

# Conestoga Valley School District

## Financing Update



November 11, 2019

**STRICTLY PRIVATE AND CONFIDENTIAL**

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**RBC Capital Markets**

# 10-Year U.S. Treasury Yield

## 10 Year Historical Perspective



# 10-Year U.S. Treasury Yield

April 2018 to Present



# Gross Debt Service

## Conestoga Valley School District

Gross Debt Outstanding

As of July 1, 2019

| As of<br>Fiscal Year<br>Ending June 30 | (1)<br>Series<br>2008<br>Bank Note | (2)<br>Series<br>2012<br>G.O. Bonds | (3)<br>Series<br>2014<br>G.O. Bonds | (4)<br>Series<br>2018<br>G.O. Bonds | (5)<br>Series<br>2019<br>G.O. Bonds | (6)<br>Series<br>2019A<br>G.O. Notes | (7)<br>Series<br>2019B<br>G.O. Notes | Total             |
|--|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|-------------------|
| 2020                                   | 83,658                             | 31,850                              | 62,940                              | 367,658                             | 560,372                             | 16,029                               | 51,586                               | 1,174,094         |
| 2021                                   | 79,697                             |                                     | 1,205,960                           | 1,752,550                           | 1,262,386                           | 47,300                               | 89,645                               | 4,437,538         |
| 2022                                   | 75,658                             |                                     |                                     | 2,959,300                           | 1,262,324                           | 47,300                               | 89,585                               | 4,434,167         |
| 2023                                   | 71,658                             |                                     |                                     | 2,963,500                           | 1,262,260                           | 47,300                               | 89,525                               | 4,434,243         |
| 2024                                   | 34,325                             |                                     |                                     | 3,003,800                           | 1,262,195                           | 47,300                               | 89,463                               | 4,437,083         |
| 2025                                   |                                    |                                     |                                     |                                     | 1,262,128                           | 2,412,300                            | 1,169,400                            | 4,843,828         |
| 2026                                   |                                    |                                     |                                     |                                     | 1,262,055                           |                                      | 1,066,000                            | 2,328,055         |
| 2027                                   |                                    |                                     |                                     |                                     | 2,841,975                           |                                      |                                      | 2,841,975         |
| 2028                                   |                                    |                                     |                                     |                                     | 2,837,350                           |                                      |                                      | 2,837,350         |
| 2029                                   |                                    |                                     |                                     |                                     | 2,836,950                           |                                      |                                      | 2,836,950         |
| 2030                                   |                                    |                                     |                                     |                                     | 2,838,950                           |                                      |                                      | 2,838,950         |
| 2031                                   |                                    |                                     |                                     |                                     | 2,838,150                           |                                      |                                      | 2,838,150         |
| 2032                                   |                                    |                                     |                                     |                                     | 2,839,550                           |                                      |                                      | 2,839,550         |
| 2033                                   |                                    |                                     |                                     |                                     | 2,837,950                           |                                      |                                      | 2,837,950         |
| 2034                                   |                                    |                                     |                                     |                                     | 2,838,250                           |                                      |                                      | 2,838,250         |
| 2035                                   |                                    |                                     |                                     |                                     | 2,841,750                           |                                      |                                      | 2,841,750         |
| 2036                                   |                                    |                                     |                                     |                                     | 2,838,300                           |                                      |                                      | 2,838,300         |
| 2037                                   |                                    |                                     |                                     |                                     | 2,838,050                           |                                      |                                      | 2,838,050         |
| 2038                                   |                                    |                                     |                                     |                                     | 2,840,850                           |                                      |                                      | 2,840,850         |
| 2039                                   |                                    |                                     |                                     |                                     | 2,841,550                           |                                      |                                      | 2,841,550         |
| 2040                                   |                                    |                                     |                                     |                                     | 2,840,150                           |                                      |                                      | 2,840,150         |
| 2041                                   |                                    |                                     |                                     |                                     | 2,841,650                           |                                      |                                      | 2,841,650         |
| 2042                                   |                                    |                                     |                                     |                                     | 2,840,900                           |                                      |                                      | 2,840,900         |
| 2043                                   |                                    |                                     |                                     |                                     | 2,837,900                           |                                      |                                      | 2,837,900         |
| 2044                                   |                                    |                                     |                                     |                                     | 2,837,650                           |                                      |                                      | 2,837,650         |
| <b>Total</b>                           | <b>344,996</b>                     | <b>31,850</b>                       | <b>1,268,900</b>                    | <b>11,046,808</b>                   | <b>59,241,594</b>                   | <b>2,617,529</b>                     | <b>2,645,204</b>                     | <b>77,196,881</b> |

(1) Series of 2008, Bank Loan - Nominal Annual Rate of 3.770% for 10 yrs & 6.00% thereafter, Callable with make-whole provision.

(2) Series of 2012, non-callable.

(3) Series of 2014, callable 4/1/19, average coupon 2.07%.

(4) Series of 2018, callable 8/1/23, average coupon 3.75%.

(5) Series of 2019, callable 8/1/27, average coupon 3.15%.

(6) Series of 2019A, non-callable, average coupon 2.00%.

(7) Series of 2019B, non-callable, average coupon 3.99%.

# Net Debt Service – After PLANCON Reimbursement

## Conestoga Valley School District

Net Debt Outstanding

As of July 1, 2019

| As of Fiscal Year Ending June 30 | Series 2008 Bank Note | Series 2012 G.O. Bonds | Series 2014 G.O. Bonds | Series 2018 G.O. Bonds | Series 2019 G.O. Bonds | Series 2019A G.O. Notes | Series 2019B G.O. Notes | Total             |
|----------------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------|
| 2020                             | 83,658                | 26,365                 | 62,940                 | 367,658                | 560,372                | 13,269                  | 51,586                  | 1,165,848         |
| 2021                             | 79,697                | 0                      | 1,205,960              | 1,752,550              | 1,262,386              | 39,154                  | 89,645                  | 4,429,391         |
| 2022                             | 75,658                | 0                      | 0                      | 2,959,300              | 1,262,324              | 39,154                  | 89,585                  | 4,426,021         |
| 2023                             | 71,658                | 0                      | 0                      | 2,963,500              | 1,262,260              | 39,154                  | 89,525                  | 4,426,097         |
| 2024                             | 34,325                | 0                      | 0                      | 3,003,800              | 1,262,195              | 39,154                  | 89,463                  | 4,428,936         |
| 2025                             | 0                     | 0                      | 0                      | 0                      | 1,262,128              | 1,996,848               | 1,169,400               | 4,428,376         |
| 2026                             | 0                     | 0                      | 0                      | 0                      | 1,262,055              | 0                       | 1,066,000               | 2,328,055         |
| 2027                             | 0                     | 0                      | 0                      | 0                      | 2,841,975              | 0                       | 0                       | 2,841,975         |
| 2028                             | 0                     | 0                      | 0                      | 0                      | 2,837,350              | 0                       | 0                       | 2,837,350         |
| 2029                             | 0                     | 0                      | 0                      | 0                      | 2,836,950              | 0                       | 0                       | 2,836,950         |
| 2030                             | 0                     | 0                      | 0                      | 0                      | 2,838,950              | 0                       | 0                       | 2,838,950         |
| 2031                             | 0                     | 0                      | 0                      | 0                      | 2,838,150              | 0                       | 0                       | 2,838,150         |
| 2032                             | 0                     | 0                      | 0                      | 0                      | 2,839,550              | 0                       | 0                       | 2,839,550         |
| 2033                             | 0                     | 0                      | 0                      | 0                      | 2,837,950              | 0                       | 0                       | 2,837,950         |
| 2034                             | 0                     | 0                      | 0                      | 0                      | 2,838,250              | 0                       | 0                       | 2,838,250         |
| 2035                             | 0                     | 0                      | 0                      | 0                      | 2,841,750              | 0                       | 0                       | 2,841,750         |
| 2036                             | 0                     | 0                      | 0                      | 0                      | 2,838,300              | 0                       | 0                       | 2,838,300         |
| 2037                             | 0                     | 0                      | 0                      | 0                      | 2,838,050              | 0                       | 0                       | 2,838,050         |
| 2038                             | 0                     | 0                      | 0                      | 0                      | 2,840,850              | 0                       | 0                       | 2,840,850         |
| 2039                             | 0                     | 0                      | 0                      | 0                      | 2,841,550              | 0                       | 0                       | 2,841,550         |
| 2040                             | 0                     | 0                      | 0                      | 0                      | 2,840,150              | 0                       | 0                       | 2,840,150         |
| 2041                             | 0                     | 0                      | 0                      | 0                      | 2,841,650              | 0                       | 0                       | 2,841,650         |
| 2042                             | 0                     | 0                      | 0                      | 0                      | 2,840,900              | 0                       | 0                       | 2,840,900         |
| 2043                             | 0                     | 0                      | 0                      | 0                      | 2,837,900              | 0                       | 0                       | 2,837,900         |
| 2044                             | 0                     | 0                      | 0                      | 0                      | 2,837,650              | 0                       | 0                       | 2,837,650         |
| <b>Total</b>                     | <b>344,996</b>        | <b>26,365</b>          | <b>1,268,900</b>       | <b>11,046,808</b>      | <b>59,241,594</b>      | <b>2,166,732</b>        | <b>2,645,204</b>        | <b>23,304,669</b> |

|              |         |        |         |         |         |        |         |
|--------------|---------|--------|---------|---------|---------|--------|---------|
| Reimb %      | 0.00%   | 56.19% | 0.00%   | 0.00%   | 0.00%   | 56.19% | 0.00%   |
| 2018-19 MVAR | 30.65%  | 30.65% | 30.65%  | 30.65%  | 30.65%  | 30.65% | 30.65%  |
| Local Effort | 100.00% | 82.78% | 100.00% | 100.00% | 100.00% | 82.78% | 100.00% |
| State Effort | 0.00%   | 17.22% | 0.00%   | 0.00%   | 0.00%   | 17.22% | 0.00%   |

# Updated Millage Requirement Study

| General Financing Assumptions    |             |
|----------------------------------|-------------|
| Value of 1 Mill (1):             | \$2,700,000 |
| Current Mills in Place for Debt: | 1.72        |
| Dollars Budgeted for Net Debt:   | \$4,644,000 |

| Summary of Hypothetical Financing Results      |               |
|--|---------------|
| Total Par Amount Borrowed:                     | \$99,030,000  |
| Total Funds Available for Projects:            | \$100,000,000 |
| <b>Total New Mills Required:</b>               | <b>0.68</b>   |
| Total Budget Funds Required to Phase in D/S:   | \$1,836,000   |
| Total District Cash Required to Phase-in Mills | \$0           |
| Maximum Annual Net D/S After Completion        | \$6,385,327   |

| Fiscal Year Ending              | 1<br>Current<br>Net D/S (2) | Taxable<br>Restructure                |  | Tax-Exempt<br>Restructure              |                                       | New Money   |   | 9<br>Proposed District<br>Cash / (Term) | 10<br>Total<br>Proposed<br>Net D/S | 11<br>Dollars<br>Budgeted<br>for Net D/S | 12<br>Budget Increase<br>Needed to<br>Phase in D/S | 13<br>Budget<br>Surplus<br>(Deficit) | 14<br>New Mills<br>Required<br>for Net D/S |
|---------------------------------|-----------------------------|---------------------------------------|--|--|---------------------------------------|---|---|---|------------------------------------|--|--|--------------------------------------|--|
|                                 |                             | 3<br>Step 1<br>Series 2018<br>Net D/S | 4<br>Step 2<br>Series 2019A<br>Net D/S | 5<br>Step 2<br>Series 2019B<br>Net D/S | 6<br>Step 2<br>Series 2019<br>Net D/S | 7<br>Step 3<br>Proposed<br>Series 2020<br>Net D/S | 8<br>Step 4<br>Proposed<br>Series 2021<br>Net D/S |   |                                    |  |  |                                      |  |
| 2018                            | 4,518,829                   |                                       |  |  |                                       |   |   |   | 4,518,829                          | 4,644,000                                | 0  | 125,171                              | 0.00                                       |
| 2019                            | 4,514,907                   | 81,582                                |  |  |                                       |   |   |   | 4,596,489                          | 4,644,000                                | 459,000  | 506,511                              | 0.17                                       |
| 2020                            | 172,963                     | 367,658                               | 13,269                                 | 51,586                                 | 560,372                               |   |   | (5,364,000)                             | 6,529,848                          | 5,103,000                                | 459,000  | -967,848                             | 0.17                                       |
| 2021                            | 1,285,657                   | 1,752,550                             | 39,154                                 | 89,645                                 | 1,262,386                             | 673,923   |   |   | 5,103,314                          | 5,562,000                                | 459,000  | 917,686                              | 0.17                                       |
| 2022                            | 75,658                      | 2,959,300                             | 39,154                                 | 89,585                                 | 1,262,324                             | 1,342,763   | 187,855   |   | 5,956,638                          | 6,021,000                                | 459,000  | 523,362                              | 0.17                                       |
| 2023                            | 71,658                      | 2,963,500                             | 39,154                                 | 89,525                                 | 1,262,260                             | 1,342,671   | 614,198   |   | 6,382,966                          | 6,480,000                                |  | 97,034                               |  |
| 2024                            | 34,325                      | 3,003,800                             | 39,154                                 | 89,463                                 | 1,262,195                             | 1,342,572   | 613,248   |   | 6,384,755                          | 6,480,000                                |  | 95,245                               |  |
| 2025                            |                             |                                       | 1,996,848                              | 1,169,400                              | 1,262,128                             | 1,342,465   | 612,141   |   | 6,382,982                          | 6,480,000                                |  | 97,018                               |  |
| 2026                            |                             |                                       |  | 1,066,000                              | 1,262,055                             | 3,422,348   | 630,841   |   | 6,381,244                          | 6,480,000                                |  | 98,756                               |  |
| 2027                            |                             |                                       |  |  | 2,841,975                             | 2,911,057   | 628,904   |   | 6,381,936                          | 6,480,000                                |  | 98,065                               |  |
| 2028                            |                             |                                       |  |  | 2,837,350                             | 2,913,645   | 631,494   |   | 6,382,488                          | 6,480,000                                |  | 97,512                               |  |
| 2029                            |                             |                                       |  |  | 2,836,950                             | 2,912,887   | 633,304   |   | 6,383,140                          | 6,480,000                                |  | 96,860                               |  |
| 2030                            |                             |                                       |  |  | 2,838,950                             | 2,913,666   | 629,584   |   | 6,382,200                          | 6,480,000                                |  | 97,801                               |  |
| 2031                            |                             |                                       |  |  | 2,838,150                             | 2,911,422   | 635,755   |   | 6,385,327                          | 6,480,000                                |  | 94,674                               |  |
| 2032                            |                             |                                       |  |  | 2,839,550                             | 2,911,609   | 631,179   |   | 6,382,338                          | 6,480,000                                |  | 97,663                               |  |
| 2033                            |                             |                                       |  |  | 2,837,950                             | 2,913,639   | 631,064   |   | 6,382,653                          | 6,480,000                                |  | 97,348                               |  |
| 2034                            |                             |                                       |  |  | 2,838,250                             | 2,911,879   | 630,319   |   | 6,380,448                          | 6,480,000                                |  | 99,552                               |  |
| 2035                            |                             |                                       |  |  | 2,841,750                             | 2,911,408   | 628,927   |   | 6,382,085                          | 6,480,000                                |  | 97,915                               |  |
| 2036                            |                             |                                       |  |  | 2,838,300                             | 2,912,360   | 631,824   |   | 6,382,484                          | 6,480,000                                |  | 97,516                               |  |
| 2037                            |                             |                                       |  |  | 2,838,050                             | 2,914,473   | 632,066   |   | 6,384,589                          | 6,480,000                                |  | 95,412                               |  |
| 2038                            |                             |                                       |  |  | 2,840,850                             | 2,912,913   | 631,546   |   | 6,385,309                          | 6,480,000                                |  | 94,692                               |  |
| 2039                            |                             |                                       |  |  | 2,841,550                             | 2,907,605   | 635,296   |   | 6,384,451                          | 6,480,000                                |  | 95,549                               |  |
| 2040                            |                             |                                       |  |  | 2,840,150                             | 2,908,945   | 633,136   |   | 6,382,231                          | 6,480,000                                |  | 97,769                               |  |
| 2041                            |                             |                                       |  |  | 2,841,650                             | 2,911,772   | 630,267   |   | 6,383,689                          | 6,480,000                                |  | 96,311                               |  |
| 2042                            |                             |                                       |  |  | 2,840,900                             | 2,910,872   | 631,677   |   | 6,383,449                          | 6,480,000                                |  | 96,551                               |  |
| 2043                            |                             |                                       |  |  | 2,837,900                             | 2,911,209   | 632,126   |   | 6,381,235                          | 6,480,000                                |  | 98,765                               |  |
| 2044                            |                             |                                       |  |  | 2,837,650                             | 2,912,565   | 631,594   |   | 6,381,809                          | 6,480,000                                |  | 98,191                               |  |
| <b>TOTAL</b>                    | <b>10,673,997</b>           | <b>11,128,390</b>                     | <b>2,166,732</b>                       | <b>2,645,204</b>                       | <b>59,241,594</b>                     | <b>61,880,665</b>                                 | <b>14,028,341</b>                                 | <b>(5,364,000)</b>                      | <b>167,128,923</b>                 |  | <b>1,836,000</b>                                   |                                      | <b>0.68</b>                                |
| <b>Principal Structure</b>      |                             | \$9,695,000                           | \$2,365,000                            | \$2,135,000                            | \$38,745,000                          | \$40,590,000                                      | \$10,000,000                                      |   | <b>\$99,030,000</b>                | <b>Year</b>                              | <b>Beg. Cash Bal</b>                               | <b>Int @ 2.25%</b>                   | <b>End. Cash Bal</b>                       |
| <b>Dated Date</b>               |                             | TE BQ                                 | Tax Non-BQ                             | TE Non-BQ                              | TE Non-BQ                             | TE Non-BQ   | TE BQ   |   |                                    | 1  | 4,396,153  | 98,913                               | 4,495,066                                  |
| <b>Arbitrage Yield</b>          |                             | 11/15/18                              | 9/13/19                                | 9/13/19                                | 8/22/19                               | 8/1/20  | 6/1/21  |   |                                    | 2  | 4,495,066  | 101,139                              | 4,596,205                                  |
| <b>Cushion to Current Rates</b> |                             | 2.49%                                 | 2.00%                                  | 1.33%                                  | 2.79%                                 | 3.40%   | 3.00%   |   |                                    | 3  | 4,596,205  | 103,415                              | 4,699,620                                  |
| <b>Assumed Local Effort</b>     |                             | 0bps                                  | 0bps                                   | 0bps                                   | 0bps                                  | 0bps  | 50bps   |   |                                    | <b>Total Int. Earnings</b>               |  | <b>303,467</b>                       |  |
|                                 |                             | 100%                                  | 100%                                   | 100%                                   | 100%                                  | 100%  | 100%  |   |                                    | <b>NPV Cost of Restructure</b>           |  | <b>(75,000)</b>                      |  |
|                                 |                             |                                       |  |  |                                       |   |   |   |                                    | <b>Net Benefit / (Loss)</b>              |  | <b>228,467</b>                       |  |

(1) Assumes FY 2016-17 mill is worth \$2,700,000 and remains constant. -46K -29K  
 (2) Annual Net Debt Service for Series of 2004, 2008, 2012 and 2014.  
 Note: Study assumes current interest rates, preliminary, subject to change.

# Discussion Materials | Disclaimer

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