



Pennsbury School District

Financing Discussion

November 16, 2023

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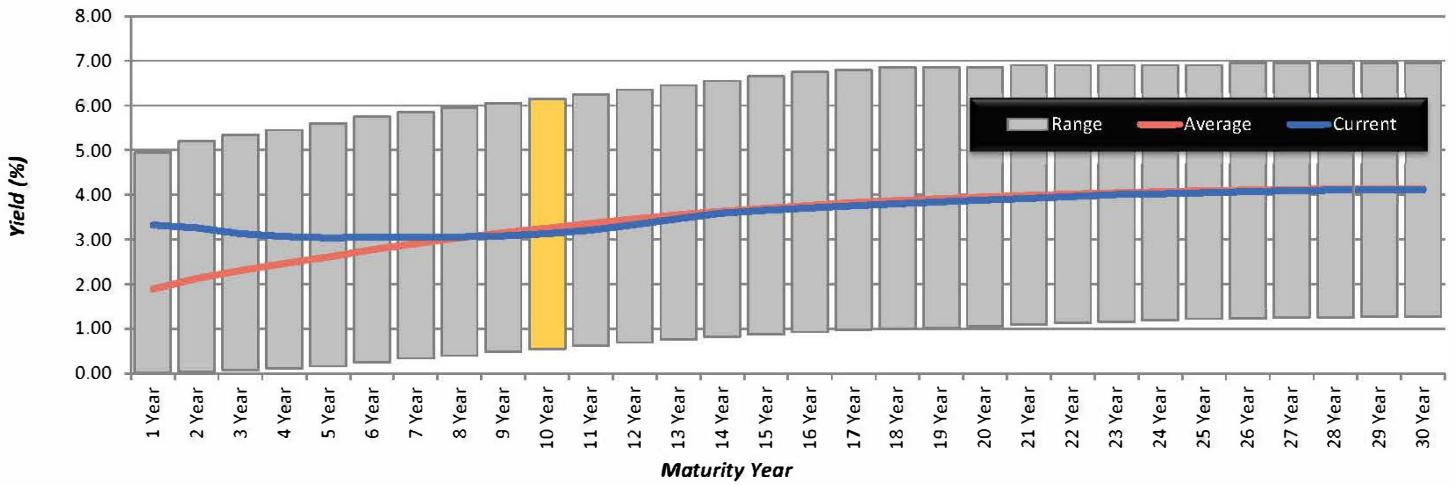


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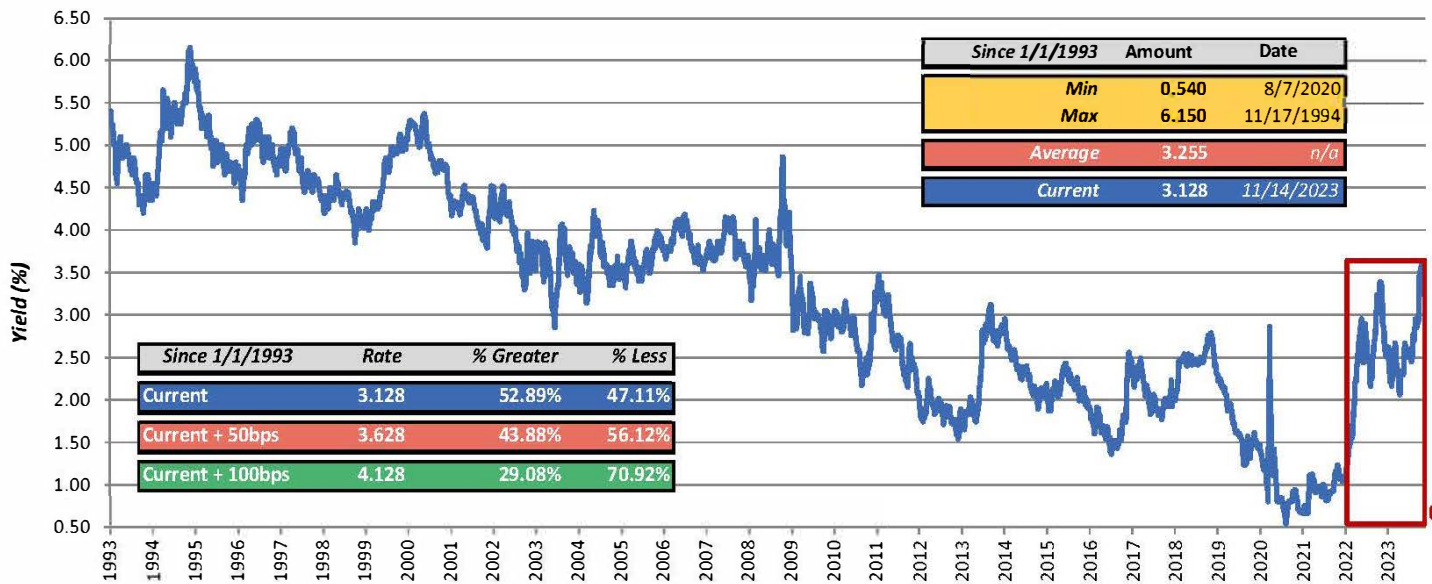
MUNICIPAL MARKET UPDATE

November 14, 2023

HISTORICAL BVAL CURVE ILLUSTRATION - SINCE JANUARY 1, 1993 [1]



SPOT ANALYSIS - 10 YEAR BVAL - SINCE JANUARY 1, 1993 [1]



SPOT ANALYSIS - 10 YEAR BVAL - SINCE JANUARY 1, 2022



[1] Datapoints prior to January 4, 2010 are provided by MMD, datapoints after January 4, 2010 are provided by BVAL.

Pennsbury School District

Topics of Discussion

November 16, 2023

Proposed New Money Financing Scenario

- 1) The District Administration has asked PFM to analyze a potential high school multi-step financing plan from 2024 through 2028 to fund approximately \$250 million of projects.
 - a. With respect to the above financing plan, the District Administration has estimated the following proposed tax increases:
 - i. FY 2025 – 5.30%
 - ii. FY 2026 – 4.30%
 - iii. FY 2027 – 3.90%
 - iv. FY 2028 – 3.00%
 - v. FY 2029 – 2.70%

Reimbursement Resolution

- 2) A reimbursement resolution allows the issuer to pay itself back from the bond/bank proceeds for costs related to the project.
- 3) A project may incur significant expenses prior to the financing (feasibility, traffic, architect, legal etc.)

Federal Tax Laws

- 4) Federal tax laws permit an Issuer to borrow at a tax-exempt interest rate and invest the proceeds at an unlimited (taxable) yield subject to arbitrage requirements during the period of project construction, but only if the following three tests can be satisfied. The governing board must reasonably expect at the time the borrowing:
 - a. **Expenditure Test** – issuer will spend 85% of the proceeds within three years.
 - b. **Time Test** – issuer will incur a substantial binding obligation (sign a design contract, award a construction bid) within six months, equal to at least 5% of the borrowing amount.
 - c. **Due Diligence Test** – construction of the project will proceed, and the bonds funds will be spent, with due diligence to completion.

Arbitrage Rebate Considerations

- 5) An issue is exempt from arbitrage rebate if they qualify under size-based and time-base exemptions:
 - a. **Small Issuer Exception** – As long as the issuer has governmental taxing base powers and does not expect to or has not issued more than \$15,000,000 in tax-exempt bonds in a calendar year, an exemption would apply.
 - b. **Time Based/Spending Exception** – The issuer must meet the following spending exceptions:

Spending Exception	6 Months	12 Months	18 Months	24 Months
6-Month All Gross Proceeds	100%			
18-Month All New Money	15%	60%	100%	
24-Month Construction Issues	10%	45%	75%	100%

Approaches to New Money Financing

- 6) **Interim Funding:** Short-term borrowing prior to permanent financing.
- 7) **Current Funding:** Wait for construction bids.
- 8) **Advance Funding:** Borrow all (or a portion) prior to construction bids.
- 9) **Multiple Financing:** Spread borrowings over different calendar years, taking advantage of IRS limits and staggering impact vs. increased costs of issuance.

**PENNSBURY SCHOOL DISTRICT
SUMMARY OF OUTSTANDING INDEBTEDNESS**

Debt Service Requirements														14
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Fiscal Year Ended	G.O. Bonds Series A of 2016	G.O. Bonds Series A of 2017	G.O. Bonds Series of 2018	G.O. Bonds Series A of 2018	G.O. Bonds Series of 2019	G.O. Bonds Series A of 2019	G.O. Bonds Series of 2020	G.O. Bonds Series A of 2020	G.O. Bonds Series of 2022	G.O. Bonds Series A of 2022	G.O. Bonds Series B of 2022	G.O. Bonds Series of 2023	Debt Service Total	
6/30/2024	118,550	242,918	307,979	9,221,609	463,488	1,220,700	1,288,125	129,000	1,071,300	692,175	1,246,225	1,086,056	17,088,124	
6/30/2025	121,200	242,818	306,673		459,488	645,900	973,300	128,900	10,136,100	692,025	1,244,537	1,734,900	16,685,839	
6/30/2026		242,718	305,298		282,238	388,250	973,100	128,800	10,584,200	691,875	1,363,544	1,734,700	16,694,722	
6/30/2027		470,318	308,823		281,675	2,392,200	5,662,200	128,625	953,900	691,725	3,364,547	1,734,500	15,988,512	
6/30/2028		475,334	307,210		281,050	2,667,900	5,661,700	128,375	961,200	691,575	3,082,943	1,734,300	15,991,587	
6/30/2029		473,950	305,485		280,425	2,659,500	5,666,500	128,125	967,100	691,375	3,083,454	1,734,100	15,990,014	
6/30/2030		476,300	308,610		284,738	2,662,200	5,654,125	127,875	961,800	691,125	3,086,058	1,733,900	15,986,730	
6/30/2031		852,650	2,163,385		1,259,063		866,125	288,500	2,273,600	1,436,750	2,579,741	1,733,700	13,453,514	
6/30/2032		857,775	2,089,143		1,214,944			289,750	2,315,400	1,432,375	3,527,762	1,733,500	13,460,648	
6/30/2033		990,200	2,008,031		2,060,138			290,500		1,436,000	3,766,372	1,733,300	12,284,541	
6/30/2034		1,004,700	1,935,956		2,079,675			290,750		1,437,375	2,823,618	1,733,100	11,305,174	
6/30/2035		1,067,250			2,172,600			290,500		1,436,500	3,668,926	1,732,875	10,368,651	
6/30/2036		1,791,975						289,750		1,433,375	2,889,298	1,732,625	8,137,023	
6/30/2037		1,390,550						288,500		1,432,875	1,887,694	2,361,250	7,360,869	
6/30/2038								291,625		1,434,750		5,448,750	7,175,125	
6/30/2039								289,125		1,433,875		5,456,125	7,179,125	
6/30/2040								291,000		1,435,125		5,453,250	7,179,375	
6/30/2041								292,125		1,438,250		5,445,000	7,175,375	
6/30/2042										1,433,250		5,743,125	7,176,375	
6/30/2043										1,435,000		5,741,500	7,176,500	
6/30/2044												7,175,000	7,175,000	
6/30/2045													7,175,000	
TOTAL	239,750	10,579,454	10,346,591	9,221,609	11,119,519	12,636,650	26,745,175	4,091,825	30,224,600	23,497,375	37,614,720	64,715,556	241,032,823	

Local Effort Requirements														14
15	16	17	18	19	20	21	22	23	24	25	26	27	28	
Fiscal Year Ended	G.O. Bonds Series A of 2016	G.O. Bonds Series A of 2017	G.O. Bonds Series of 2018	G.O. Bonds Series A of 2018	G.O. Bonds Series of 2019	G.O. Bonds Series A of 2019	G.O. Bonds Series of 2020	G.O. Bonds Series A of 2020	G.O. Bonds Series of 2022	G.O. Bonds Series A of 2022	G.O. Bonds Series B of 2022	G.O. Bonds Series of 2023	Local Effort Total	
6/30/2024	111,712	228,906	307,979	7,614,149	456,436	1,152,331	1,222,913	129,000	1,006,139	674,095	1,174,343	1,069,041	15,147,044	
6/30/2025	114,209	228,812	306,673		452,497	609,724	924,026	128,900	9,519,577	673,949	1,172,752	1,707,720	15,838,839	
6/30/2026		228,718	305,298		277,944	366,505	923,836	128,800	9,940,421	673,803	1,284,895	1,707,523	15,837,743	
6/30/2027		443,190	308,823		277,390	2,258,217	5,375,547	128,625	895,879	673,657	3,170,480	1,707,326	15,239,134	
6/30/2028		447,917	307,210		276,774	2,518,475	5,375,072	128,375	902,735	673,511	2,905,119	1,707,130	15,242,319	
6/30/2029		446,613	305,485		276,159	2,510,546	5,379,629	128,125	908,277	673,316	2,905,601	1,706,933	15,240,683	
6/30/2030		448,827	308,610		280,406	2,513,094	5,367,881	127,875	903,299	673,073	2,908,054	1,706,736	15,237,855	
6/30/2031		803,469	2,163,385		1,239,908		822,277	288,500	2,135,309	1,399,222	2,430,942	1,706,539	12,989,551	
6/30/2032		808,299	2,089,143		1,196,461			289,750	2,174,567	1,394,961	3,324,281	1,706,342	12,983,803	
6/30/2033		933,085	2,008,031		2,028,796			290,500		1,398,491	3,549,128	1,706,145	11,914,177	
6/30/2034		946,749	1,935,956		2,048,036			290,750		1,399,830	2,660,752	1,705,948	10,988,023	
6/30/2035		1,005,691			2,139,548			290,500		1,398,978	3,457,302	1,705,727	9,997,747	
6/30/2036		1,688,614						289,750		1,395,935	2,722,644	1,705,481	7,802,424	
6/30/2037		1,310,343						288,500		1,395,448	1,778,812	2,324,258	7,097,361	
6/30/2038								291,625		1,397,274		5,363,387	7,052,286	
6/30/2039								289,125		1,396,422		5,370,647	7,056,193	
6/30/2040								291,000		1,397,639		5,367,817	7,056,456	
6/30/2041								292,125		1,400,683		5,359,696	7,052,503	
6/30/2042										1,395,813		5,653,150	7,048,964	
6/30/2043										1,397,517		5,651,551	7,049,068	
6/30/2044												7,062,593	7,062,593	
6/30/2045													7,062,593	
TOTAL	225,921	9,969,232	10,346,591	7,614,149	10,950,355	11,928,891	25,391,182	4,091,825	28,386,204	22,883,617	35,445,107	63,701,690	230,934,765	

Principal *:	120,000	8,080,000	8,060,000	0	8,340,000	9,845,000	21,325,000	2,485,000	26,655,000	13,750,000	28,550,000	34,610,000	161,820,000
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PE%:	20.36%	20.36%	0.00%	61.53%	5.37%	19.77%	17.87%	0.00%	21.47%	9.22%	20.36%	5.53%	
PE% Status:	Temp.	Temp	Est	Perm.	Temp	Perm.	Perm.	Est	Perm.	Temp	Temp	Temp	
AR% (2023-24)	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	28.33%	
Call Date:	4/1/2025	4/1/2023	8/1/2023	Non-callable	8/1/2024	8/1/2027	8/1/2027	8/1/2027	Non-Callable	8/1/2030	10/1/2029	8/1/2031	
Purpose:	New Money	New Money	Cur Ref 2013	Cur Ref 2004A	Cur Ref 2014	Cur Ref 13A & 14A	Cur Ref 2015, 2015A, 2015B	New Money	Cur Ref 2012 & 2017	New Money	Adv Ref 2016A (Cinderella)	New Money	

* Outstanding as of October 25, 2023



HIGH SCHOOL FINANCING SCENARIO - \$250 MILLION

	1	2	3	4	5	6	7
	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	TOTAL -
	Step 1	Step 1 - H.S. Portion	Step 2	Step 3	Step 4	Step 5	H.S. Portion
Project Fund Dep.	\$28,900,000	\$5,000,000	\$61,250,000	\$61,250,000	\$61,250,000	\$61,250,000	\$250,000,000
Settlement Date	July 2024	July 2024	July 2025	July 2026	July 2027	July 2028	-
Term	20 Years	20 Years	30 Years	30 Years	30 Years	30 Years	-
Structure	Wrap	Wrap	Wrap	Wrap	Wrap	Wrap	Wrap

8	9	10	11	12	13	14	15	16	17
Fiscal Year Ending	Existing Debt Service	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Estimated New Debt Serv.	Est. Total New H.S. Debt Service	Total Est. OVERALL Debt Service
6/30/2024	17,088,124								17,088,124
6/30/2025	16,685,839	837,340	144,869					144,869	17,668,048
6/30/2026	16,694,722	1,439,607	249,067	1,812,292				2,061,359	20,195,688
6/30/2027	15,988,512	1,439,416	249,034	3,111,674	1,812,875			5,173,583	22,601,511
6/30/2028	15,991,587	1,439,229	249,002	3,111,450	3,112,674	1,812,729		8,285,855	25,716,671
6/30/2029	15,990,014	1,439,048	248,970	3,111,231	3,112,450	3,112,424	1,797,709	11,382,784	28,811,846
6/30/2030	15,986,730	1,438,870	248,939	3,111,018	3,112,231	3,112,200	3,086,674	12,671,063	30,096,663
6/30/2031	13,453,514	1,438,694	248,909	3,110,809	3,112,018	3,111,981	3,086,450	12,670,167	27,562,375
6/30/2032	13,460,648	1,438,500	248,875	3,110,603	3,111,809	3,111,768	3,086,231	12,669,286	27,568,434
6/30/2033	12,284,541	1,438,287	248,838	3,110,375	3,111,603	3,111,559	3,086,018	12,668,393	26,391,220
6/30/2034	11,305,174	1,438,073	248,802	3,110,125	3,111,375	3,111,353	3,085,809	12,667,463	25,410,711
6/30/2035	10,368,651	1,437,860	248,765	3,109,875	3,111,125	3,111,125	3,085,603	12,666,492	24,473,003
6/30/2036	8,137,023	2,825,742	488,883	3,109,625	3,110,875	3,110,875	3,572,875	13,393,133	24,355,898
6/30/2037	7,360,869	3,207,346	554,904	3,109,375	3,110,625	3,110,625	3,898,625	13,784,154	24,352,369
6/30/2038	7,175,125	3,208,305	555,070	3,109,125	3,110,375	3,110,375	4,084,500	13,969,445	24,352,875
6/30/2039	7,179,125	3,204,362	554,388	3,108,875	3,110,125	3,110,125	4,083,125	13,966,638	24,350,125
6/30/2040	7,179,375	3,203,829	554,296	3,108,625	3,109,875	3,109,875	4,083,875	13,966,546	24,349,750
6/30/2041	7,175,375	3,206,280	554,720	3,108,375	3,109,625	3,109,625	4,086,500	13,968,845	24,350,500
6/30/2042	7,176,375	3,207,133	554,867	3,108,125	3,109,375	3,109,375	4,085,875	13,967,617	24,351,125
6/30/2043	7,176,500	3,206,174	554,701	3,107,875	3,109,125	3,109,125	4,086,875	13,967,701	24,350,375
6/30/2044	7,175,000	3,207,346	554,904	3,107,625	3,108,875	3,108,875	4,084,375	13,964,654	24,347,000
6/30/2045		9,323,660	1,613,090	3,107,375	3,108,625	3,108,625	4,088,125	15,025,840	24,349,500
6/30/2046				7,333,750	6,418,500	5,882,250	4,087,875	23,722,375	23,722,375
6/30/2047				7,331,250	6,419,125	5,881,125	4,083,625	23,715,125	23,715,125
6/30/2048				7,332,375	6,420,750	5,882,500	4,085,125	23,720,750	23,720,750
6/30/2049				7,331,500	6,422,875	5,881,000	4,082,125	23,717,500	23,717,500
6/30/2050				7,328,125	6,425,000	5,881,250	4,084,375	23,718,750	23,718,750
6/30/2051				7,331,500	6,421,750	5,877,875	4,086,500	23,717,625	23,717,625
6/30/2052				7,330,875	6,417,750	5,885,250	4,083,375	23,717,250	23,717,250
6/30/2053				7,330,625	6,422,250	5,882,875	4,084,750	23,720,500	23,720,500
6/30/2054				7,334,875	6,414,750	5,880,500	4,085,250	23,715,375	23,715,375
6/30/2055				7,332,875	6,419,625	5,882,500	4,084,625	23,719,625	23,719,625
6/30/2056				7,333,875	6,421,000	5,878,375	4,082,625	23,715,875	23,715,875
6/30/2057					13,750,375	5,882,500	4,083,875	23,716,750	23,716,750
6/30/2058						16,789,500	4,083,000	20,872,500	20,872,500
6/30/2059							20,874,125	20,874,125	20,874,125
6/30/2060									
6/30/2061									
TOTAL	241,032,823	53,025,101	9,173,893	141,546,077	142,179,410	142,060,139	134,440,494	569,400,013	863,457,937

Notes:
 [1] Assumes estimated interest rates. Actual rates would be determined at time of pricing.
 [2] Assumes no state reimbursement.
 [3] High School projects in 2025 through 2028 are amortized over a 30-year term.
 [4] Architect to provide a draw schedule for financing plan - estimated interest earnings provided from draw schedule will be used to downsize the borrowing sizes.
 [5] District currently anticipates a 2024 borrowing to fund a \$33.9 million project fund deposit - of that project fund amount, \$5 million (approx. 15%) is expected to be used towards the H.S. Financing.



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