

# Proposed Capital Project Financing Spackenkill Union Free School District



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## The Process

- ◆ Goal: Minimize tax impact of new project
- ◆ Board approves project by resolution calling for a referendum
- ◆ Public referendum/vote
- ◆ Board adopted bond resolution allowing for financing of project
- ◆ Architect completes plans and specs - Completed 6-8 months after referendum
- ◆ Submittal to SED of plans and specs
- ◆ SED approval - Completed 6 months after application
- ◆ Bond anticipation notes issued during construction, bonds issued within 5 years.



## Cost of Project – Debt Service

- ◆ Minimize tax impact by utilizing reserves and bond anticipation notes
- ◆ Timing of borrowing is key
- ◆ Length of borrowing to coincide with receipt of state aid
  - 15 years renovations
  - 20 years additions
  - 30 years new construction
- ◆ Favorable interest rate environment
  - Current BAN rate – 2.00% (current market + .75%)
  - Current 15 year bond rate – 3.25% (current market + 1.00%)



## Cost of Project – Building Aid

- ◆ Minimize tax impact by maximizing state building aid
- ◆ Building aid is received from NYS
- ◆ Building aid ratio is based on District's full valuation of property compared to state average
- ◆ Building aid is received on the total approved cost allowance x building aid ratio
- ◆ Cost allowance based on % of project used for education
  - Classrooms get full aid, administrative offices get little or no aid
- ◆ District's aid ratio is 56.9%.
- ◆ Aid begins to flow approximately 1 year to 18 months after final cost report filed





# Financing Analysis - Assumptions

<u>Assumptions</u>	
Project Amount	\$24,000,000
Amortization	15 yrs
Project Schedule	\$6 million Oct -18, \$10 million Jun-19; \$6.5 million Jun-20
# years in BANs	5 yrs
	\$6,000,000 in October 2018
	\$16,000,000 in June 2019
	\$23,870,000 in June 2020
	\$23,490,000 in June 2021
	\$22,710,000 in June 2022
Referendum	Nov-17
SED Submittal	Dec-17
SED Approval	May-18
Construction Period	3 yrs
Final Cost Report Submitted	Dec 18 for \$6 million; Dec 19 for \$10 million; Dec 20 for \$8.0 million
Aid Received	2019-20 for \$6 million; 2020-21 for \$10 million; 2021-22 for \$8.0 million
Bond Issued Jun-2023	\$21,770,000
% of Project Aidable	95.00%
Building Aid Ratio	56.90%
State Aid Assumed Amortization	2.000%
BAN Interest Rate (Est. @ current AA rating + .75%)	2.000%
Bond Interest Rates (Est. @ current AA rating + 1.00%)	3.25%
Homestead Portion of Debt Service	47.34406%
Homestead Total Assessed Value	\$587,805,587
Non-Homestead Portion of Debt Service	52.66%
Non-Homestead Total Assessed Value	\$263,676,220





# Financing Analysis – Homestead Tax Impact

## Financing Analysis

## HOMESTEAD

FY Ending	Current Net Debt	Estimated Principal	Estimated Interest	Estimated Debt Service	Estimated Bldg Aid	Estimated Net Debt Service	Homestead		Homestead Increase from Prior Year	Current + Est - Reserve Debt Service	Current + Est Cost per \$100,000 AV	Current + Est Increase per \$100,000 AV (2017 Base Yr)
							Portion of DS Reserve	Cost Per \$100,000 AV				
06/30/2017	318,312									150,702	25.64	
06/30/2018	76,151									36,053	6.13	
06/30/2019	79,103		80,000	80,000	0	80,000	37,875.25	6.44	6.44	75,326	12.81	
06/29/2020	315,980	130,000	320,000	450,000	128,730	321,270	152,102.47	25.88	19.44	301,700	51.33	25.69
06/30/2021	350,886	380,000	477,400	857,400	472,009	385,391	182,459.97	31.04	5.16	348,583	59.30	7.98
06/30/2022	456,645	780,000	469,800	1,249,800	858,197	391,603	185,400.55	31.54	0.50	401,595	68.32	9.02
06/30/2023	512,018	940,000	454,200	1,394,200	1,029,837	364,363	172,504.27	29.35	-2.19	414,914	70.59	2.27
06/30/2024	364,209	1,370,000	707,525	2,077,525	1,029,837	1,047,688	173,077	414,076.42	70.44	586,508	99.78	29.19
06/30/2025	373,714	1,415,000	663,000	2,078,000	1,029,837	1,048,163	173,077	414,301.31	70.48	591,233	100.58	0.80
06/30/2026	373,789	1,465,000	617,012	2,082,012	1,029,837	1,052,175	173,077	416,200.75	70.81	593,168	100.91	0.33
06/30/2027	-100,957	1,510,000	569,400	2,079,400	1,029,837	1,049,563	173,077	414,964.12	70.60	367,167	62.46	-38.45
06/30/2028	-100,957	1,560,000	520,325	2,080,325	1,029,837	1,050,488	173,077	415,402.05	70.67	367,605	62.54	0.07
06/30/2029	-100,957	1,610,000	469,625	2,079,625	1,029,837	1,049,788	173,077	415,070.65	70.61	367,274	62.48	-0.06
06/30/2030	-100,957	1,665,000	417,300	2,082,300	1,029,837	1,052,463	173,077	416,337.10	70.83	368,540	62.70	0.22
06/30/2031	-21,018	1,715,000	363,188	2,078,188	1,029,837	1,048,351	173,077	414,390.31	70.50	404,440	68.81	6.11
06/30/2032	-21,018	1,775,000	307,450	2,082,450	1,029,837	1,052,613	173,077	416,408.12	70.84	406,457	69.15	0.34
06/30/2033	-21,018	1,830,000	249,762	2,079,762	1,029,837	1,049,925	173,077	415,135.51	70.62	405,185	68.93	-0.22
06/30/2034		1,890,000	190,287	2,080,287	1,029,837	1,050,450	173,077	415,384.06	70.67	415,384	70.67	1.74
06/30/2035		1,950,000	128,863	2,078,863	990,107	1,177,756	173,077	475,655.68	80.92	475,656	80.92	10.25
06/30/2036		2,015,000	65,488	2,080,488	557,828	1,522,660	173,077	638,947.23	108.70	638,947	108.70	27.78
06/30/2037					171,639	-171,639		-81,261.10	-13.82	-81,261	-13.82	
<b>Total</b>	<b>2,753,926</b>	<b>24,000,000</b>	<b>7,070,625</b>	<b>31,070,625</b>	<b>15,447,554</b>	<b>15,623,071</b>	<b>2,250,000</b>	<b>333,229</b>	<b>56.69</b>	<b>7,448,420</b>	<b>66.69</b>	<b>4.89</b>





# Financing Analysis – Non Homestead Impact

## Financing Analysis

## NON-HOMESTEAD

FY Ending	Current Net Debt	Estimated Principal	Estimated Interest	Estimated Debt Service	Estimated Bldg Aid	Estimated Net Debt Service	Non-Homestead		Non-H Cost Per \$100,000 AV	Non-H Increase from Prior Year	Current + Est - Reserve Debt Service	Current + Est Cost per \$100,000 AV	Current + Est Increase per \$100,000 AV (2017 Base Yr)
							Reserve	Portion of DS 52.66%					
06/30/2017	318,312										167,610	63.57	
06/30/2018	76,151										40,098	15.21	
06/30/2019	79,103		80,000	80,000	0	80,000		42,124.75	15.98	6.44	83,777	31.77	
06/29/2020	315,980	130,000	320,000	450,000	128,730	321,270		169,167.98	64.16	57.72	335,550	127.26	63.69
06/30/2021	350,886	380,000	477,400	857,400	472,009	385,391		202,931.50	76.96	12.80	387,694	147.03	19.78
06/30/2022	456,645	780,000	469,800	1,249,800	858,197	391,603		206,202.00	78.20	1.24	446,653	169.39	22.36
06/30/2023	512,018	940,000	454,200	1,394,200	1,029,837	364,363		191,858.79	72.76	-5.44	461,467	175.01	5.62
06/30/2024	364,209	1,370,000	707,525	2,077,525	1,029,837	1,047,688	173,077	460,534.72	174.66	101.90	652,312	247.39	72.38
06/30/2025	373,714	1,415,000	663,000	2,078,000	1,029,837	1,048,163	173,077	460,784.83	174.75	0.09	657,568	249.38	1.99
06/30/2026	373,789	1,465,000	617,012	2,082,012	1,029,837	1,052,175	173,077	462,897.39	175.56	0.80	659,720	250.20	0.82
06/30/2027	-100,957	1,510,000	569,400	2,079,400	1,029,837	1,049,563	173,077	461,522.01	175.03	-0.52	408,362	154.87	-95.33
06/30/2028	-100,957	1,560,000	520,325	2,080,325	1,029,837	1,050,488	173,077	462,009.08	175.22	0.18	408,849	155.06	0.18
06/30/2029	-100,957	1,610,000	469,625	2,079,625	1,029,837	1,049,788	173,077	461,640.49	175.08	-0.14	408,481	154.92	-0.14
06/30/2030	-100,957	1,665,000	417,300	2,082,300	1,029,837	1,052,463	173,077	463,049.04	175.61	0.53	409,889	155.45	0.53
06/30/2031	-21,018	1,715,000	363,188	2,078,188	1,029,837	1,048,351	173,077	460,883.82	174.79	-0.82	449,817	170.59	15.14
06/30/2032	-21,018	1,775,000	307,450	2,082,450	1,029,837	1,052,613	173,077	463,128.02	175.64	0.85	452,061	171.45	0.85
06/30/2033	-21,018	1,830,000	249,762	2,079,762	1,029,837	1,049,925	173,077	461,712.63	175.11	-0.54	450,646	170.91	-0.54
06/30/2034		1,890,000	190,287	2,080,287	1,029,837	1,050,450	173,077	461,989.07	175.21	0.10	461,989	175.21	4.30
06/30/2035		1,950,000	128,863	2,078,863	901,107	1,177,756	173,077	529,023.01	200.63	25.42	529,023	200.63	25.42
06/30/2036		2,015,000	65,488	2,080,488	557,828	1,522,660	173,077	710,635.44	269.51	68.88	710,635	269.51	68.88
06/30/2037					171,639	-171,639		-90,378.39	-34.28	-303.79	-90,378	-34.28	
<b>Total</b>	<b>2,753,926</b>	<b>24,000,000</b>	<b>7,070,625</b>	<b>31,070,625</b>	<b>15,447,554</b>	<b>15,623,071</b>	<b>2,250,000</b>	<b>370,617</b>	<b>140.56</b>		<b>8,284,114</b>	<b>165.36</b>	<b>12.11</b>



# Other Financing Related Issues

## ◆ Moody's Investors Service

- Aa2 rating
- Strengths: Conservative budgetary practices and sufficient flexibility with satisfactory reserves <sup>1</sup>
- Challenges: Tax base declines; property tax cap; limited new development opportunities <sup>1</sup>

<sup>1</sup> Source: Moody's report Mar 2013

### Rating Scale

	Moody's
Highest quality with minimal credit risk	Aaa
High quality with very low credit risk	Aa1 Aa2 Aa3
Upper medium quality with low credit risk	A1 A2 A3
Medium quality with moderate credit risk	Baa1 Baa2 Baa3

## ◆ Debt Limit

- District is well below debt limit
- Debt limit at 12/2/16 was \$85,148,180
- District had \$10,920,000 in bonds outstanding; resulting debt margin of \$74,228,180
- Rapidity of debt repayment; outstanding bonds will be paid off in 9 yrs, FY 2026

