,705,000
Borough of Zelienople
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$8,700,000
City of Erie
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$4,500,000
Township of Marshall
General Obligation Bonds
Series of 2012



Boenning – Sole Manager

\$7,425,000
Borough of Baldwin
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$6,320,000
Borough of Bellevue
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$4,520,000
Borough of Oakmont
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$9,610,000
Township of Lower Paxton
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$23,335,000
City of Erie
General Obligation Bonds
Series of 2011



Boenning – Senior Manager

\$2,395,000
Borough of Downingtown
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$9,445,000
Township of Concord
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$3,440,000
City of DuBois
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$9,995,000
Township of Upper Saint Clair
General Obligation Bonds
Series of 2011



Boenning – Sole Manager

\$9,995,000
Township of Logan
General Obligation Bonds,
Series of 2011



Boenning – Sole Manager

Boenning Pennsylvania Issues - 2012

Boenning Recent Pennsylvania School District Financials and Contact Information

Date	Issuer	Issue Size	Boenning Role	Contact Information
10/16/2012	Connellsville School District	9,995,000	Sole Manager	Gene Cunningham - (724) 628-3300
9/25/2012	Plum Borough School District	7,500,000	Sole Manager	Eugene J. Marraccini - Business Mgr - (412) 798-6356
9/18/2012	Wattsburg Area School District	5,810,000	Sole Manager	Steve Maksimuk - Business Mgr (814) 824-3400 Ext. 4515
8/21/2012	Conemaugh Twp School District	8,225,000	Sole Manager	Regina Rembold - Business Manager - (814) 479-7575
7/11/2012	Conneaut School District	7,715,000	Sole Manager	Kara Onorato - Business Mgr (814) 683-5451
6/27/2012	Ambridge Area School District	10,540,000	Sole Manager	Lori Bryan - Business Mgr - (724) 266-2833 Ext. 1251
6/26/2012	Phillipsburg Osceola Area S/D GO	9,995,000	Sole Manager	Mike Conte - (814) 342-1050

Boenning 2012 Pennsylvania Municipal Finance Underwritings

Date	Issuer	Issue Size	Boenning Role	Date	Issuer	Issue Size	Boenning Role
10/17/2012	Nanty Glo Sanit Auth Swer Rev	2,685,000	Negotiated - Sole	7/19/2012	Tredyffrin Township General Obligation	9,375,000	Negotiated - Sole
10/16/2012	Connellsville School District	9,995,000	Negotiated - Sole	7/18/2012	Pennsylvania Turnpike Commission	200,215,000	Negotiated - 5%
10/16/2012	Baldwin Borough GO Ser. A/B	3,360,000	Negotiated - Sole	7/17/2012	Meadville GO Ser. A/B 2012	7,110,000	Negotiated - Sole
10/15/2012	New Kensington Sanit Authority	12,935,000	Negotiated - Sole	7/11/2012	Conneaut Sch Dist GO	7,715,000	Negotiated - Sole
10/4/2012	PA Econ Dev Fin Auth Ser B - BOA	1,104,545,000	Negotiated - Co mgr 1%	6/28/2012	Buckingham Township GO Ser A	4,705,000	Negotiated - Sole
10/4/2012	PA Econ Dev Fin Auth Ser A Citi	1,427,590,000	Negotiated - Co mgr 1%	6/28/2012	Buckingham Township GO Ser B	1,855,000	Negotiated - Sole
9/28/2012	Allegheny County GO	167,160,000	Negotiated - Co mgr 10%	6/27/2012	Ambridge Area Sch Dist GO	9,085,000	Negotiated - Sole
9/27/2012	Logan Township GO	7,615,000	Negotiated - Sole	6/27/2012	Ambridge Area Sch Dist GO	1,455,000	Negotiated - Sole
9/26/2012	SPSBA Butler Area School District GO	8,775,000	Negotiated - Sole	6/27/2012	Lycoming County GO Ser A	12,420,000	Negotiated - Sole
9/25/2012	Plum Borough School District GO	7,500,000	Negotiated - Sole	6/27/2012	Lycoming County GO Ser B	4,995,000	Negotiated - Sole
9/24/2012	Marshall Township GO	3,320,000	Negotiated - Sole	6/26/2012	Forest Hills Borough General Obligation	4,160,000	Negotiated - Sole
9/20/2012	Unionville Chadds Ford S/D GO	4,530,000	Negotiated - Sole PFM	6/26/2012	Phillipsburg Osceola Area S/D GO	9,995,000	Negotiated - Sole
9/19/2012	Upper St Clair Sch Dist GO	24,795,000	Negotiated - Sole	6/18/2012	Wattsburg Area Sch Dist GO	6,940,000	Negotiated - Sole
9/18/2012	Wattsburg Area Sch Dist GO Ser C / D	5,810,000	Negotiated - Sole	6/18/2012	Wattsburg Area Sch Dist GO	2,315,000	Negotiated - Sole
8/30/2012	Pittsburgh Water & Sewer Remarketing	25,000,000	Negotiated - Sole	6/6/2012	City of Meadville GO	9,990,000	Negotiated - Sole
8/21/2012	Conemaugh Twp Area Sch Dist GO	8,225,000	Negotiated - Sole	6/5/2012	Phillipsburg Osceola A/S/D GO	1,210,000	Negotiated - Sole
8/17/2012	Northampton County GO Tax Ex/Taxable	70,130,000	Negotiated - Co-mgr	6/1/2012	Erle City Water Authority	33,675,000	Boen 86 / RBC 14
8/17/2012	Belle Vernon Area Sch Dist GO	9,995,000	Negotiated - Sole	5/22/2012	Larchmont Village Twp	2,140,000	Comp - Sole
8/15/2012	West Chester Boro General Obligation	11,050,000	Negotiated - Sole	5/21/2012	Easttown Township GO	4,425,000	Negotiated - Sole
8/14/2012	West Bradford Township GO	8,125,000	Negotiated - Sole	5/21/2012	Oakmont Borough GO	1,075,000	Negotiated - Sole
8/13/2012	Easttown Mun Auth Gtd Sewer Rev	5,280,000	Negotiated - Sole	5/17/2012	Buckingham Township GO	2,775,000	Negotiated - Sole
7/27/2012	Elizabeth Township Sanit Auth Sewer	15,925,000	Negotiated - Sole	5/16/2012	Washington County GO Tax Exempt	18,990,000	Negotiated - Sole
7/25/2012	Elizabeth Boro M/A Sewer Rev Ser. A/B	6,930,000	Negotiated - Sole	5/16/2012	Washington County GO Taxable	3,595,000	Negotiated - Sole
7/19/2012	McKeesport Municipal Authority Sewer	4,650,000	Negotiated - Sole	5/15/2012	Burgettstown Area Sch Dist GO	7,935,000	Negotiated - Sole

Boenning Pennsylvania Issues - 2012

Boenning 2012 Pennsylvania Municipal Finance Underwritings

Date	Issuer	Issue Size	Boenning Role	Date	Issuer	Issue Size	Boenning Role
5/10/2012	West Greene School District GO	8,000,000	Negotiated - Sole	3/6/2012	Pittsburgh School District GO	5,000,000	Negotiated - Comgr 25%
5/17/2012	Mifflin County GO	7,395,000	Negotiated - Sole	3/5/2012	Lower Paxton Township GO A/B	2,855,000	Negotiated - Sole
5/7/2012	Upper Pottsgrove GO	3,090,000	Negotiated - Sole	3/5/2012	Greater Johnstown Water Auth A	9,995,000	Negotiated - Sole
5/3/2012	City of Washington GO Taxable	1,885,000	Negotiated - Sole	3/5/2012	Greater Johnstown Water Auth B	8,065,000	Negotiated - Sole
5/3/2012	City of Washington GO Tax Exempt	5,315,000	Negotiated - Sole	2/29/2012	Chaleroi Sewer Authority Revenue	1,645,000	Negotiated - Sole
5/2/2012	Lower Moreland Township GO	6,475,000	Negotiated - Sole	2/28/2012	Mon Valley Sewer Auth Rev	8,275,000	Negotiated - Sole
5/1/2012	City of Erie GO	8,700,000	Negotiated - Sole	2/23/2012	City of Monessen GO	2,500,000	Negotiated - sole
5/1/2012	Township of Whitpain GO	3,925,000	Negotiated - Sole	2/22/2012	Zellenople Borough GO	1,240,000	Negotiated - 90%
4/30/2012	Redbank Valley School District A	985,000	Negotiated - Sole	2/21/2012	Zellenople Borough GO	7,465,000	Negotiated - 90%
4/30/2012	Redbank Valley School District B	5,775,000	Negotiated - Sole	2/21/2012	Westtown Township General Obligation	7,390,000	Negotiated - sole
4/25/2012	SPSBA Westmoreland Cmnty College A	16,975,000	Negotiated - Sole	2/21/2012	Hempfield Area Sch Dist GO	7,420,000	Negotiated - sole
4/25/2012	SPSBA Westmoreland Cmnty College B	4,900,000	Negotiated - Sole	2/16/2012	Uniontown Area School District GO	5,255,000	Negotiated - sole
4/17/2012	New Kensington Sanit Auth	36,185,000	Negotiated - Sole	2/13/2012	Marshall Township GO	4,650,000	Negotiated - sole
4/12/2012	Pennsylvania Turnpike Commission	218,480,000	Negotiated - Co-M 5%	2/8/2012	Garnet Valley School District	4,570,000	Negotiated - sole
4/11/2012	East Whiteland Twp GO Taxable A	4,685,000	Negotiated - Sole	2/6/2012	Upper St Clair Township GO	9,925,000	Negotiated - sole
4/11/2012	East Whiteland Twp GO Tax Exmpt B	4,130,000	Negotiated - Sole	2/3/2012	Kennedy Township GO	3,925,000	Negotiated - sole
4/10/2012	Charleroi Water Authority Revenue	9,350,000	Negotiated - Sole	1/31/2012	City of Pittsburgh 2012A	43,220,000	Negotiated - 70%
4/3/2012	Penn Delco Sch Dist GO	5,190,000	Negotiated - Sole	1/31/2012	City of Pittsburgh 2012B	71,275,000	Negotiated - 70%
3/26/2012	Radnor Township GO	16,360,000	Negotiated - Sole	1/26/2012	New Castle GO	7,615,000	Negotiated - Sole
3/15/2012	Upper Merion Township GO	10,000,000	Negotiated - Sole	1/25/2012	Burgettstown Area S/D GO	5,065,000	Negotiated - Sole
3/12/2012	West Vincent Twp GO	8,965,000	Negotiated - Sole	1/24/2012	Spring-Ford Area S/D GO	24,820,000	Negotiated - Sole
3/7/2012	Borough of Stewartstown Gen Obligation	2,805,000	Negotiated - sole	1/20/2012	New Castle Area S/D GO	8,975,000	Negotiated - Sole
3/6/2012	Erie Gld Parking Revenue	7,590,000	Negotiated - Sole	1/12/2012	New Kensington Arnold S/D GO	19,975,000	Negotiated - Sole
3/6/2012	Pittsburgh School District GO	71,130,000	Negotiated - Comgr 25%	1/9/2012	Rochester Area School District GO	2,000,000	Negotiated - Sole

Boenning completed over 75 financings as of the date of this proposal, with additional issues planned through the end of 2012. Boenning's continuous presence in the Pennsylvania municipal market offers a significant advantage in the sale and distribution of financings.

Case Study: Chester Upland School District - Series of 2011

State Public School Building Authority

For the

(Chester Upland School District)

\$55,115,000

School Revenue Bonds, Series of 2011



BOENNING & SCATTERGOOD

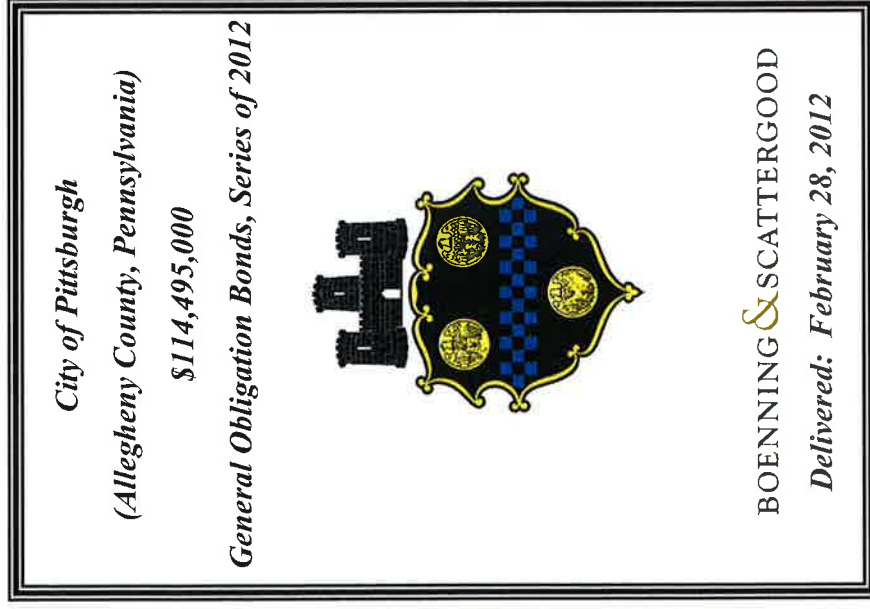
Delivered: June 28, 2011

Financing Highlights:

- Boenning served as the senior Underwriter for the School District's \$55 million School Revenue Bonds, Series of 2011, which priced May 25, 2011.
- The issue was successfully sold with insurance, which greatly reduced the yield on the bonds garnering an average yield of 4.14% with a final maturity of 2025. This financing was a refunding and restructuring transaction which greatly reduced the School District's annual debt service over the next three years.
- For almost two years, Boenning worked with School District officials and the Commonwealth to improve the credit quality of the financing transaction. Ultimately, this allowed the bonds to obtain a municipal bond insurance policy which dramatically lowered interest cost. Throughout this process, Boenning's public finance group played an integral part of assisting the School District originate the Intercept Agreement.
- The Intercept Agreement was negotiated between the School District and the State Treasurer. Subsidies which were due to the School District, from the Commonwealth, will now be deposited directly with the Trustee to provide for the timely payment of the annual debt service on the bonds. This bought the Section 633 of the Public School Code into a forward position making it the primary credit consideration, not the general obligation taxing power of the School District.
- Combined the refunding and restructuring the School District's debt profile allowed the School District to lower its total annual debt service from \$10,100,000 to \$5,600,000 for the next three years. The reduction in debt service payments saved over 50 teaching positions within the School District this year alone.

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Case Study: City of Pittsburgh General Obligation Bonds, Series of 2012



Financing Highlights:

- Boenning served as the senior manager for the City's \$114 million General Obligation Bonds, Series of 2012A/B, which priced January 30, 2012.
- The issue was successfully sold without insurance, garnering an average yield of 3.29% with a final maturity of 2026. This financing was accomplished without a budgetary impact while funding \$80 million of capital projects.
- Over the past three years, Boenning worked with the City to secure successive rating upgrades from Moody's, Fitch and S&P, resulting in stable ratings of "A1 / A / BBB", respectively. Throughout this process, Boenning's public finance group played an integral part of assisting the City with long term financial planning, debt policies and capital markets assessments.
- The sale was primarily to institutional investors, with a carve out of maturities couponed and sold to retail investors. The issue was very well received with nearly two times aggregate orders versus bonds, which allowed repricing to reach pricing equilibrium. As the final scale was established, Boenning underwrote approximately \$7 million of intermediate range maturities which the firm believed to be properly priced but without immediate buyers.
- Combined with a refunding issue delivering in excess of 10% npv savings, the City's 2012 Bonds represents the lowest cost of funding for the City achieved in decades and also the lowest aggregate level of financing costs.
- This issue clearly illustrates Boenning's investment banking expertise, distribution capabilities, and willingness to apply capital to our clients' bond offerings. More fundamentally, it also evidences the firm's long term approach to serving our clients, delivering well considered solutions and financing strategies.

Case Studies: Financing Innovation

Boenning is carefully attuned to market opportunities to deliver state of the art municipal finance solutions to our clients. While the example below are not specifically relevant to State College Area School District, they clearly demonstrate the high level of innovation and the solution driven skills of the firm's bankers.



Erie City Water Authority

\$33 Million Water Revenue Bonds, Federal Home Loan Bank Confirming LOC

Remarketed June 2012

Demonstrated Ability to Develop Innovative Credit Enhancement Solutions

The Erie City Water Authority received notice that its \$80 million liquidity facility would not be renewed by a major Wall Street bank. In response, Boenning utilized the newly authorized Federal Home Loan Banks' Confirming Letter of Credit program, which allowed FHLB member banks to provide municipal credit enhancement with the FHLB's "A-1+" rating.

Originally developed in 2008 and remarketed annually by Boenning, this financing converted Insured Liquidity Weekly Mode bonds to direct pay LOC 1 Year Term Mode Bonds. This allowed ECWA to solve its credit enhancement needs while not terminating existing interest rate swaps. This financing was the first FHLB enhancement of a municipal water authority in the United States, and has become a text book financing for FHLB and its members.



The School District of the City of Pittsburgh

42 Million Build America Bonds

September 2009

Demonstrated Ability to Market Pennsylvania Build America Bonds

Boenning & Scattergood worked throughout 2009 with the School District of Pittsburgh to develop a plan of finance to complete its capital funding program. This included refinancing of a bond anticipation note, identifying refunding candidates and appropriate refunding escrow securities, as well as determining the best solution of tax exempt and Build America Bonds.

This financing was the first negotiated new capital financing by the School District of Pittsburgh in many years, reflecting the School District's confidence in Boenning's distribution, as demonstrated by our sole managed competitive bond sale in 2007 for the school district. Through carefully structuring the issue with split term bond maturities and serial bonds, the financing resulted in historically attractive, lower cost funding for The School District of Pittsburgh. Relevant to the Commission is Boenning's leadership in the Pennsylvania Build America Bond market and our early innovation of delivering serialized, callable BABs for our clients, as opposed to make whole call structures.

Rating Agency Expertise

As stated in the “Scope of Services” section, it is Boenning’s view that the rating agency process is perhaps one of the most vital steps in the preparation of the financing to enable State College Area School District to achieve the lowest possible cost of funds. Key to this process is developing a continuous communication process with the rating analysts assigned to the School District.

Over the past two years, Boenning has worked very closely with the major rating agencies to establish and maintain relationships between our clients and the rating agency(s) specific to them. As an example, Boenning served as the lead manager for the \$114 million City of Pittsburgh General Obligation Bonds, Series of 2012 in February of this year. This issue was rated by S&P, Moody’s and Fitch. It is significant that Pittsburgh’s bond offering was sold entirely without municipal bond insurance, generating a significant cost savings to the City. However, in the period from 2006 leading up to the sale in 2012, Boenning bankers worked continuously with the City to communicate the City’s financial progress, debt and capital plans. In some cases, rating conversations were conducted more than twice annually to keep the rating analysts closely informed as to the City’s finances.

With specific regard to a recent school district experience, the firm’s work with the Chester Upland School District is described in the case study on Page __. In this example, Boenning bankers developed a direct deposit intercept structure which greatly enhanced the credit quality of their bond offering. This example is indicative of Boenning’s approach to actively applying ratings and credit strategies to financing solutions.

It is our observation that with more credit challenged issuers, this continuous communication is highly valuable, acknowledging the fact that the groundwork with the rating agencies may not involve immediate debt issuance. With other issuers, seeking confidential ratings can often provide a measure for decision making as different financing alternatives are considered.

In the case of the School District, Boenning would offer to become closely involved in this process with School District’s administration and continue the good relationship that exists with Moody’s. This work will begin with a review of the rating process to date, followed by recommendations as to enhancing the School District’s rating over time.

Personnel - Boenning Financing Team

John McShane – Managing Director
2025 Greentree Road, Suite 200
Pittsburgh, PA 15220

(412) 254-2204
(Financial Analysis/Structure)
jmcshane@boenninginc.com

Mr. McShane started his career with Arthurs Lestrangle in 1996 and joined Boenning & Scattergood in June of 2008. He is a licensed General Securities Representative with the National Association of Securities Dealers (NASD). Mr. McShane's responsibilities include origination of public financings and providing technical and in-depth analysis for the Public Finance group, which includes refunding sensitivity analysis, new project feasibilities, escrow optimization studies and derivative products. Mr. McShane is a graduate of Indiana University of Pennsylvania with a degree in Finance and Minor in Economics. He received his MBA from the Katz School of the university of Pittsburgh.

Nicholas Falgione – Managing Director
2025 Greentree Road, Suite 200
Pittsburgh, PA 15220

(412) 254-2205
(Financial Analysis/Structure)
nfalgione@boenninginc.com

Mr. Falgione joined Boenning & Scattergood's Pittsburgh office in 2008 following twenty years of municipal finance experience with issuers in Pennsylvania and New Jersey. Prior to Boenning, Mr. Falgione was an Executive Director with JPMorgan Securities' Tax Exempt Capital Markets group, where he was responsible for developing quantitative analysis solutions for a wide spectrum of clients such as the Pennsylvania Turnpike Commission, the City of Pittsburgh, the City of Philadelphia and the New Jersey Transportation Trust Fund Authority. He has structured and completed over \$12 billion of financings utilizing complex structures including taxable debt, swaps and reinvestment solutions. His career in municipal finance began in 1988 with RRZ Public Markets following graduation from the University of Pittsburgh. Mr. Falgione became a partner in the firm in 1997, culminating with its sale to JPMorgan in 2003.

Craig Burdulis – Head of Municipal Trading and Underwriting
4 Tower Bridge 200 Barr Harbor Drive, Suite 300
West Conshohocken, PA 19428

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(Bond Marketing and Underwriting)
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Mr. Burdulis is the manager of Boenning & Scattergood's Municipal Trading Department. Mr. Burdulis is responsible for the pricing and sale of all bond issues brought to market by the firm as well as overseeing municipal traders and sales people. Mr. Burdulis joined Boenning & Scattergood in January of 2006 as the head of Municipal Trading and Underwriting. He has 25 years of municipal trading and underwriting experience. Traders and salespersons on the desk trades more than \$2.5 billion of municipal securities offerings a year and over \$80 million daily. Prior to joining Boenning & Scattergood, Mr. Burdulis was the head underwriter for RBC Capital Markets in New York and held similar positions at Commerce Capital Markets and A.H. Williams in Philadelphia from 1982 to 2004.

Boenning & Scattergood Scope of Services

Scope of Services

Boenning's Comprehensive Approach

Boenning & Scattergood's approach to our clients emphasizes a service oriented philosophy.

We view every financing as a long term relationship, and in support of our clients, Boenning will deliver all of the services required to bring the financing to market, successful execution and closing.

Just as importantly, we remain actively involved with our clients following the closing, providing on-going support, advice and market information. Boenning maintains this relationship by identifying financing opportunities, delivering PLANCON support, monitoring market conditions, and assisting our clients with their debt management and administration.

The following summarizes services Boenning will deliver to the State College Area School District and also outlines the tasks we will complete to bring the School District's issue to market successfully.

Financing Planning:

1. **Identifying Client Objectives:** Boenning begins every financing in the same manner – we work to identify our client's financing needs, fiscal objectives and long term capital structure. This forms the foundation of a sound financing designed to meet the long term and short term financing goals of our clients.
2. **Financing Analysis:** Boenning has developed highly sophisticated debt models which will allow the School District to consider a wide array of financing alternatives. We will deliver a wide spectrum of possible financing alternatives, and in conjunction with the School District, narrow the solution to the most optimally available structure available in the market. This will include a review of the merits of issuing multiple series of bonds taking advantage of any market based benefit presented by issuing bonds as "bank-qualified."
3. **Review with Bond Counsel:** With the many provisions of state and federal law which must be considered in a tax exempt financing, Boenning will work with the School District's Bond Counsel and legal team to review the plan of finance at an early stage. This will allow modifications if needed to conform to applicable regulations and law.

Scope of Services

Financing Preparation:

1. **Ratings:** Since onset of the credit crisis, underlying bond ratings have become of utmost importance to obtaining the lowest cost of funds available in the marketplace. Boenning's bankers average over twenty years' experience in securing bond ratings for our clients. We will prepare a comprehensive ratings package with the School District. We heavily emphasize this stage of the financing as it can directly and significantly impact the cost of funds. In this stage of the financing, we will rehearse the rating presentation with the School District, be present and guide the process with the rating agencies at every step.
2. **Insurance:** Prior to the credit meltdown, there were nine separate bond insurers. Of these nine, one insurer (AGM) remains, with another new insurer (BAM) beginning to enter the market. As part of the preparation of the financing, Boenning will solicit a bond insurance offer. Depending upon the rating of the School District, we will analyze the cost benefit by maturity of using bond insurance and advise the School District as to the use of insurance for the new issue.
3. **Official Statement Preparation:** Boenning's analysts and bankers will work directly with the School District and with data sources we regularly rely upon to prepare the Preliminary and Final Official Statements used to market the bonds to investors. We will work with the School District's administration, auditors and legal team to ensure that this document fully discloses the School District's information to seek compliance with applicable SEC and MSRB rules.
4. **Public Meeting and Act 34 :** Boenning's bankers will always be available to meet with the School District, to attend public meetings related to the financing and also to participate in Act 34 hearings. We view ourselves as a resource to the School District and its administration and we will be present to serve the School District in person.
5. **Financing Timing and Sale Preparation:** As the financing reaches the sale date, we will update the School District as to market conditions, the volume of other financings coming to market and other factors which may impact the pricing of the bonds. If desired to increase retail sales, we will advertise the School District's bond sale locally. Additionally, our sales force will work to identify investor appetite for the financing and the particular type of bonds planned for the offering.

Scope of Services

Bond Sale:

1. **Finalize Debt Structure:** With the completion of the preparatory steps, we will review the financing structure, costs and overall funding with the School District. At this point, the School District will have a good, current market based assessment of the financing plan and its fiscal impact.
2. **Sale:** In summary, Boenning will conduct a comprehensive marketing process which will include local investors, retail accounts, and an array of institutional and corporate investors. Our objective simply stated is to offer the District's bonds as widely as possible to deliver the lowest available interest cost. Boenning's approach to marketing the School District's bonds is outlined on the following two pages.
3. **Underwriting (if needed):** In some market environments, despite correct pricing, within the timeframe of a bond sale, some bonds may be unsold. Rather than price the bonds to sell, Boenning regularly underwrites the unsold balances. We will apply the firm's capital to lock in market rates for the School District. In this capacity, Boenning assumes the market risk until the bonds are placed. This is a vital function and is the essence of serving as an underwriter, and it is a role we accept in serving our clients.

Scope of Service: Distribution

Institutional Investor Distribution

- ✓ Boenning has exceptional institutional investor account coverage for investors in Pennsylvania municipal bonds. These include national and Pennsylvania based funds such as Vanguard, Federated, Fidelity, Schwab and others.
- ✓ Additionally, Boenning's sales force maintains strong coverage of secondary and tertiary accounts not generally supported by national firms. This provides an additional outlet for the School District's bonds which reinforces the sales effort, and can lead to lower overall interest cost.

Tier I Institutions

Assets of over \$1 billion
Buy Large Blocks
Very Price Sensitive

Tier II Institutions

Assets of \$500 million to \$1 billion
Buy Large Blocks
Moderately Price Sensitive

Tier III Institutions

Assets of \$100 to \$500 million
Buy and Hold Accounts

Retail Investor Distribution

- ✓ Since its founding in 1914, a core strength of the firm has been the individual, retail investor. Boenning has highly developed retail bond distribution capabilities which can contribute to the overall success of the School District's bond offering.
- ✓ In addition to individuals, Boenning's coverage includes trusts and investment advisors, which are a significant outlet for bond offerings. This produces a quasi-retail market segment which participates heavily in highly rated, bank qualified bonds.

Individuals

Boenning's retail sales abilities are highly developed across Pennsylvania

Trusts and Advisors

Generally purchase blocks of bonds up to \$250,000

Scope of Services

Closing:

1. **Document Review:** Bond financings require a wide array of documentation to close. These include federal tax certifications, resolutions, officer certificates, verification reports, etc. Boenning will coordinate the review and delivery of these documents for the School District prior to closing.
2. **Closing:** On the day of closing, Boenning will deliver the purchase price of the bonds to the School District through wire transfers. We will also work with the financing team to coordinate other required wires, if any, and finally, the delivery of the bonds via DTC.

After Closing and Related Services:

1. **Pricing Book:** Boenning provides our clients with a summary book of the financing, showing final debt structure, series by series debt service, costs, interest rates, investor orders, insurance value, etc. We have found this to be an excellent on-going resource for our clients.
2. **Plancon:** With Pennsylvania school districts comprising a significant portion of our underwritings, Boenning's bankers are very familiar with the PLANCON process and with the staff at PDE responsible for review of PLANCON filings. We will prepare the financial sections of PLANCON Form K as applicable, as well as assist the School District with outstanding filings which may be outstanding.
3. **MSRB and Arbitrage Compliance:** Hand in hand with reinvestment is the attention required to maintain arbitrage rebate compliance. We will assist the School District in this process in conjunction with Bond Counsel until all funds are expended. With regard to MSRB compliance, we will prepare the required MSRB filings for any refundings included in the plan of finance, as applicable.
4. **Auditor Support:** An important post closing activity provided by Boenning is assisting our client's auditors in properly understanding, disclosing and accounting for the financing.
5. **TRAN Issuance:** Subject to market conditions and School District credit, Boenning will seek to participate in the School District's annual TRAN offerings.

Boenning & Scattergood, Inc. ("Boenning") is providing the information contained in this presentation for discussion purposes only, in anticipation of serving as underwriter and not as a financial advisor or Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act) in connection with the questions posed in the Request for Proposal distributed by **State College Area School District**. The primary role of an underwriter is to purchase Bonds as principal, in an arm's-length commercial transaction. If selected as underwriter, Boenning will be acting as principal and not as your agent or fiduciary and may have financial and other interests that differ from those of **State College Area School District**. In accordance with MSRB Rule G-23, if selected as underwriter, Boenning is prohibited from serving as financial advisor and does not assume any financial advisory or fiduciary responsibilities. Additionally, in connection with the proposed transaction, Boenning may provide incidental advice with respect to the structure, timing, terms and other matters concerning the issuance of the Bonds. However, any such services provided by Boenning as they relate to our role as underwriter should not be construed as those of a financial or municipal advisor.

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