

State High Project Financing Update

State College Area School District

November 11, 2013

Finance Update

- Variables and assumptions
- Fund balance analysis
- Multi-year budget projections
- Financing projections
- Financing capacity
 - Other facility projects

Variables/Assumptions

- Project Cost
- Referendum Debt
- SCASD Up-front Contribution
- SCASD Annual Allocation
- Bond Rating
- Interest Rate
- Repayment Period
- Debt Structure
- Referendum Debt
- SCASD Contribution Debt

Debt Service Payments

- Referendum - Electoral Debt Exception
 - Tax Increase to pay debt service (principal and interest) on debt approved in Referendum Election
 - Listed separately on tax bill
 - Not included in district tax increase
- SCASD Contribution – from General Budget

Financing Scenarios (or Estimates)

- Designed to fund estimated project costs
 - \$109 to \$115 million
- Up-front SCASD Budget contribution
 - \$10 million
- Repayment schedule
 - 20 and 30 years
 - Level and wrapped structure
- Referendum Debt and Tax Increase
 - Amount to cover high school project

Financing Scenarios (cont'd)

- SCASD Annual Allocation (level and wrapped)
 - 1 mill or \$2, 080,000
 - One-half mill or \$1, 040,000
 - Three-quarter mill or \$1,560,000
 - 80% mill or \$1,876,300

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$115,000,000
■ Referendum Debt	\$ 72,035,000
■ SCASD Annual Allocation	\$ 1,560,000
■ Interest Rate	4.75%
■ Referendum Mills Required	2.23
■ Referendum Tax Increase	5.76%

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$115,000,000
■ Referendum Debt	\$ 76,300,000
■ SCASD Annual Allocation	\$ 1,560,000
■ Interest Rate	5.30%
■ Referendum Mills Required	2.50
■ Referendum Tax Increase	6.44%

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$115,000,000
■ Referendum Debt	\$ 70,510,000
■ SCASD Annual Allocation	\$ 1,876,300
■ Interest Rate	5.30%
■ Referendum Mills Required	2.31
■ Referendum Tax Increase	5.95%

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$115,000,000
■ Referendum Debt	\$ 74,570,000
■ SCASD Annual Allocation	\$ 1,440,732
■ Interest Rate	4.75%
■ Referendum Mills Required	2.31
■ Referendum Tax Increase	5.99%

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$109,000,000
■ Referendum Debt	\$ 77,000,000
■ SCASD Annual Allocation	\$ 1,040,000
■ Interest Rate	4.75%
■ Referendum Mills Required	2.38
■ Referendum Tax Increase	6.14%

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$109,000,000
■ Referendum Debt	\$ 79,675,000
■ SCASD Annual Allocation	\$ 1,040,000
■ Interest Rate	5.30%
■ Referendum Mills Required	2.51
■ Referendum Tax Increase	6.72%

Financing Scenarios (cont'd)

■ Results within Board criteria/comments

■ Project Cost	\$109,000,000
■ Referendum Debt	\$ 82,450,000
■ SCASD Annual Allocation	\$ 1,040,000
■ Interest Rate	4.75%
■ Referendum Mills Required	2.54
■ Referendum Tax Increase	6.56%

Financing Scenarios (cont'd)

- Scenarios show possibilities to finance State High Project and provide resources in General Budget for other facilities
- Administrative recommendation at future meeting
- Questions or comments

Capital Reserve Fund Balance

- Assumes three-quarter mill district allocation
- \$2 million annual allocation for other facilities
 - 2017-2018
 - 2021-2022
- Balance not below \$4.8 million through 2046
- One-half mill scenario provides more capacity
- Full mill scenario provides less capacity

Referendum Tax Facts

- Separate line on current tax bill
- Referendum ends after debt repaid (30 years)
- Future increases of tax rate not impacted by referendum tax increase
- Referendum millage doesn't become part of base millage
- Phase-in over design and construction period
- Referendum exception approved by PDE

Average Taxpayer Impact

Estimated Act 1 Tax Increase		1.70%	1.70%	1.70%
	2013-2014	2014-2015	2015-2016	2017-2018
Tax Rate - Mills	\$ 38.75	\$ 39.41	\$ 40.08	\$ 40.76
Average Assessed Value				
\$ 71,300	\$ 2,763	\$ 2,810	\$ 2,858	\$ 2,906
Increase		\$ 47	\$ 48	\$ 48
Referendum Mills		0.36	1.89	2.31
Average Assessed Value				
\$ 71,300		\$ 25	\$ 135	\$ 164
Total Taxes Due	\$ 2,763	\$ 2,835	\$ 2,992	\$ 3,071
Increase		\$ 72	\$ 157	\$ 78

Referendum Debt Service - 2014

Exception potentially unavailable for 2014-2015

Options:

- For debt issued in 2014 following election
 - Capitalize interest
 - Schedule borrowing later in calendar year
 - Apply for exception in 2015-2016

Future Discussion

- Work Session November 18
- Board meeting November 25