

Avon Grove School District

Capital Project Financing Review

October 18, 2018

Kenneth A. Phillips
Managing Director
RBC Capital Markets
2101 Oregon Pike
Lancaster, PA 17601
Tel: (717) 519-6001
ken.phillips@rbccm.com

Allison Macchi
Vice President
RBC Capital Markets
2101 Oregon Pike
Lancaster, PA 17601
Tel: (717) 519-6002
allison.macchi@rbccm.com

John Frey
Director
PFM Financial Advisors LLC
One Keystone Plaza, Suite 300
Harrisburg, PA 17101
Tel: (717) 232-2723
freyj@pfm.com

Wes Hall
Senior Analyst
PFM Financial Advisors LLC
One Keystone Plaza, Suite 300
Harrisburg, PA 17101
Tel: (717) 232-2723
hallw@pfm.com



RBC Capital Markets



Bond Buyer 20 General Obligation Bond Index

57 Year Historical Perspective

Bond Buyer 20 GO Index since January 1961



% of Time in Each Range Since 1961

Yield Range		
Less than 3.50%	10.10%	
3.50% - 4.00%	10.43%	
4.01% - 4.50%	10.80%	
4.51% - 5.00%	10.07%	
5.01% - 5.50%	14.03%	
5.51% - 6.00%	9.77%	
6.01% - 6.50%	7.57%	
6.51% - 7.00%	6.90%	
7.01% - 7.50%	6.23%	
7.51% - 8.00%	3.67%	
Greater than 8.00%	10.43%	
Total	100.00%	

Source: Bloomberg as of October 11, 2018
 Weekly yields and indexes released by the Bond Buyer. Updated every Thursday at approximately 6:00pm EST. 20 Bond General Obligation Yield with 20 year maturity, rated Aa2 by Moody's Arithmetic Average of 20 bonds' yield to maturity.

Today's 4.37% level is lower than 76.28% of historical rates since January 1961

Principal and Gross Outstanding Debt Service

Avon Grove School District Summary of Debt Outstanding - 2018-19

Principal

Fiscal Yr. Ended	G.O. Bonds	G.O. Bonds	G.O. Bonds	G.O. Bonds	Total	Current	Long Term
	Series of 2012	Series A of 2012	Series of 2014	Series of 2015	Issued Debt Service		
06/30/2019	210,000	580,000	1,460,000	665,000	2,915,000	2,915,000	
06/30/2020	205,000	595,000	1,500,000	700,000	3,000,000		3,000,000
06/30/2021	215,000	605,000	1,545,000	730,000	3,095,000		3,095,000
06/30/2022	225,000	620,000	775,000	750,000	2,370,000		2,370,000
06/30/2023	225,000	635,000	-	-	860,000		860,000
06/30/2024	-	645,000	-	-	645,000		645,000
06/30/2025	-	655,000	-	-	655,000		655,000
06/30/2026	-	670,000	-	-	670,000		670,000
06/30/2027	-	690,000	-	-	690,000		690,000
06/30/2028	-	705,000	-	-	705,000		705,000
Princ @ 6/30/2018	1,080,000	6,400,000	5,280,000	2,845,000	15,605,000	915,000	2,690,000
Less 2018/19 Princ	(210,000)	(580,000)	(1,460,000)	(665,000)	(2,915,000)	0	0
As of 6/30/2019	870,000	5,820,000	3,820,000	2,180,000	12,690,000	2,915,000	12,690,000

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Avon Grove School District Summary of Debt Outstanding - 2018-19

Total Principal and Interest

Fiscal Yr. Ended	G.O. Bonds	G.O. Bonds	G.O. Bonds	G.O. Bonds	Total	Current	Long Term
	Series of 2012	Series A of 2012	Series of 2014	Series of 2015	Issued Debt Service		
06/30/2019	229,500	710,040	1,576,850	753,600	3,269,990	3,269,990	
06/30/2020	220,350	713,290	1,571,400	761,300	3,266,340		3,266,340
06/30/2021	226,150	711,290	1,575,950	762,700	3,276,090		3,276,090
06/30/2022	231,750	714,040	782,750	759,050	2,487,590		2,487,590
06/30/2023	227,250	716,490	-	-	943,740		943,740
06/30/2024	-	713,368	-	-	713,368		713,368
06/30/2025	-	709,554	-	-	709,554		709,554
06/30/2026	-	709,975	-	-	709,975		709,975
06/30/2027	-	714,503	-	-	714,503		714,503
06/30/2028	-	713,284	-	-	713,284		713,284
Total P&I @ 6/30/2018	1,135,000	7,125,833	5,506,950	3,036,650	16,804,433	3,269,990	13,534,443
Less 2018/19 Payment	(229,500)	(710,040)	(1,576,850)	(753,600)	(3,269,990)	0	0
As of 6/30/2019	905,500	6,415,793	3,930,100	2,283,050	13,534,443	3,269,990	13,534,443

Net Outstanding Debt Service

Reimbursement Amounts - Revenue

Fiscal Yr. Ended	G.O. Bonds	G.O. Bonds	G.O. Bonds	G.O. Bonds	Total Reimb
	Series of 2012	Series A of 2012	Series of 2014	Series of 2015	
06/30/2019	23,727	-	210,038	109,963	343,729
06/30/2020	22,781	-	209,312	111,087	343,180
06/30/2021	23,381	-	209,918	111,291	344,590
06/30/2022	23,960	-	104,263	110,759	238,982
06/30/2023	23,495	-	-	-	23,495
Total	117,344	-	733,531	443,100	1,293,975

PE%	19.35%	0.00%	24.93%	27.31%
PE% Status	Perm	Est	Perm	Perm
AR% (2018-19)	53.43%	53.43%	53.43%	53.43%

Net Debt

Fiscal Yr. Ended	G.O. Bonds	G.O. Bonds	G.O. Bonds	G.O. Bonds	Total Net Debt Service
	Series of 2012	Series A of 2012	Series of 2014	Series of 2015	
06/30/2019	205,773	710,040	1,366,812	643,637	2,926,261
06/30/2020	197,569	713,290	1,362,088	650,213	2,923,160
06/30/2021	202,769	711,290	1,366,032	651,409	2,931,500
06/30/2022	207,790	714,040	678,487	648,291	2,248,608
06/30/2023	203,755	716,490	-	-	920,245
06/30/2024	-	713,368	-	-	713,368
06/30/2025	-	709,554	-	-	709,554
06/30/2026	-	709,975	-	-	709,975
06/30/2027	-	714,503	-	-	714,503
06/30/2028	-	713,284	-	-	713,284
Total	1,017,656	7,125,833	4,773,419	2,593,550	15,510,457

Hypothetical Financing Plan to Generate \$127 Million of Project Funds

Avon Grove School District

Financing to Generate \$127 Million of Project Funds

Millage Requirement Study - Proposed Series of 2018, \$9,630,000, Proposed Series of 2019, \$9,240,000, Proposed Series of 2020, \$33,330,000, Proposed Series of 2021, \$33,345,000 and Proposed Series of 2022 \$35,625,000

Date	Total Net Outstanding D/S (1)	Series 2018 \$9,630,000 Par Amount Debt Service (2)	Series 2019 \$9,240,000 Par Amount Debt Service (3)	Series 2020 \$33,330,000 Par Amount Debt Service (4)	Series 2021 \$33,345,000 Par Amount Debt Service (5)	Series 2022 \$35,625,000 Par Amount Debt Service (6)	Less: Interest Earnings/ SD Reserves	Total Net Debt	Value of 1 Mill (7)	Total Mills Required	New Mills	Total Mills in Place	Dollars Appropriated	Budget Surplus (Deficit) (8)
2015	4,573,814							4,573,814	1,845,000	2.48	0.000	2.44	4,499,955	-73,859
2016	3,693,812							3,693,812	1,845,000	2.00	0.000	2.44	4,499,955	806,143
2017	2,935,443							2,935,443	1,845,000	1.59	0.000	2.44	4,499,955	1,564,512
2018	2,933,412							2,933,412	1,845,000	1.59	0.000	2.44	4,499,955	1,566,543
2019	2,926,261	147,958	152,537					3,226,756	1,850,000	1.74	0.580	3.02	5,585,150	2,358,394
2020	2,923,160	396,594	466,399					3,786,152	1,850,000	2.05	0.580	3.60	6,658,150	2,871,998
2021	2,931,500	396,474	466,279	1,531,864				5,326,116	1,850,000	2.88	0.580	4.18	7,731,150	2,405,034
2022	2,248,608	1,077,551	466,154	1,670,536	1,529,031			6,991,881	1,850,000	3.78	0.570	4.75	8,785,650	1,793,769
2023	920,245	2,407,190	465,990	1,670,391	1,667,441	2,694,414		9,825,672	1,850,000	5.31	0.570	5.32	9,840,150	14,478
2024	713,368	2,612,720	465,820	1,670,218	1,667,268	2,696,681		9,826,074	1,850,000	5.31	0.000	5.32	9,840,150	14,076
2025	709,554	2,613,500	465,625	1,670,039	1,667,089	2,697,080		9,822,886	1,850,000	5.31	0.000	5.32	9,840,150	17,264
2026	709,975	2,096,125	982,125	1,669,878	1,666,928	2,699,885		9,824,915	1,850,000	5.31	0.000	5.32	9,840,150	15,235
2027	714,503		3,071,125	1,669,710	1,666,760	2,705,113		9,827,210	1,850,000	5.31	0.000	5.32	9,840,150	12,940
2028	713,284		3,072,375	1,669,538	1,666,588	2,705,150		9,826,934	1,850,000	5.31	0.000	5.32	9,840,150	13,216
2029	0		3,203,125	1,669,350	2,053,500	2,898,875		9,824,850	1,850,000	5.31	0.000	5.32	9,840,150	15,300
2030	0			3,482,625	3,439,500	2,903,125		9,825,250	1,850,000	5.31	0.000	5.32	9,840,150	14,900
2031	0			3,482,000	3,440,125	2,903,375		9,825,500	1,850,000	5.31	0.000	5.32	9,840,150	14,650
2032	0			3,481,500	3,440,875	2,904,500		9,826,875	1,850,000	5.31	0.000	5.32	9,840,150	13,275
2033	0			3,480,875	3,441,500	2,901,375		9,823,750	1,850,000	5.31	0.000	5.32	9,840,150	16,400
2034	0			3,479,875	3,446,625	2,898,875		9,825,375	1,850,000	5.31	0.000	5.32	9,840,150	14,775
2035	0			3,483,125	3,441,125	2,901,625		9,825,875	1,850,000	5.31	0.000	5.32	9,840,150	14,275
2036	0			3,480,375	3,444,750	2,899,375		9,824,500	1,850,000	5.31	0.000	5.32	9,840,150	15,650
2037	0			3,481,375	3,442,125	2,901,875		9,825,375	1,850,000	5.31	0.000	5.32	9,840,150	14,775
2038	0			3,480,750	3,443,000	2,898,875		9,822,625	1,850,000	5.31	0.000	5.32	9,840,150	17,525
2039	0			3,483,125	3,442,000	2,900,125		9,825,250	1,850,000	5.31	0.000	5.32	9,840,150	14,900
2040	0			3,483,125	3,443,750	2,900,250		9,827,125	1,850,000	5.31	0.000	5.32	9,840,150	13,025
2041	0			3,480,500	3,442,875	2,903,875		9,827,250	1,850,000	5.31	0.000	5.32	9,840,150	12,900
2042	0			3,479,875	3,444,000	2,900,750		9,824,625	1,850,000	5.31	0.000	5.32	9,840,150	15,525
2043	0							0	1,850,000	0.00	0.000	5.32	9,840,150	9,840,150
2044	0							0	1,850,000	0.00	0.000	5.32	9,840,150	9,840,150
TOTAL	29,646,938	11,748,111	13,277,554	60,150,648	58,336,854	56,815,198	0	229,975,302			2.880			

(1) Annual Net Debt Service for Series of 2012, 2012A, 2014, and 2015 Bonds.

(2) Proposed Series of 2018, \$9,630,000 dated December 15, 2018. Average Coupon 4.24%, TIC 3.24% (current rates + 25bps). Local Effort 100%. Project fund deposit = \$10MM.

(3) Proposed Series of 2019, \$9,240,000 dated January 2, 2019. Average Coupon 5.00%, TIC 3.77% (current rates + 25bps). Local Effort 100%. Project fund deposit = \$10MM.

(4) Proposed Series of 2020, \$33,330,000 dated June 1, 2020. Average Coupon 5.00%, TIC 4.53% (current rates + 60bps). Local Effort 100%. Project fund deposit = \$35MM.

(5) Proposed Series of 2021, \$33,345,000 dated June 1, 2021. Average Coupon 5.00%, TIC 4.50% (current rates + 60bps). Local Effort 100%. Project fund deposit = \$35MM.

(6) Proposed Series of 2022, \$35,625,000 dated March 1, 2022. Average Coupon 4.93%, TIC 4.44% (current rates + 60bps). Local Effort 100%. Project fund deposit = \$37MM.

(7) FY2018-19 collect mill is worth \$1,850,000 and it remains constant (per the administration January 2018)

(8) Budget surplus (about \$13.7MM) will be transferred to capital reserve to use for phasing in mills for the projects.

Next Steps – Proposed 2018/2019 Bond Issue

Take advantage of 2018 bank qualified eligibility by preparing to issue \$10MM by calendar year end to fund design fees and other early project costs

Board action required: No legal action or advertising is necessary

- On May 25, 2006 (pre Act 1) the Board passed a Parameters Resolution & Bond Purchase Agreement (BPA) for \$60 million.
 - The BPA currently has \$39.3 million of par amount left outstanding maturing through 2028.
- The proposed 2018 and 2019 financings can be funded within the 2006 Resolution and BPA.
 - The Board would not have to take any further action to issue the proposed 2018 and 2019 Bonds under the 2006 documents allowing for a pricing and closing of the 2018 bonds by calendar year end.
 - The District has already incurred the costs to advertise and file the 2006 documents and as such there would be a cost savings versus passing a new Resolution.
- **In order to facilitate pricing of the 2018 and potentially the 2019 bonds the Board could pass a motion at the October 25th School Board meeting to authorize the finance team to proceed.**
 - Should the District wish to issue more than \$20 million in 2018/19 a new master parameters Resolution and BPA would need to be passed at the November 15th Board meeting.

Next Steps – Proposed Timing

Series 2018 Bonds

October 25, 2018	Board authorizes finance team to proceed
Mid- November 2018	2018 Bonds priced (rates locked)
Mid-December 2018	Close 2018 Bonds (fund \$10MM to project fund)

Series 2019 Bonds

October 25, 2018	Board authorizes finance team to proceed
Early December 2018	2019 Bonds priced (rates locked)
Early January 2019	Close 2019 Bonds (fund \$10MM to project fund)

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