



Spring-Ford Area School District

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01 Financing Timeline

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Executive Summary and Assumptions for Capital Planning

- **The proposed Series of 2024 is phase two of the financing program designed to finance the construction costs for Spring City Elementary School. The finance plan called for financing the construction costs with two bond series, each bank-qualified and carrying a five-year call provision.**
- **The entire project will be financed with tax-exempt long-term indebtedness. Current tax law requires the School District to have a reasonable expectation of spending the proceeds of the tax-exempt borrowing within three years of the commencement of the Bonds.**
- **Knowing that the School District’s current annual debt service declines in the school year ending June 30, 2025, we leveraged this fact by providing a wrap-around debt service schedule for the new project. A wrap-around debt service schedule allows the School District to postpone the payment of a portion of the principal on the Spring City Elementary School project until most of the prior indebtedness has been paid down.**
- **The starting point for the issuance of the Series of 2024 begins with the School District taking action on a “parameter’s resolution” at its June board meeting, with the bonds to be sold soon after. We have provided a Financing Timeline later in this presentation.**

What is Bank Qualified Financing

- **Bank Qualified bonds are bonds issued by a school district in an amount of less than \$10,000,000 annually.**
- **Generally, Financial Institutions are not allowed to deduct interest expense related to tax-exempt obligations.**
- **However, Section 265(b)(3) provides an exception that allows the deduction of interest expense for *Qualified Tax-Exempt Obligations*.**
- **In turn, when Bank Qualified bonds are bought by investors who can deduct the interest expense, Bank Qualified bonds generally carry lower interest rates than Non-Bank Qualified bonds (approx. 5-15 basis points).**
- **In Pennsylvania, Bank-Qualified bonds are typically marketed to investors with a 5-year call provision, meaning the bonds can be refunded, at the direction of the School District, on the anniversary of the fifth year they are outstanding. Non-Bank Qualified bonds traditionally carry a call feature of between 8 and 10 years.**
- **The District's 2023A, 2018 and 2016 Bonds were issued as Bank Qualified.**

Series of 2024 Preliminary Financing Timeline

Date	Task	Responsibility
Thursday, 8/11/23	-Receive MSRB G-17 Letter to the School District signed and acknowledged.	Stifel
Week of 5/20	-Request information from SD Business Office for inclusion in the Preliminary Official Statement. The POS must contain Fiscal Year Ending June 30, 2023, information related to the Borrowing Base Calculation. -Create a Distribution List of financing professionals who will be working on the financing transaction. -Send a DRAFT Financing Timeline for review and discussion with the Distribution Group	Stifel & SD Stifel Stifel
Week of 6/3	-Draft a Preliminary Official Statement (POS), and a Preliminary Plan of Finance the DRAFT Disclosure Document is to be completed and distributed to the working group for comment. must allow three weeks for the rating process to be completed to June 24, 24th.	Stifel & SD
Week of 6/3	-Send Draft Preliminary Official Statement, financing plan and Dist. List to Moody's Distribute POS to the Working Group for comment.	Stifel
Monday, 6/10	-Prepare a draft Parameters Resolution for review, approval at the Board for Action Meeting on 6/24/24.	BC, SD & Stifel
Tuesday, 6/11	-Rating Call with Moody's Analyst (11:00 am) -Underwriter Due Diligence Call (12:00 pm) -Attend Finance Committee Meeting and Discuss the Borrowing Resolution and Other Financing Details	Stifel & SD Stifel & SD BC, SD & Stifel
Monday, 6/17	-Work Session Meeting and Discuss the Borrowing Resolution and Other Financing Details	SD & BC
Monday, 6/24	-Board of School Directors Adopts the Parameters Resolution and Bond Purchase Agreement at Action Meeting	SD & BC
Week of 6/24	- Receive Moody's Rating - Print & Post Preliminary Official Statement	Stifel Stifel & SD ALL
Tuesday, 7/2	-Pre-Pricing, Pricing and Marketing of the Bonds -Compare final pricing to Parameters Resolution - ensure compliance -Execute the Addendum to the Bond Purchase Agreement	Stifel & SD Stifel SD
Week of 7/8	-File proceedings with DCED	BC
Week of 7/8	-Print and mail final Official Statement to investors and the MSRB in compliance with 15c2-12	Stifel
Week of 7/29	Settlement and transfer of funds via phone	ALL

Preliminary Parameters Comparison: Series of 2024

Fiscal Year	Prelim Amount	Maximum Parameters	Prelim Coupon	Maximum Coupon	Parameters Margin
6/30/2025	5,000	20,000	5.000%	5.500%	15,000
6/30/2026	5,000	20,000	5.000%	5.500%	15,000
6/30/2027	5,000	20,000	5.000%	5.500%	15,000
6/30/2028	5,000	20,000	5.000%	5.500%	15,000
6/30/2029	5,000	20,000	5.000%	5.500%	15,000
6/30/2030	500,000	695,000	4.000%	5.500%	195,000
6/30/2031	515,000	720,000	4.000%	5.500%	205,000
6/30/2032	540,000	750,000	4.000%	5.500%	210,000
6/30/2033	560,000	780,000	4.000%	5.500%	220,000
6/30/2034	580,000	815,000	4.000%	5.500%	235,000
6/30/2035	605,000	845,000	4.000%	5.500%	240,000
6/30/2036	630,000	880,000	4.000%	5.500%	250,000
6/30/2037	655,000	910,000	4.000%	5.500%	255,000
6/30/2038	680,000	950,000	4.000%	5.500%	270,000
6/30/2039	710,000	990,000	4.000%	5.500%	280,000
6/30/2040	735,000	1,030,000	4.000%	5.500%	295,000
6/30/2041	765,000	1,065,000	4.000%	5.500%	300,000
6/30/2042	795,000	1,115,000	4.000%	5.500%	320,000
6/30/2043	830,000	1,150,000	4.000%	5.500%	320,000
6/30/2044	860,000	1,205,000	4.000%	5.500%	345,000
Total	9,985,000	14,000,000			4,015,000

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