



Bloomsburg Area School District

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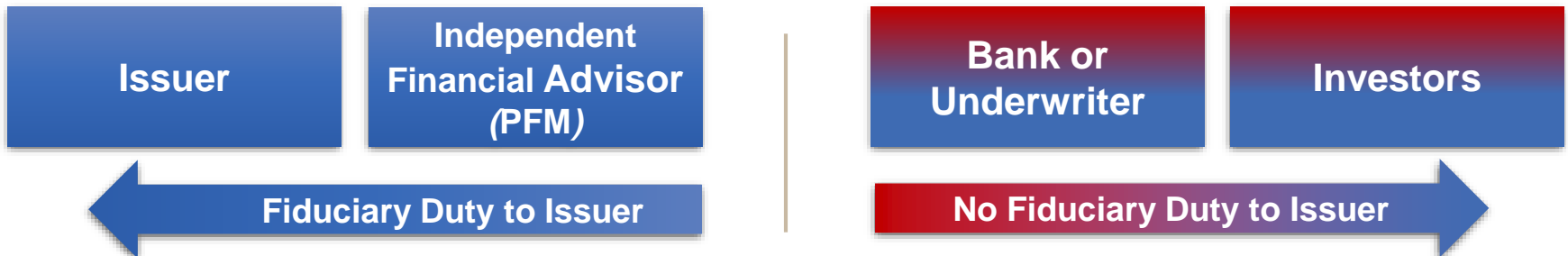
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What is an Independent Financial Advisor?

- In its simplest terms, an Independent Financial Advisor **represents the Issuer's best interests** throughout the entire process of any debt issuance
 - Selection of financing type (bond issue, bank loan etc.)
 - Method of sale (competitive, negotiated, hybrid, etc.)
 - Negotiations of interest rates, commissions, and loan provisions
 - Ultimate recommendation whether or not to proceed based on current market conditions
- PFM (collectively, Public Financial Management, Inc. and PFM Financial Advisors LLC) has a **fiduciary** duty to the Issuer and no one else. **Underwriters have no fiduciary duty to the Issuer.**





Multi-Track Approach to Financing

- Bond issue or bank loan or bond pool loan
- “Multi-Track” can be pursued to ensure greatest flexibility
 - Issue RFP for a bank loan while developing and preparing for a bond issue
 - Compare bank loan RFP results to current market bond rates and pool loan
 - Little to no cost to issue bank loan RFP for comparison purposes

	Pros	Cons
Bond Issue	Fixed rates for the entire term Traditionally lower interest rates No future interest rate risk	Higher costs of issuance Higher administrative costs As short as a 5-year call feature
Bank Loan	Lower costs of issuance Less administrative requirements (credit ratings, legal docs, etc.) Often prepayable at anytime	Future variable rate resets Depository relationship may be required May have restrictive covenants
Bond Pool Loan	Often prepayable at anytime Historically lower rates vs. fixed rate bond May offer cost of issuance subsidy	Some Pools have Interest Rate Swap Exposure Future interest rate risk (variable rate) Ongoing administrative costs



New Money Considerations

- **Federal Tax Laws***- The Internal Revenue Code (the “Code”) permits the Issuer to borrow funds at a tax-exempt interest rate and invest the proceeds at an unlimited yield during the period of project construction, but not more than 3 years, if the reasonable expectations of the Issuer are to meet the following 3 tests:

- Expenditure Test – spend 85% of the proceeds within 3 years;
- Time Test – incur within 6 months a substantial binding obligation to expend at least 5% of the proceeds;
- Due Diligence Test – proceed with due diligence to complete the capital project and expend the proceeds for the capital project.

- **State Debt Laws**

- Local Government Unit Debt Act
- DCED approval process
- No balloon payments – overall level debt
- Phasing in of annual payments
- Advertising requirements
- Maximum debt limit - \$225% of average revenues for the last 3 years (Approx. \$52mm)



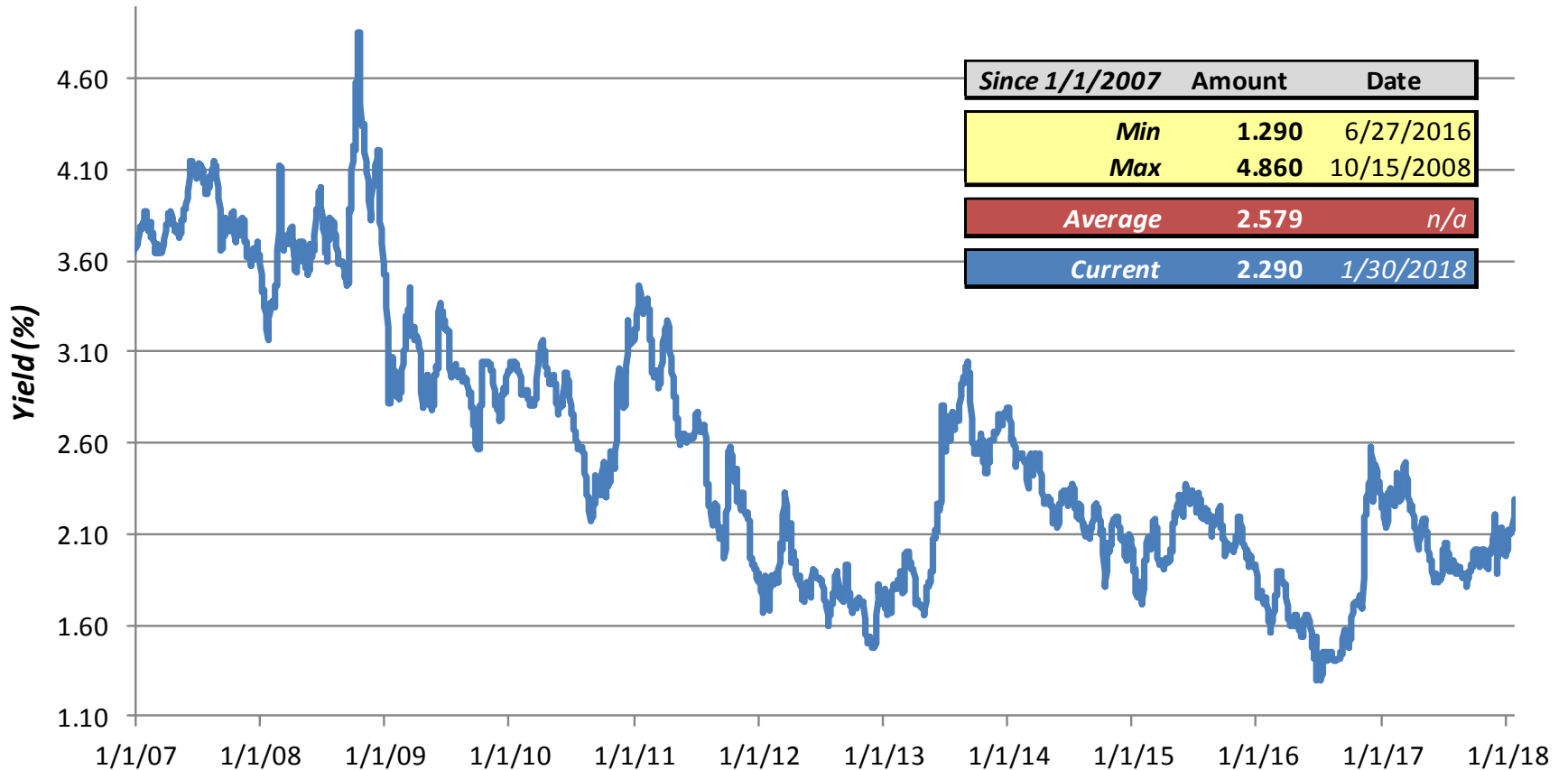
Topics for Discussion

- The District may issue approximately \$15 - \$25 million to fund the floodwall project and other capital projects within the District
- The District has a few options to consider when issuing the new debt:
 1. Options 1, 3, and 5 use District cash in the upfront years to pay the debt service on the new debt until existing debt payments decrease
 2. Options 2 and 4 restructure the District's existing Series of 2011 Bonds and extend the final maturity of the debt in order to make room in the budget for the additional debt
 3. All options extend the life of the debt
 4. All options utilize a wrap around debt structure
- All projects are term limited by the useful life of the project. Projects procured under Act 39 (ESCO projects) are further limited to the shorter of the useful life of the project or 20 years



Municipal Market Update

SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2007





Summary of Outstanding Debt

Debt Service Requirements

1	2	3	4	5
Fiscal Year Ended	G.O. Bonds Series of 2011	G.O. Note Series of 2013	Vo-Tech Rev Notes Series of 2015	Total Debt Service
6/30/2018	1,221,990	621,205	82,153	1,925,348
6/30/2019	1,220,865	623,380	83,247	1,927,492
6/30/2020	1,220,463	625,150	83,463	1,929,076
6/30/2021	1,216,380	621,515	84,480	1,922,375
6/30/2022	1,219,200	622,610	85,449	1,927,259
6/30/2023		628,300		628,300
6/30/2024		628,450		628,450
6/30/2025		623,195		623,195
6/30/2026		627,670		627,670
6/30/2027		631,605		631,605
6/30/2028				
6/30/2029				
6/30/2030				
Totals	6,098,898	6,253,080	418,792	12,770,769

Local Effort Requirements

6	7	8	9	10
Fiscal Year Ended	G.O. Bonds Series of 2011	G.O. Note Series of 2013	Vo-Tech Rev Notes Series of 2015	Total Debt Service
6/30/2018	998,954	498,363	60,095	1,557,412
6/30/2019	998,034	500,108	60,895	1,559,037
6/30/2020	997,705	501,528	61,053	1,560,287
6/30/2021	994,368	498,612	61,796	1,554,776
6/30/2022	996,673	499,491	62,506	1,558,669
6/30/2023		504,055		504,055
6/30/2024		504,176		504,176
6/30/2025		499,960		499,960
6/30/2026		503,550		503,550
6/30/2027		506,707		506,707
6/30/2028				
6/30/2029				
6/30/2030				
Totals	4,985,733	5,016,551	306,345	10,308,629
Principal*	4,590,000	5,415,000	396,149	10,401,149

PE%:	41.35%	44.80%	60.83%
PE% Status:	Temp	Temp	Perm.
AR% (17-18):	44.14%	44.14%	44.14%
Call Date:	9/1/2016	Anytime	Anytime
Purpose:	Ref 02B & Partial 04's	Cur Ref 07	Cur Ref 07



Summary of New Money Options

		OPTION 1			OPTION 2		
					<i>Restructuring & New Money</i>		
<i>Amount Financed</i>		\$18,745,000			\$4,100,000	\$16,000,000	\$20,100,000
<i>Cash for Project</i>		<u>\$1,255,000</u>				<u>\$4,000,000</u>	
<i>Total for Project</i>		\$20,000,000				\$20,000,000	
<i>Cash for Debt Payment</i>		\$2,745,000				\$0	
<i>Settlement Date</i>		August 2018			August 2018	August 2018	
Fiscal Year Ending	Existing Local Effort**	Proposed Local Effort	Less: District Cash	Total Local Effort	Proposed (Savings)/Dissavings	Proposed Local Effort	Total Local Effort
6/30/2018	1,497,317			1,497,317			1,497,317
6/30/2019	1,498,142	449,919	(445,000)	1,503,062	(382,622)	391,324	1,506,844
6/30/2020	1,499,233	776,212	(770,000)	1,505,446	(667,247)	675,762	1,507,748
6/30/2021	1,492,980	776,054	(765,000)	1,504,034	(657,957)	675,604	1,510,627
6/30/2022	1,496,164	775,892	(765,000)	1,507,055	(663,246)	675,442	1,508,359
6/30/2023	504,055	996,992		1,501,047	330,179	675,277	1,509,511
6/30/2024	504,176	999,094		1,503,270	330,824	675,109	1,510,109
6/30/2025	499,960	1,005,577		1,505,537	335,172	674,937	1,510,069
6/30/2026	503,550	1,001,473		1,505,023	330,474	674,760	1,508,785
6/30/2027	506,707	996,917		1,503,624	325,356	674,578	1,506,641
6/30/2028		1,502,136		1,502,136	833,548	674,392	1,507,940
6/30/2029		1,506,405		1,506,405	828,634	679,106	1,507,740
6/30/2030		1,503,849		1,503,849		1,512,101	1,512,101
6/30/2031		1,504,512		1,504,512		1,512,567	1,512,567
6/30/2032		1,503,298		1,503,298		1,511,153	1,511,153
6/30/2033		1,505,116		1,505,116		1,512,769	1,512,769
6/30/2034		1,504,823		1,504,823		1,512,272	1,512,272
6/30/2035		1,502,384		1,502,384		1,509,626	1,509,626
6/30/2036		1,502,813		1,502,813		1,509,845	1,509,845
6/30/2037		1,505,923		1,505,923		1,512,746	1,512,746
6/30/2038		1,501,688		1,501,688		1,513,192	1,513,192
6/30/2039		1,504,971		1,504,971		1,511,156	1,511,156
6/30/2040		1,500,700		1,500,700		1,511,563	1,511,563
6/30/2041		1,503,872		1,503,872		1,509,412	1,509,412
6/30/2042		1,504,324		1,504,324		1,509,648	1,509,648
6/30/2043		1,506,934		1,506,934		1,512,042	1,512,042
6/30/2044							
6/30/2045							
TOTAL	10,002,284	31,841,874	(2,745,000)	39,099,159	943,115	28,306,378	39,251,778

Thank You



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