



The PFM Group

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Lewisburg Area School District

New Money Analysis-25 Year

January 3, 2014

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Albany, Ann Arbor, Arlington, Atlanta, Austin, Boston, Charlotte, Chattanooga, Chicago, Cleveland, Denver, Des Moines, Fargo, Harrisburg, Huntsville, Lafayette, Long Island, Los Angeles, Malvern, Memphis, Miami, Milwaukee, Minneapolis, New York, Orlando, Philadelphia, Phoenix, Princeton, Rhode Island, Richmond, San Francisco, Seattle, St. Louis, Tampa

Bank Qualified vs. Non-Bank Qualified

Bank Qualified (BQ)

Non-Bank Qualified (Non BQ)

- Issue LESS than \$10,000,000 in calendar year

- Issue MORE than \$10,000,000 in calendar year

Potential Benefits

- Lower Interest Rates (Current Approx. Spread 20-30 basis points)
- 5 Year Call Option
- Minimize Construction Fund Negative Arbitrage
- Hedge Interest Rate Risk
- More Gradual Budgetary Phase In

Potential Benefits

- Cost of Issuance Economies
- Minimize Interest Rate Risk

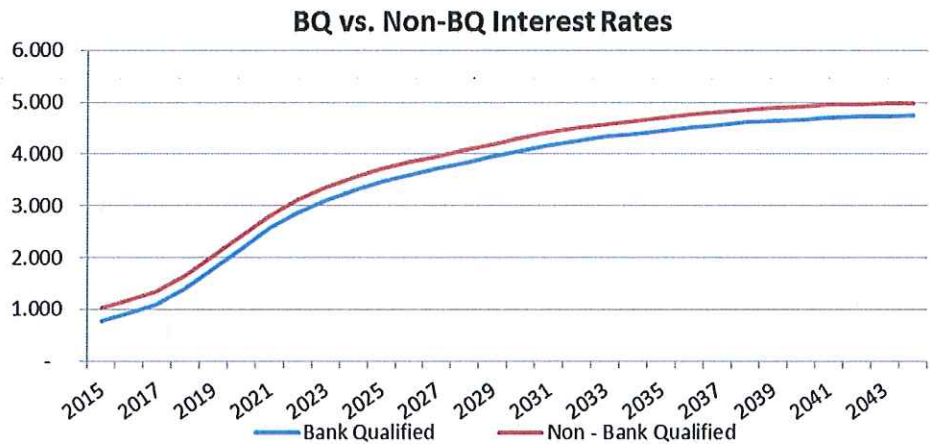
Potential Disadvantages

- Higher Cost of Issuance
- Interest Rate Risk

Potential Disadvantages

- Higher Interest Rates (Current Approx. Spread 20-30 basis points)
- 8 -10 Year Call Option
- Construction Fund Negative Arbitrage
- More Rapid Budgetary Impact

AAA MMD AS OF 12/17/13			
	Bank Qualified	Non - Bank Qualified	Spread
2015	0.770	1.020	(0.25)
2016	0.930	1.180	(0.25)
2017	1.100	1.350	(0.25)
2018	1.400	1.650	(0.25)
2019	1.780	2.030	(0.25)
2020	2.160	2.410	(0.25)
2021	2.560	2.810	(0.25)
2022	2.870	3.120	(0.25)
2023	3.110	3.360	(0.25)
2024	3.300	3.550	(0.25)
2025	3.460	3.710	(0.25)
2026	3.590	3.840	(0.25)
2027	3.710	3.960	(0.25)
2028	3.830	4.080	(0.25)
2029	3.950	4.200	(0.25)
2030	4.070	4.320	(0.25)
2031	4.170	4.420	(0.25)
2032	4.260	4.510	(0.25)
2033	4.330	4.580	(0.25)
2034	4.390	4.640	(0.25)
2035	4.450	4.700	(0.25)
2036	4.510	4.760	(0.25)
2037	4.560	4.810	(0.25)
2038	4.610	4.860	(0.25)
2039	4.640	4.890	(0.25)
2040	4.670	4.920	(0.25)
2041	4.700	4.950	(0.25)
2042	4.720	4.970	(0.25)
2043	4.730	4.980	(0.25)
2044	4.740	4.990	(0.25)



**LEWISBURG AREA SCHOOL DISTRICT
SUMMARY OF OUTSTANDING INDEBTEDNESS**



DEBT SERVICE REQUIREMENTS

1 Fiscal Year Ended	2 CABs Series of 1991	3 G.O. Note Series of 2003	4 G.O. Bonds Series of 2005	5 Total Debt Service
6/30/2014	300,000	256,773	1,732,070	2,288,843
6/30/2015	300,000	251,560	1,733,570	2,285,130
6/30/2016		156,000	2,103,870	2,259,870
6/30/2017		154,250	2,100,270	2,254,520
6/30/2018		152,250	459,225	611,475
6/30/2019				
TOTALS	600,000	970,832	8,129,005	9,699,837

LOCAL EFFORT REQUIREMENTS

6 Fiscal Year Ended	7 CABs Series of 1991	8 G.O. Note Series of 2003	9 G.O. Bonds Series of 2005	10 Total Local Effort
6/30/2014	275,219	256,773	1,471,461	2,003,453
6/30/2015	275,219	251,560	1,472,736	1,999,515
6/30/2016		156,000	1,787,320	1,943,320
6/30/2017		154,250	1,784,262	1,938,512
6/30/2018		152,250	390,130	542,380
6/30/2019				
TOTALS	550,438	970,832	6,905,909	8,427,179
Principal*	61,594	780,527	6,655,000	7,497,120

PE%: 18.43% 0.00% 33.57%
PE% Status: Estimated Estimated Estimated
AR% (13-14): 44.82% 44.82% 44.82%
Call Date: Non-Callable 3/15/2014
Purpose: Adv Ref 1989 Ref 1998 Cur Ref 1996

* Outstanding as of December 18, 2013

**LEWISBURG AREA SCHOOL DISTRICT
SUMMARY OF NEW MONEY OPTIONS
\$35,000,000 Project Cost**

	1	2	3	4	5
		OPTION 2			
	OPTION 1	STEP 1	STEP 2	STEP 3	TOTAL
<i>Principal</i>	\$37,840,000	\$18,760,000	\$9,995,000	\$8,225,000	\$36,980,000
<i>Interest</i>	\$26,915,658	\$13,403,969	\$6,108,800	\$4,504,940	\$24,017,708
<i>Capitalized Interest</i>	(\$2,143,000.00)	(\$1,198,000.00)			
<i>Settlement Date</i>	3/15/2014	3/15/2014	3/15/2015	3/15/2016	
<i>Status</i>	Non-BQ	Non-BQ	BQ	BQ	

	6	7	8	9	10	11	12
Fiscal Year Ending	Existing Local Effort	Proposed Local Effort	Total Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Total Local Effort
6/30/2015	1,999,515	763,183	2,762,698	647,594			2,647,109
6/30/2016	1,943,320	819,694	2,763,014	359,961	344,688		2,647,969
6/30/2017	1,938,512	823,635	2,762,147	63,902	375,531	269,467	2,647,411
6/30/2018	542,380	2,219,568	2,761,947	1,007,834	530,484	568,471	2,649,169
6/30/2019		2,763,595	2,763,595	1,373,957	708,724	565,867	2,648,548
6/30/2020		2,758,829	2,758,829	1,376,675	703,964	567,787	2,648,426
6/30/2021		2,758,945	2,758,945	1,376,733	707,912	563,797	2,648,442
6/30/2022		2,763,258	2,763,258	1,373,890	710,352	563,724	2,647,966
6/30/2023		2,762,386	2,762,386	1,373,610	711,136	562,460	2,647,206
6/30/2024		2,762,026	2,762,026	1,376,098	705,517	564,908	2,646,523
6/30/2025		2,762,504	2,762,504	1,371,425	713,855	566,155	2,651,434
6/30/2026		2,758,894	2,758,894	1,374,899	705,820	571,358	2,652,076
6/30/2027		2,761,486	2,761,486	1,376,291	706,980	565,468	2,648,738
6/30/2028		2,759,908	2,759,908	1,375,601	707,081	568,877	2,651,559
6/30/2029		2,759,016	2,759,016	1,377,757	706,128	566,312	2,650,197
6/30/2030		2,763,456	2,763,456	1,377,477	704,085	567,956	2,649,517
6/30/2031		2,762,640	2,762,640	1,374,677	705,915	568,594	2,649,185
6/30/2032		2,761,754	2,761,754	1,374,455	706,379	568,189	2,649,022
6/30/2033		2,760,613	2,760,613	1,376,610	705,529	566,705	2,648,843
6/30/2034		2,759,242	2,759,242	1,376,039	708,377	564,191	2,648,606
6/30/2035		2,762,498	2,762,498	1,377,783	704,778	565,660	2,648,221
6/30/2036		2,759,803	2,759,803	1,376,553	704,975	565,959	2,647,486
6/30/2037		2,761,037	2,761,037	1,377,289	708,720	565,106	2,651,114
6/30/2038		2,760,838	2,760,838	1,374,809	710,758	563,079	2,648,645
6/30/2039		2,763,852	2,763,852	1,374,059	706,118	569,852	2,650,029
6/30/2040							
6/30/2041							
TOTAL	6,423,726	62,612,658	69,036,384	30,965,969	16,103,800	12,729,940	66,223,435

**LEWISBURG AREA SCHOOL DISTRICT
SUMMARY OF NEW MONEY OPTIONS
\$35,000,000 Project Cost**

	1	2-5 OPTION 2-50% NOW				6-8 OPTION 3-75% NOW		
	OPTION 1	STEP 1	STEP 2	STEP 3	TOTAL	STEP 1	STEP 2	TOTAL
<i>Principal</i>	\$37,760,000	\$18,895,000	\$9,995,000	\$8,035,000	\$36,925,000	\$27,540,000	\$9,900,000	\$37,440,000.00
<i>Interest</i>	\$27,218,774	\$13,647,334	\$6,205,298	\$4,491,776	\$24,344,408	\$19,832,835	\$6,144,082	\$25,976,918
<i>Capitalized Interest</i>	(\$2,068,000.00)	(\$1,140,000.00)				(\$1,696,000.00)		
<i>Settlement Date</i>	3/15/2014	3/15/2014	3/15/2015	3/15/2016		3/15/2014	3/15/2015	
<i>Status</i>	Non-BQ	Non-BQ	BQ	BQ		Non-BQ	BQ	

Fiscal Year Ending	Existing Local Effort	Proposed Local Effort	Total Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Total Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Total Local Effort
6/30/2015	2,002,453	795,704	2,798,157	677,915				2,680,368	748,931		2,751,384
6/30/2016	1,943,313	854,081	2,797,394	389,220	348,577			2,681,110	461,965	345,248	2,750,525
6/30/2017	1,938,725	862,022	2,800,747	95,161	379,773	267,356		2,681,015	435,906	376,141	2,750,772
6/30/2018	1,118,757	1,679,955	2,798,712	789,094	379,726	396,168		2,683,745	1,255,838	376,095	2,750,690
6/30/2019		2,798,057	2,798,057	1,404,011	714,671	565,145		2,683,827	2,038,941	711,040	2,749,980
6/30/2020		2,797,987	2,797,987	1,401,425	719,911	567,065		2,688,401	2,035,671	711,280	2,746,950
6/30/2021		2,797,621	2,797,621	1,401,242	718,681	563,075		2,682,998	2,038,619	715,139	2,753,758
6/30/2022		2,796,372	2,796,372	1,403,118	721,013	563,002		2,687,133	2,037,205	712,471	2,749,676
6/30/2023		2,795,032	2,795,032	1,402,370	721,669	561,738		2,685,777	2,037,097	713,255	2,750,352
6/30/2024		2,794,168	2,794,168	1,404,354	720,907	559,186		2,684,446	2,038,665	707,636	2,746,301
6/30/2025		2,794,113	2,794,113	1,404,149	718,933	560,576		2,683,658	2,036,923	710,973	2,747,896
6/30/2026		2,794,947	2,794,947	1,401,880	715,898	570,935		2,688,713	2,037,411	713,103	2,750,514
6/30/2027		2,796,771	2,796,771	1,402,696	716,885	565,045		2,684,626	2,034,979	709,090	2,744,069
6/30/2028		2,794,401	2,794,401	1,401,412	716,807	568,454		2,686,673	2,034,637	714,192	2,748,829
6/30/2029		2,797,693	2,797,693	1,402,956	715,669	565,889		2,684,514	2,036,085	713,053	2,749,138
6/30/2030		2,796,083	2,796,083	1,402,046	718,434	567,533		2,688,013	2,034,005	710,818	2,744,823
6/30/2031		2,794,403	2,794,403	1,403,598	714,869	568,171		2,686,637	2,038,061	707,451	2,745,512
6/30/2032		2,797,633	2,797,633	1,402,492	720,129	562,766		2,685,387	2,038,391	712,915	2,751,306
6/30/2033		2,795,364	2,795,364	1,403,745	718,862	566,486		2,689,093	2,039,800	711,856	2,751,656
6/30/2034		2,797,848	2,797,848	1,402,258	721,284	563,972		2,687,514	2,037,245	714,491	2,751,736
6/30/2035		2,794,712	2,794,712	1,403,074	717,253	565,441		2,685,767	2,035,789	710,676	2,746,465
6/30/2036		2,795,842	2,795,842	1,400,904	722,010	560,739		2,683,653	2,035,119	710,653	2,745,772
6/30/2037		2,795,648	2,795,648	1,400,688	720,088	565,106		2,685,882	2,039,913	714,176	2,754,089
6/30/2038		2,799,006	2,799,006	1,402,247	721,675	563,079		2,687,000	2,034,776	710,988	2,745,764
6/30/2039		2,795,319	2,795,319	1,400,282	716,579	569,852		2,686,712	2,034,866	711,348	2,746,214
6/30/2040											
6/30/2041											
6/30/2042											
6/30/2043											
6/30/2044											
TOTAL	7,003,248	62,910,774	69,914,022	31,402,334	16,200,298	12,526,776	67,132,656	45,676,835	16,044,082	68,724,166	

**LEWISBURG AREA SCHOOL DISTRICT
SUMMARY OF NEW MONEY OPTIONS
\$35,000,000 Project Cost**

	1	2	3	4	5	6	7	8
	OPTION 1			OPTION 2-50% NOW		OPTION 3-75% NOW		
<i>Principal</i>	\$38,505,000	\$20,385,000	\$9,995,000	\$7,455,000	\$37,835,000	\$28,250,000	\$9,905,000	\$38,155,000
<i>Interest</i>	\$32,281,114	\$17,082,361	\$7,284,186	\$4,913,730	\$29,280,277	\$23,681,226	\$7,224,059	\$30,905,285
<i>Capitalized Interest</i>	(\$2,798,000.00)	(\$2,010,000.00)	(\$0,000)		(2,040,000)	(\$2,402,000.00)		
<i>Settlement Date</i>	3/15/2014	3/15/2014	3/15/2015	3/15/2016		3/15/2014	3/15/2015	
<i>Status</i>	Non-BQ	Non-BQ	BQ	BQ		Non-BQ	BQ	

Fiscal Year Ending	6	7	8	9	10	11	12	13	14	15
	Existing Local Effort		Total Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Total Local Effort	Proposed Local Effort	Proposed Local Effort	Proposed Total Local Effort
6/30/2015	2,002,453	675,672	2,678,125	568,734	363,930	363,930	2,571,187	629,079	360,739	2,631,926
6/30/2016	1,943,313	735,682	2,678,995	265,750	366,522	366,522	2,572,993	328,308	393,040	2,632,359
6/30/2017	1,938,725	739,623	2,678,348	7,691	601,624	601,624	2,574,154	1,120,181	392,984	2,631,932
6/30/2018	1,118,757	1,559,556	2,678,313	1,416,541	671,420	671,420	2,573,588	1,966,099	667,939	2,633,037
6/30/2019		2,676,473	2,676,473	1,420,579	672,500	672,500	2,576,394	1,964,874	664,019	2,628,892
6/30/2020		2,680,767	2,680,767	1,417,204	672,427	672,427	2,575,005	1,966,437	664,035	2,630,472
6/30/2021		2,680,583	2,680,583	1,416,327	671,163	671,163	2,574,038	1,964,379	667,879	2,632,257
6/30/2022		2,680,516	2,680,516	1,418,231	673,611	673,611	2,573,638	1,964,263	670,327	2,634,569
6/30/2023		2,681,196	2,681,196	1,418,071	674,858	674,858	2,579,092	1,966,375	666,573	2,632,948
6/30/2024		2,678,060	2,678,060	1,416,061	670,061	670,061	2,570,685	1,965,845	666,932	2,632,777
6/30/2025		2,676,525	2,676,525	1,417,317	669,501	669,501	2,574,072	1,962,826	666,372	2,629,198
6/30/2026		2,676,634	2,676,634	1,416,781	673,083	673,083	2,574,033	1,962,498	664,954	2,627,452
6/30/2027		2,678,442	2,678,442	1,419,457	675,698	675,698	2,580,674	1,964,680	662,748	2,627,428
6/30/2028		2,676,764	2,676,764	1,415,081	672,342	672,342	2,573,608	1,964,084	664,763	2,628,847
6/30/2029		2,676,480	2,676,480	1,418,791	673,171	673,171	2,578,130	1,965,614	660,784	2,626,937
6/30/2030		2,677,260	2,677,260	1,415,095	672,963	672,963	2,573,502	1,963,958	665,971	2,629,929
6/30/2031		2,678,756	2,678,756	1,419,293	671,683	671,683	2,574,965	1,966,240	667,798	2,634,038
6/30/2032		2,680,909	2,680,909	1,415,958	669,378	669,378	2,567,115	1,964,906	669,480	2,634,386
6/30/2033		2,678,523	2,678,523	1,415,425	676,060	676,060	2,575,337	1,965,282	664,995	2,630,277
6/30/2034		2,676,808	2,676,808	1,417,505	671,358	671,358	2,573,870	1,965,614	664,995	2,630,277
6/30/2035		2,680,608	2,680,608	1,416,915	670,725	670,725	2,572,925	1,962,067	664,581	2,626,648
6/30/2036		2,679,363	2,679,363	1,418,601	668,920	668,920	2,577,222	1,965,189	667,999	2,633,188
6/30/2037		2,677,971	2,677,971	1,417,375	675,919	675,919	2,581,307	1,964,242	664,998	2,629,239
6/30/2038		2,676,290	2,676,290	1,418,186	671,295	671,295	2,574,905	1,964,155	665,830	2,629,984
6/30/2039		2,678,987	2,678,987	1,415,973	665,479	665,479	2,568,408	1,964,937	665,244	2,630,181
6/30/2040		2,675,918	2,675,918	1,415,703	668,567	668,567	2,571,633	1,966,297	668,332	2,634,629
6/30/2041		2,677,020	2,677,020	1,417,095	670,080	670,080	2,573,891	1,962,939	664,845	2,627,784
6/30/2042		2,676,735	2,676,735							
6/30/2043										
6/30/2044										
TOTAL	7,003,248	67,988,114	74,991,362	35,457,361	17,249,186	12,368,730	72,078,525	49,529,226	17,129,059	73,661,533

Bond Options

1. Internet Auction – Bids are sent out via the Internet across the nation on the morning of a designated day (typically, the day of a School Board Meeting). Bids are received by 12:00 PM that same day and brought to the Board for action that evening. About 20% of PFM school districts use this method. The Board has the right to reject all bids, but this will often lead to less attractive bids in the future.

- **Advantages:** The Board will receive competitive bids from across the nation and a decision can be made in one day.
- **Disadvantages:** It is a one-day auction only and is based on specific pre-set data by the district. Also, the district may receive a bid from a firm that we know little about.

2. Issue a Request for Proposal (RFP) – The district can issue an RFP to bond underwriting firms.

- **Advantages:** The Board can select a group of reputable firms that deal with PA Schools. The district can also select a Lead Firm and two co-sponsor firms to spread the issue across multiple firms. The RFP Process gives the district flexibility in securing the best interest rates and, typically, keeps commission rates lower. An RFP allows for flexibility on the number of years of the bond up to the day of issuance.
- **Disadvantages:** The interest rate is “locked in” on the day the Board approves the issue similar to the Internet Auction. It does not allow for an exclusive relationship with just one bond underwriter, so they may not spend as much time providing scenarios, etc.

3. Select an Individual Bond Underwriter - The district can select an individual bond underwriter or allow its financial advisor to make a selection.

- **Advantages:** The bond underwriter will treat the district as an exclusive customer and spend the time necessary to find the right financial scenario.
- **Disadvantages:** This process eliminates competition and often leads to higher commissions.

4. Parameter Resolution – The Board may approve a resolution with “not to exceed numbers” allowing the Board President to sign the bond contact when it is executed. A re-affirming resolution is then approved at a future meeting. A Parameter Resolution could be approved at the January 23 School Board Meeting.