



February 6, 2015

## STATE COLLEGE AREA SCHOOL DISTRICT 2015 BOND ISSUANCE FACT SHEET

- Starting February 17, the State College Area School District will begin a bond issuance to finance construction of additions and renovations to the State College Area High School campus on the present school's Westerly Parkway campus.
- The district will offer approximately \$70 million in General Obligation Bonds, Series of 2015, at a premium to raise the \$85 million in proceeds authorized by a referendum vote last year. In exchange for paying a premium, buyers will receive a compensatory interest rate. The bonds will be sold by means of an official statement. Interested parties should contact any of the firms listed on the reverse side for a copy of the Preliminary Official Statement. The \$85 million bond issue will be repaid over a 25 year period, with multiple call options.
- Moody's has raised the district to an Aa1 credit rating, the second-highest rating available, equating to "high quality and very low credit risk." According to Moody's, the Aa1 credit rating "incorporates the district's sizeable tax base [\$7.5 billion], which is anchored by a significant institutional presence [Penn State University]; healthy reserve levels, which are supported by conservative budgeting and management practices; above-average wealth indices; and a manageable debt burden."
- Standard & Poor's (S&P) recently reaffirmed the district's credit rating of AA, equating to a "very strong capacity to meet financial commitments." This action follows the S&P rating upgrade received by the district in the fall of 2014.
- Interest on the bonds will be exempt from federal and state taxes; however, before purchasing any bonds prospective buyers should contact their tax advisor to determine any applicable federal, state and local tax consequences.
- Bank of America Merrill Lynch and Janney Montgomery Scott are the district's bond underwriters. These firms were selected following their participation in a proposal process which included interviews by board members, administrators, and community members. Local brokers will include the Edward Jones, Raymond James and Morgan Stanley & Co. offices as well as Merrill Lynch.
- Based upon interest expressed from the community, the board ensured that local residents would have an opportunity to participate in the bond sale through local brokers with a priority order period beginning February 17. The local brokers were chosen based upon their expressed interest in joining this effort through the proposal process and through contact with the district.

## Contact Information

- Contact information for the brokers:
  - BofA Merrill Lynch (814) 231-8901
  - Janney Montgomery Scott (800) 526-6397
  - Edward Jones (800) 335-6637
  - Raymond James (727) 567-2800
  - Morgan Stanley & Co. (877) 937-6739
- Additional information about the State High Project and financing is available on the district website at [www.scasd.org/statehighfuture](http://www.scasd.org/statehighfuture) or by contacting the Business Office at (814) 231-1021.

## State High Project Highlights

- The \$115 million State High Project calls for constructing a main school for grades nine to twelve on the site of the existing South Building and significantly altering the North Building to house the Delta Program and athletic facilities.
- Construction is expected to begin in the summer of 2015 and continue through 2018.
- The referendum election provided for the generation of \$85 million to be incurred as debt to finance the State High Project. The \$30 million balance in project costs will be paid from current district resources.
- Due to a moratorium in funding at the state level, the project was expected to be locally funded. In late 2014, the state lifted the moratorium on PlanCon reimbursement. The district will apply for reimbursement, but is unable to predict with certainty at this time the amount of that potential reimbursement.
- The process defining the State High Project included:
  - 2009 - District-wide master plan and educational specification
  - 2012 - Selection of educational and architectural design team
  - 2013 - Site and concept design: community survey and forums
  - 2014 - Referendum election
  - 2015 - Final design review and construction begins