



**Randy L. Brown, Business Administrator**  
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To: Robert J. O'Donnell  
From: Randy L. Brown and Donna Watson  
Date: November 22, 2013  
Subject: Refinancing of 2009 Bonds

At a meeting of the Board of Directors on March 11, 2013 the Board approved the advance refunding of a portion of the outstanding 2009 and 2010C bonds. The Board approved the refunding contingent on savings, net of all costs of issuance and reimbursement from the Department of Education, of \$400,000. Market conditions changed subsequent to the March approval, and therefore the savings required could not be achieved and the refinancing was put on hold.

Our financial advisor, Michael Vind, has proposed that current market conditions could provide for present value savings of approximately \$138,000 (3.2%) if we advance refund a portion of the 2009 bonds. There is not currently a savings potential for the 2010C bonds based on current market conditions, and therefore the attached amendment to the resolution effectively excludes these bonds.

The refinancing is intended to be completed prior to the end of December. The District can issue up to \$10 million in bank qualified bonds each calendar year. Bank qualified bonds provide opportunity for lower interest rates. In the financing scenarios related to the State High Project, administration has proposed issuing bank qualified bonds in 2014 as the first borrowing under the project. Therefore, in order to take advantage of the lower interest rates available for bank qualified debt, the district would need to complete this refunding prior to year end.

Attached for your review are the following:

- A. Amendment to the March 11, 2013 resolution including a Bond Purchase Agreement
- B. Memo and estimated savings calculations provided by Mr. Vind
- C. Proposed refinancing schedule

Mr. Vind and Lisa Chiesa, Bond Council from Clark Hill Thorp and Reed, will be present at the meeting on November 25 to answer any questions.

Administration recommends passing the resolution to advance refund a portion of the 2009 bonds to be completed prior to the end of this calendar year.

A RESOLUTION OF THE  
STATE COLLEGE AREA SCHOOL DISTRICT  
ADOPTED NOVEMBER 25, 2013 AMENDING THE  
RESOLUTION ADOPTED MARCH 11, 2013.

WHEREAS, on March 11, 2013, the State College Area School District (the "District") adopted a resolution (the "Resolution") authorizing the issuance of its General Obligation Bonds (the "Bonds"), in the aggregate principal amount not to exceed \$11,500,000, for the purpose, among others, of the advance refunding of a portion of the District's outstanding General Obligation Bonds, Series of 2009 (the "2009 Bonds") and Series C of 2010 (the "2010C Bonds"); and

WHEREAS, since the adoption of the Resolution, the municipal bond market interest rates have risen, causing the saving associated with the refunding of the 2010C Bonds to no longer be feasible; and

WHEREAS, such municipal bond market interest rates, however, can still result in debt service savings to the District upon the advance refunding of the 2009 Bonds.

NOW THEREFORE, it is hereby resolved by the Board of School Directors of the State College Area School District as follows:

1. The following definitions are added to the Resolution:

"Addendum" means the Addendum to the Bond Purchase Agreement, to be executed by the Purchaser, and a Designated Officer of the Local Government Unit, once the Financial Advisor determines that the parameters of Section 11.01 of the Resolution have been met.

"Bond Purchase Agreement" means the Agreement, dated November 25, 2013, by and between the Local Government Unit and the Purchaser, setting forth the outside parameters for the issuance of the Bonds, including the maximum interest rate and maximum principal amount.

2. The current definition of "Project" is hereby deleted and is replaced with the following:

"Project" means payment of the costs of: (i) the advance refunding, in order to reduce debt service over the life of the series, of all or a portion of the outstanding General Obligation Bonds, Series of 2009 (the "Prior Bonds") and (ii) issuing the Bonds. Reasonable estimates of the cost of the Project, which is not less than the principal amount of the indebtedness authorized hereby, together with the exact useful life of the capital improvements financed with the Prior Bonds (being, on a weighted average, in excess of thirty (30) years), have been obtained with the assistance of engineers, architects, financial advisors and other persons qualified by experience. Nothing contained herein shall prohibit the Governing Body, under proper enactment of an ordinance and compliance with all provisions of law, from amending, adding to, subtracting from, substituting for or otherwise altering the Project undertaken hereby."

3. The current definition of "Purchase Proposal" is hereby deleted and replaced with the following:

"Purchase Proposal" means that written agreement, which will include a Bond Purchase Agreement and Addendum thereto, for the purchase and sale of the Bonds, to be presented by the Purchaser, and accepted by the Local Government Unit by execution and delivery of the same by the Designated Officers, in accordance with Section 11.01 hereof.

4. Section 11.01 of the Resolution is hereby deleted and replaced with the following:

“Section 11.01. Award to Purchaser. After due consideration of sundry factors, including professional assistance, the Governing Body hereby: (a) determines that a private sale by negotiation of the Bonds is in the best financial interest of the Local Government Unit; and (b) authorizes the Bonds to be awarded and sold pursuant to the terms of the Purchase Proposal. The President, Vice President, Treasurer and/or Secretary of the Board are hereby authorized to execute the Bond Purchase Agreement, and, once the Financial Advisor determines that there is a minimum present value debt service savings, net of all costs of issuance and reimbursement from the Department of Education, of \$100,000.00, any of such officers are hereby further authorized to execute the Addendum.

Upon satisfaction of the foregoing conditions, and all other conditions of this Debt Ordinance, the Bonds shall be awarded and sold at private sale by negotiation to the Purchaser at the Purchase Price, in accordance with all the terms of the Purchase Proposal which will then be incorporated by reference into this Debt Ordinance.”

DULY ADOPTED by the Governing Body of the State College Area School District, in lawful session assembled, on November 25, 2013.

STATE COLLEGE AREA SCHOOL DISTRICT

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President, Board of School Directors

Attest:

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(Assistant) Secretary

CERTIFICATE

I, the undersigned, a Designated Officer of the named Local Government Unit, hereby certify that the foregoing and attached is a true copy of a Resolution which was duly adopted by the affirmative vote of a majority of all the members of the Governing Body thereof at a meeting held on the date of the execution thereof; that due notice of such meeting was given and the meeting was at all times open to the public; that such Resolution was duly recorded; that this Resolution is still in full force and effect as of the date hereof; that the vote upon said Resolution was called and duly recorded upon the minutes of the Governing Body; and that the members of the Governing Body voted in the manner following:

	Yes	No	Abstain	Absent
Penni Fishbaine	_____	_____	_____	_____
Amber Concepcion	_____	_____	_____	_____
David Hutchinson	_____	_____	_____	_____
Jim Leous	_____	_____	_____	_____
Ann McLaughlin	_____	_____	_____	_____
Jim Pawelczyk	_____	_____	_____	_____
Gowen Roper	_____	_____	_____	_____
Dorothea Stahl	_____	_____	_____	_____
Laurel Zydney	_____	_____	_____	_____

WITNESS my hand and seal of the Local Government Unit this \_\_\_\_\_ day of November, 2013.

STATE COLLEGE AREA SCHOOL DISTRICT

\_\_\_\_\_  
Secretary

**BOND PURCHASE AGREEMENT**

**NOT TO EXCEED \$11,500,000  
STATE COLLEGE AREA SCHOOL DISTRICT  
CENTRE COUNTY, PENNSYLVANIA  
GENERAL OBLIGATION BONDS, SERIES OF 2013**

November 25, 2013

Board of School Directors  
State College Area School District  
(Centre County, Pennsylvania)  
Administrative Offices  
131 West Nittany Avenue  
State College, Pennsylvania 16801

Honorable Members of the Board of School Directors:

Janney Montgomery Scott LLC (the “Underwriter”) offers to enter into this Bond Purchase Agreement (the “Agreement”) (together with the Addendum, defined below, referred to herein as the “Purchase Proposal”) with the State College Area School District, Centre County, Pennsylvania (the “School District”) which, upon the School District’s written acceptance of the offer, will be legally binding upon the School District and upon the Underwriter. This offer is made subject to the School District’s written acceptance of the Agreement on or before 11:59 PM Eastern time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the School District at any time prior to the acceptance hereof by the School District.

Capitalized terms and phrases used in this Agreement shall have the meanings ascribed thereto in the further provisions of this Agreement or, if not defined in this Agreement, in the Resolution to which reference is hereinafter made.

**1. Purchase and Sale of the Bonds.**

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the School District for offering to the public, and the School District hereby agrees to sell and deliver to the Underwriter for such purpose, all, but not less than all, of the School District’s “General Obligation Bonds, Series of 2013” (the “Bonds”), in the maximum aggregate principal amount of \$11,500,000 as described in the attached Schedule(s) and having such other terms and provisions as are set forth in the Resolution (as hereinafter defined), as will be described in any Preliminary Official Statement and in the Official Statement (each of which is hereinafter referred to), any of which may be amended only by mutual written agreement of the School District and the Underwriter. The Bonds, when issued and delivered to the Underwriter, shall bear interest at fixed rates, as described in the Addendum and not in excess of the maximum interest rates set forth in Schedule I.

The purchase price for the Bonds, final interest rates, initial offering prices/yields, redemption provisions, sources and uses of funds and any other appropriate terms and conditions applicable to the Bonds, not inconsistent with the Resolution, including, without limitation, Section 11.01 thereof, shall be set forth or confirmed in an addendum to this Agreement (the “Addendum”) which in all respects shall be satisfactory to the School District and the Underwriter.

The School District is preparing a Preliminary Official Statement expected to be dated November 27, 2013 (the "Preliminary Official Statement"). The Preliminary Official Statement is hereby "deemed final" by the School District for purposes of paragraph (b)(1) of SEC Rule 15(c)2-12 promulgated pursuant to the Securities Exchange Act of 1934 except for the permitted omissions described in said paragraph (b)(1). The School District will prepare a final Official Statement, substantially in the form and with the content of the Preliminary Official Statement, but with such amendments and supplements as may be mutually agreed to by the School District and the Underwriter (the "Official Statement").

## **2. The Bonds and the Project.**

The Bonds shall be as described in the attached schedule, the Addendum and the Official Statement and shall be authorized, issued and secured pursuant to a debt ordinance adopted by the Board of the School District on March 11, 2013 as amended, November 25, 2013 (the "Resolution"). The Resolution shall comply with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Act"). The Bonds are to be issued to finance the costs of the Project (defined in the Resolution).

The Bonds shall be dated as of the date of their delivery, which shall be December 30, 2013, or such other date as shall be mutually agreeable to the School District and the Underwriter (the "Closing Date").

## **3. Use of Documents; Certain Covenants and Agreements of the School District.**

(a) The School District hereby authorizes the use by the Underwriter of the Resolution, the Preliminary Official Statement and the Official Statement, including any supplements or amendments thereto, and the information therein contained in connection with the public offering and sale of the Bonds.

(b) The School District covenants and agrees:

(i) To cause to be made available to the Underwriter such reasonable quantities of the Preliminary Official Statement as the Underwriter may request for use in connection with the offering and sale of the Bonds and to cause copies of the final Official Statement to be delivered to the Underwriter in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with SEC Rule 15(c)2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB"), to the extent applicable and appropriate, without charge, within seven (7) business days after the acceptance of the Addendum by the School District, and in any event in sufficient time to accompany any confirmation requesting payment for Bonds from any customers of the Underwriter;

(ii) To notify the Underwriter in writing of any event which occurs prior to the Closing Date or within twenty-five (25) days following the Closing Date that may cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and if, in the opinion of the Underwriter, it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, to prepare and furnish promptly and at its own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of appropriate amendments or supplements to the Official Statement in form and content satisfactory to the Underwriter so that the statements in the Official Statement as so amended and supplemented will not be misleading or so that the Official Statement will comply with applicable law;

(iii) To advise the Underwriter immediately of receipt by the School District of any written notification with respect to (A) the suspension of the qualification of the Bonds for sale in any jurisdiction or (B) the initiation or threat of any proceeding for that purpose;

(iv) To notify the Underwriter in writing of any event that constitutes or may constitute a Change in Law (as herein defined) or casts doubt upon, or questions, the ability of the School District to issue or deliver the Bonds on the Closing Date as provided in this Agreement, promptly upon the School District becoming aware of such event;

(v) To notify the Underwriter of the proposed issuance of any other bonds or notes or the incurrence of any other indebtedness prior to the Closing Date;

(vi) To obtain, and maintain in full force and effect, all consents of any governmental or regulatory authority that are required to be obtained by it with respect to the Purchase Proposal and the authorization, sale, issuance, execution or delivery of the Bonds or the execution and delivery of any other agreements or documents contemplated by the Resolution, the Purchase Proposal or the Official Statement to be executed and delivered by or on behalf of the School District in connection with the authorization, sale, issuance and delivery of the Bonds (the "Bond Documents"), and shall use reasonable efforts to obtain any that may become necessary in the future; and

(vii) To comply in all material respects with all applicable laws and orders to which it may be subject if failure to comply would impair its ability to perform its obligations under the Purchase Proposal, the Bonds or the Bond Documents.

#### **4. Representations and Warranties of the School District.**

The School District hereby represents and warrants to the Underwriter, which representations and warranties shall survive the purchase and offering of the Bonds, as follows:

(a) The information contained in the Preliminary Official Statement as of its date, and the information contained in the final Official Statement as of the Closing Date will be true and correct in all material respects, and any such Preliminary Official Statement as of its date, and the Official Statement as of the Closing Date will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein contained, in the light of the circumstances under which they were made, not misleading.

(b) The School District is a Second Class School District duly organized and existing under the laws of the Commonwealth of Pennsylvania and, as such, has the power to issue the Bonds for the purposes described in the Preliminary Official Statement and to consummate the transactions contemplated by this Agreement, the Bonds, and any Preliminary Official Statement.

(c) Prior to the Closing, the School District will have duly authorized all necessary action to be taken by it for: (a) the adoption of the Resolution, (b) the issuance and sale of the Bonds upon the terms set forth in the Purchase Proposal and in the Official Statement; and (c) the approval, execution and delivery or receipt, as appropriate, by it of the Bonds, the Official Statement, the Purchase Proposal, the tax compliance agreement or certificate to be executed by the School District simultaneously with the issuance of the Bonds (the "Tax Certificate"), the Resolution, and all other documents in connection with the issuance of the Bonds as may be required to be executed and delivered or received by the School District in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement (collectively, including the Bonds, the "School District Documents").

(d) The Bonds, when issued, delivered and paid for, as provided herein and in the School District Documents will have been duly authorized and issued and will constitute legal, valid and binding general obligations of the School District entitled to the benefits and security of the Resolution and will be enforceable in accordance with their terms, except to the extent that the enforcement may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally.

(e) The execution and delivery by the School District of the School District Documents do not, and compliance with the provisions thereof will not, conflict with or constitute on the part of the School District a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage or lease by which the School District is or may be bound.

(f) The School District has complied with, and as of the Closing Date will be in compliance with, the Act in all material respects.

(g) As of the Closing Date, the School District Documents to which the School District is a party will have been duly executed and delivered by the School District and will constitute legal, valid, and binding obligations of the School District, and the Official Statement will have been duly executed and delivered by the School District.

(h) All approvals and consents of any governmental authority, board, agency or commission including without limitation the Pennsylvania Department of Community and Economic Development, to the extent required precedent to the issuance of the Bonds or performance by the School District of its obligations under the Act or the Resolution will have been obtained prior to the Closing Date.

(i) The School District has disclosed to the Underwriter as of the date hereof, and as of the Closing Date will have disclosed to the Underwriter, all material information requested by the Underwriter about the School District and the application of the proceeds of the Bonds.

(j) The School District as of the date hereof is not, and upon issuance and delivery of the Bonds will not be, in breach of or in default under any agreement or other instrument to which the School District is a party or by or to which it or its revenues, properties, assets or operations are bound or subject, or any administrative regulation, judgment, order, decree, ruling or other law by or to which it or its revenues, properties, assets or operations are bound or subject, except breaches or defaults that are not material to the legal or financial standing of the School District or the transactions contemplated hereby and by the Resolution, the Official Statement and the Bonds; and as of the date hereof no event has occurred and is continuing, and upon issuance and delivery of the Bonds no event will have occurred and be continuing, that, with the passage of time or the giving of notice, or both, constitutes or will constitute, any such breach or default.

(k) Except as specifically set forth in the Preliminary Official Statement, as of its date, and, except as specifically set forth in the Official Statement, as of the Closing Date, no action, suit, proceeding or investigation, in equity or at law, before or by any court or governmental agency or body, is or will be pending or, to the best knowledge of the School District, threatened (i) that reasonably might result in material liability on the part of the School District or materially and adversely affect the Project; or (ii) wherein an adverse decision, ruling or finding might adversely affect (A) the transactions contemplated by the Purchase Proposal, the Resolution or, as applicable, the Official Statement, (B) the validity or enforceability of any agreement or instrument to which the School District is a party and which



is used or is contemplated for use in the consummation of the transactions contemplated hereby and by the Resolution, the Official Statement, as applicable, and the Bonds, or (C) the issuance of the Bonds.

(l) Since June 30, 2012, no material adverse change has occurred in the financial position of the School District or in its results of operations, except as may be set forth in or contemplated by the Official Statement, nor has the School District, since such date, incurred any material liabilities other than in the ordinary course of business or as may be set forth or contemplated in the Official Statement.

(m) Except as otherwise specifically set forth in the Preliminary Official Statement, as of its date, and, except as set forth in the Official Statement as of the Closing Date, there will be and are no material pledges, liens, charges or encumbrances of any nature whatsoever on any property of the School District, and the School District has not entered into and will not have entered into any contract or arrangement of any kind with respect thereto and there is and will be no existing, pending, threatened or anticipated event or circumstance that might give rise to any such pledge, lien, charge or encumbrance.

(n) The School District will not take or omit to take any action within its control which in any way will cause or result in the proceeds of the sale of the Bonds being applied in a manner other than as provided in the Resolution or as will be described in the Official Statement.

(o) The School District will not take or omit to take any action within its control, which action or omission might in any way cause the interest on the Bonds to be includable in gross income of the holders thereof for federal income tax purposes.

(p) The School District does not currently contemplate taking any action that would adversely affect its ability to issue and deliver the Bonds as contemplated by this Agreement or that would have a material adverse effect on either the market price or marketability of the Bonds.

## **5. Closing.**

(a) At 11:30 AM Eastern Time on the date and place set forth in the Addendum, or at such other time as shall be mutually agreed upon by the School District and the Underwriter, on the Closing Date, the School District will, subject to the terms and conditions of the Purchase Proposal, deliver the Bonds to the Underwriter, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions of the Purchase Proposal, accept such delivery and pay the purchase price of the Bonds in federal funds, or in other immediately available funds, by wire transfer to the Sinking Fund Depository for the account of the School District (payment for the Bonds and the mutual delivery of the Bonds and the other documents, certificates and opinions required by the Purchase Proposal to be made on the Closing Date is herein referred to as the "Closing").

(b) Delivery of the Bonds shall be made to the Underwriter through the book-entry system of The Depository Trust Company ("DTC"), New York, New York. The Bonds shall be issued and delivered to DTC or its agent in fully registered form, without coupons, and shall bear assigned CUSIP numbers. One Bond (or such number of Bonds as may then be required by DTC in accordance with its operational guidelines and procedures) shall be issued for each maturity of the Bonds and shall be registered in the name of CEDE & CO. or such other nominee of DTC as DTC shall require. Upon the Underwriter's prior written request, the Bonds shall be made available for inspection by the Underwriter at least one business day before the Closing Date. Nothing in this subsection (b) shall prohibit the School District or the Underwriter from using some other method for delivery of the Bonds, including DTC's "FAST" System.

(c) Delivery of all other documents required to be delivered to the Underwriter as of the Closing Date shall be made at the offices of Bond Counsel (as defined herein) or at such other place as shall have been mutually agreed upon by the School District and the Underwriter.

## **6. Closing Conditions.**

The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the School District contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the School District of all its obligations hereunder, under the Addendum, as of its date, and, with respect to this Agreement, as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under the Purchase Proposal to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the School District of all its obligations to be performed thereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the School District contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date.

(b) At the time of the Closing, this Agreement and the related Addendum, and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and the School District.

(c) At the time of the Closing, all official action of the School District relating to the Purchase Proposal, the Bonds and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented; and the Underwriter shall have received, in appropriate form, evidence thereof.

(d) At the time of the Closing, there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings or operations, of the School District, from that set forth in the Official Statement which, in the judgment of the Underwriter, is material and adverse and makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement.

(e) The issuance of the Bonds and the incurring of the related nonelectoral indebtedness by the School District shall have been approved in accordance with the Act.

(f) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment, if any, thereto, executed on behalf of the School District;

(2) The Resolution, certified by an appropriate officer of the School District as having been duly adopted by the Board of the School District and as being in full force and effect as the time of the Closing, with only such supplements or amendments as may have been agreed to by the Underwriter;

(3) A certificate, dated the date of the Closing, of an Authorized Representative of the School District, in form and substance satisfactory to the Underwriter, stating, among other things, that the Official Statement as of its date did not, and as of the Closing Date does not, contain any untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances in which they are made, not misleading;

(4) An opinion dated the date of the Closing of Campbell Miller Williams Benson Etter & Consiglio, Inc., solicitor to the School District (or, if applicable, any successor solicitor), addressed to the School District, Sinking Fund Depository, as defined in the Resolution, Bond Counsel, and the Underwriter, in form and substance satisfactory to the Underwriter;

(5) An opinion, dated the date of the Closing, of Clark Hill Thorp Reed, Pittsburgh, Pennsylvania, (“Bond Counsel”), as bond counsel, in the form attached to the Official Statement as Appendix B, together with a reliance letter addressed to the Underwriter;

(6) A certificate of an authorized officer of the Sinking Fund Depository in form and substance satisfactory to the Underwriter and Bond Counsel;

(7) A copy of a rating letter from Standard & Poor’s Ratings Service assigning the Bonds a long-term rating of “AA-” or higher;

(8) The Tax Certificate in form and substance satisfactory to the Underwriter and Bond Counsel;

(9) A certificate or certificates of the Sinking Fund Depository with respect to the due authorization, execution and delivery of the agreements relating to the Bonds to which the Sinking Fund Depository is a party, and with respect to the incumbency and signatures of the officers of the Sinking Fund Depository authenticating the Bonds and executing such agreements;

(10) A copy of an accepted Letter of Representations or Blanket Letter of Representations, as may be appropriate, from the School District to The Depository Trust Company with respect to the applicability of the book-entry-only system to the Bonds;

(11) A continuing disclosure agreement in form and substance satisfactory to Bond Counsel and the Underwriter;

(12) Written evidence satisfactory to the Underwriter that the Department of Community and Economic Development of the Commonwealth of Pennsylvania has approved the issuance of the Bonds and the School District’s incurrence of the related nonelectoral indebtedness in an amount not less than the principal amount of the Bonds in accordance with the Act, together with copies of the related proceedings filed by the School District with said Department under the Act; and

(13) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the School District’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the School District on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the School District.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the School District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in the Purchase Proposal, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by the Purchase Proposal, the Purchase Proposal shall terminate and neither the Underwriter nor the School District shall be under any further obligation thereunder, except that the respective obligations of the School District and the Underwriter set forth in Section 7 hereof shall continue in full force and effect.

The Underwriter may terminate the Purchase Proposal by notification to you if at any time at or prior to the Closing:

(i) Any of the following shall have occurred: (A) legislation shall have been passed by or introduced in, or recommended for passage by any committee of, the Congress of the United States of America or the General Assembly of the Commonwealth of Pennsylvania; (B) a decision shall have been rendered by a court of the United States of America or of the Commonwealth of Pennsylvania or by the Tax Court of the United States of America; or (C) a ruling or an official statement shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service or other federal or Commonwealth of Pennsylvania authority with respect to federal or Commonwealth of Pennsylvania taxation (x) upon interest on obligations of the general character of the Bonds or (y) with respect to the exemption from Commonwealth of Pennsylvania taxation of the interest on the Bonds as described in the Official Statement which, in either case, in the Underwriter's reasonable opinion, affects materially and adversely the market price for the Bonds;

(ii) Any other action or event shall have transpired which may have the purpose or effect of changing, directly or indirectly, the federal income or Commonwealth of Pennsylvania tax consequences of any of the transactions contemplated in connection herewith or in the Official Statement which, in the Underwriter's reasonable opinion, affects materially and adversely the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(iii) Any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency in the Commonwealth of Pennsylvania or a decision by any court of competent jurisdiction within the Commonwealth of Pennsylvania shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iv) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws or the Securities Act of 1933 as then in effect;

(v) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds themselves, are not exempt from registration under the Securities Act of 1933 as then in effect, or the Securities Exchange Act of 1934 as then in effect;

(vi) There shall have occurred any other Change in Law;

(vii) Any event shall have occurred, or information become known, which makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(viii) There shall have been established any new restrictions on transactions in securities affecting materially the free market for securities or the extension of credit by, or the charge to the net capital requirements of, underwriters by Executive Order or by the New York Stock Exchange or any other national securities exchange, the Securities and Exchange Commission, any other federal or state authority, or the Congress of the United States of America;

(ix) Any rating of the Bonds shall have been downgraded, suspended or withdrawn for any reason by Standard & Poor's Ratings Service;

(x) A general banking moratorium shall have been established by federal, Commonwealth of Pennsylvania or New York authorities;

(xi) There shall be in force a general suspension of trading on the New York Stock Exchange or any other national securities exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force, on any of those exchanges, whether by virtue of a determination by any of those exchanges or by an order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, the effect of which on the financial markets of the United States of America is to affect materially and adversely, in the Underwriter's reasonable opinion, the ability of the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds;

(xii) There shall have occurred any outbreak or escalation of hostilities or other local, national or international calamity or crisis, the effect of which on the financial markets of the United States of America is to affect materially and adversely, in the Underwriter's reasonable opinion, the ability of the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds;

(xiii) An adverse event described in Section 3(b)(ii) hereof occurs which requires or has required a supplement or amendment to the Official Statement and which, in the reasonable judgment of the Underwriter, even if the Official Statement were so supplemented, would materially and adversely affect the marketability of the Bonds;  
or

(xiv) The Underwriter has not received, at or prior to the delivery of the Bonds, in form and substance reasonably satisfactory to the Underwriter, evidence that the School District has entered into a Continuing Disclosure Agreement.

**7. Expenses.**

The Underwriter shall be under no obligation to pay any expenses incident to the performance of the School District's obligations hereunder, including, but not limited to the cost of preparation, printing and delivery of a sufficient number of copies of the Preliminary Official Statement, the Official Statement and copies of any supplement or amendments to the Official Statement, the cost of preparation and printing of the Bonds, the fees and disbursements of Bond Counsel, the fees and disbursements of the Sinking Fund Depository, and any engineers, accountants, financial advisors and other experts, consultants or advisers retained by the School District, if any; and the fees, if any, for bond ratings.

The Underwriter shall pay (i) the cost of preparation and printing of this Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds and not specifically excluded above.

**8. Blue Sky.**

The Underwriter shall, in its sole discretion, determine the jurisdictions in which the Bonds shall be offered and sold. The Underwriter shall use its best efforts to qualify the Bonds for offer, sale and delivery under the securities or blue sky laws of each jurisdiction to the extent required. The School District shall cooperate with the Underwriter in its efforts to qualify the Bonds for such offer, sale and delivery under the securities or blue sky laws of such jurisdictions as the Underwriter may require, but shall not be required to pay any related fees or expenses or to consent to service of process in any jurisdiction.

**9. Notices.**

Any notice or other communication to be given to the School District under this Agreement may be given by delivering the same in writing to the School District at 131 West Nittany Avenue, State College, Pennsylvania 16801, Attention: Business Administrator; and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Janney Montgomery Scott LLC, ATTN: Public Finance, 1717 Arch Street, 22<sup>nd</sup> Floor, Philadelphia, PA 19103.

**10. Parties in Interest; Assignment.**

The Purchase Proposal, once executed, shall constitute the entire agreement between us and is made solely for the benefit of the School District and the Underwriter (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

**11. Effectiveness.**

The Purchase Proposal, once executed, shall become effective upon the acceptance thereof by the School District and shall be valid and enforceable at the time of such acceptance.

All of the School District's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by

or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to the Purchase Proposal; and (iii) any termination of the Purchase Proposal.

**12. Choice of Law.**

The Purchase Proposal shall be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania.

**13. Severability.**

If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

**14. Business Day.**

For purposes of the Purchase Proposal, “business day” means any day on which commercial banks in Philadelphia, Pennsylvania, are not required or authorized to be closed, and the New York Stock Exchange is not closed.

**15. Change in Law.**

For purposes of this Agreement, “Change in Law” means any event between the date of this Agreement and the Closing Date which occurs as a result of the passage, promulgation, issuance or rendering of any legislation, regulation, ruling, order, release, court decision or judgment or other action by a governmental body, regulatory agency or court the effect of which is any of the following:

(i) Bond Counsel is or will be unable to deliver to the Underwriter at Closing an approving opinion of bond counsel with the content required by this Agreement;

(ii) The School District does not have the power to levy an annual ad valorem tax on all taxable property located within the School District for the purpose of paying the principal of and interest on the Bonds;

(iii) The offering or sale of the Bonds is subject to registration under Pennsylvania or Federal securities laws, or the Bonds or any document executed in connection therewith is subject to registration under Pennsylvania or Federal securities laws, or

(iv) In the reasonable judgment of the Underwriter, the offering or sale of the Bonds would be or result in a violation of applicable Pennsylvania or Federal securities laws.

**16. Section Headings.**

Section and paragraph headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

**17. Counterparts.**

This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The School District may approve this Agreement by delivering to the Underwriter by the time and date herein provided a signed counterpart of this Agreement.

**18. Underwriter Disclosure.**

The Authority and the School District acknowledge and agree that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction among the Authority, the School District and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the School District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the School District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (iii) the only obligations the Underwriter has to the School District with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the School District has consulted their own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**19. No Personal Recourse.**

No personal recourse shall be had for any claim based on this Agreement against any officer or employee of the School District under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]*



When signed and accepted, this Agreement has been executed and delivered the day and year first above written.

Very truly yours,  
JANNEY MONTGOMERY SCOTT LLC, as  
Underwriter

By: \_\_\_\_\_  
Authorized Representative

Accepted and agreed to this 25th day of November, 2013.

STATE COLLEGE AREA SCHOOL DISTRICT

By: \_\_\_\_\_

Attest : \_\_\_\_\_





# APPENDIX A

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SOURCES AND USES OF FUNDS

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date           12/24/2013  
Delivery Date       12/24/2013

Sources:

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Bond Proceeds:

Par Amount	4,400,000.00
Net Premium	51,271.45

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4,451,271.45

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Uses:

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Refunding Escrow Deposits:

Cash Deposit	0.34
SLG Purchases	4,350,006.00

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4,350,006.34

Delivery Date Expenses:

Cost of Issuance	63,000.00
Underwriter's Discount	35,200.00

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98,200.00

Other Uses of Funds:

Rounding	3,065.11
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4,451,271.45

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SUMMARY OF REFUNDING RESULTS

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date	12/24/2013
Delivery Date	12/24/2013
Arbitrage yield	1.784167%
Escrow yield	0.100027%
Bond Par Amount	4,400,000.00
True Interest Cost	2.060134%
Net Interest Cost	2.068248%
Average Coupon	2.142504%
Average Life	4.919
Par amount of refunded bonds	4,205,000.00
Average coupon of refunded bonds	3.640579%
Average life of refunded bonds	4.825
PV of prior debt to 12/24/2013 @ 1.784167%	4,607,716.69
Net PV Savings	137,892.32
Percentage savings of refunded bonds	3.279247%
Percentage savings of refunding bonds	3.133916%

**BOND SUMMARY STATISTICS**

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date	12/24/2013
Delivery Date	12/24/2013
Last Maturity	05/15/2022
Arbitrage Yield	1.784167%
True Interest Cost (TIC)	2.060134%
Net Interest Cost (NIC)	2.068248%
All-In TIC	2.371494%
Average Coupon	2.142504%
Average Life (years)	4.919
Duration of Issue (years)	4.672
Par Amount	4,400,000.00
Bond Proceeds	4,451,271.45
Total Interest	463,709.29
Net Interest	447,637.84
Total Debt Service	4,863,709.29
Maximum Annual Debt Service	797,643.76
Average Annual Debt Service	579,588.00
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.000000
	<hr/>
Total Underwriter's Discount	8.000000
Bid Price	100.365260

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	4,400,000.00	101.165	2.143%	4.919
	4,400,000.00			4.919

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,400,000.00	4,400,000.00	4,400,000.00
+ Accrued Interest			
+ Premium (Discount)	51,271.45	51,271.45	51,271.45
- Underwriter's Discount	-35,200.00	-35,200.00	
- Cost of Issuance Expense		-63,000.00	
- Other Amounts			
Target Value	4,416,071.45	4,353,071.45	4,451,271.45
Target Date	12/24/2013	12/24/2013	12/24/2013
Yield	2.060134%	2.371494%	1.784167%



BOND PRICING

State College Area School District  
General Obligation Bonds, Series of 2013

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Serial Bonds:									
	05/15/2014	25,000	0.400%	0.400%	100.000				
	05/15/2015	40,000	2.000%	0.600%	101.937				
	05/15/2016	700,000	2.000%	0.750%	102.957				
	05/15/2017	715,000	2.000%	1.050%	103.156				
	05/15/2018	730,000	2.000%	1.420%	102.460				
	05/15/2019	750,000	2.000%	1.820%	100.755	C 05/15/2018	100.000	05/15/2018	100.000
	05/15/2020	760,000	2.000%	2.210%	98.753			05/15/2018	100.000
	05/15/2021	335,000	2.375%	2.580%	98.627			05/15/2018	100.000
	05/15/2022	345,000	2.750%	2.840%	99.330			05/15/2018	100.000
		4,400,000							

Dated Date	12/24/2013	
Delivery Date	12/24/2013	
First Coupon	05/15/2014	
Par Amount	4,400,000.00	
Premium	51,271.45	
Production	4,451,271.45	101.165260%
Underwriter's Discount	-35,200.00	-0.800000%
Purchase Price	4,416,071.45	100.365260%
Accrued Interest		
Net Proceeds	4,416,071.45	

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SAVINGS

State College Area School District  
General Obligation Bonds, Series of 2013

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/24/2013 @ 1.7841672%
06/30/2014	73,977.50	60,815.47	13,162.03	13,339.50
06/30/2015	147,955.00	131,343.76	16,611.24	16,982.34
06/30/2016	802,955.00	790,543.76	12,411.24	14,957.71
06/30/2017	803,305.00	791,543.76	11,761.24	14,059.55
06/30/2018	806,705.00	792,243.76	14,461.24	16,290.46
06/30/2019	812,205.00	797,643.76	14,561.24	16,072.32
06/30/2020	805,925.00	792,643.76	13,281.24	14,580.93
06/30/2021	367,800.00	352,443.76	15,356.24	14,687.53
06/30/2022	369,200.00	354,487.50	14,712.50	13,856.88
	4,990,027.50	4,863,709.29	126,318.21	134,827.21

Savings Summary

PV of savings from cash flow	134,827.21
Plus: Refunding funds on hand	3,065.11
Net PV Savings	<u>137,892.32</u>

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SUMMARY OF BONDS REFUNDED

State College Area School District  
General Obligation Bonds, Series of 2013

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series of 2009:					
SERIAL	03/01/2016	3.000%	655,000.00	09/01/2014	100.000
	03/01/2017	3.200%	675,000.00	09/01/2014	100.000
	03/01/2018	3.500%	700,000.00	09/01/2014	100.000
	03/01/2019	3.600%	730,000.00	09/01/2014	100.000
	03/01/2020	3.750%	750,000.00	09/01/2014	100.000
	03/01/2021	4.000%	340,000.00	09/01/2014	100.000
	03/01/2022	4.000%	355,000.00	09/01/2014	100.000
			4,205,000.00		

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PRIOR BOND DEBT SERVICE

State College Area School District  
General Obligation Bonds, Series of 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/24/2013					
03/01/2014			73,977.50	73,977.50	
06/30/2014					73,977.50
09/01/2014			73,977.50	73,977.50	
03/01/2015			73,977.50	73,977.50	
06/30/2015					147,955.00
09/01/2015			73,977.50	73,977.50	
03/01/2016	655,000	3.000%	73,977.50	728,977.50	
06/30/2016					802,955.00
09/01/2016			64,152.50	64,152.50	
03/01/2017	675,000	3.200%	64,152.50	739,152.50	
06/30/2017					803,305.00
09/01/2017			53,352.50	53,352.50	
03/01/2018	700,000	3.500%	53,352.50	753,352.50	
06/30/2018					806,705.00
09/01/2018			41,102.50	41,102.50	
03/01/2019	730,000	3.600%	41,102.50	771,102.50	
06/30/2019					812,205.00
09/01/2019			27,962.50	27,962.50	
03/01/2020	750,000	3.750%	27,962.50	777,962.50	
06/30/2020					805,925.00
09/01/2020			13,900.00	13,900.00	
03/01/2021	340,000	4.000%	13,900.00	353,900.00	
06/30/2021					367,800.00
09/01/2021			7,100.00	7,100.00	
03/01/2022	355,000	4.000%	7,100.00	362,100.00	
06/30/2022					369,200.00
	4,205,000		785,027.50	4,990,027.50	4,990,027.50

BOND DEBT SERVICE

State College Area School District  
General Obligation Bonds, Series of 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/24/2013					
05/15/2014	25,000	0.400%	35,815.47	60,815.47	
06/30/2014					60,815.47
11/15/2014			45,671.88	45,671.88	
05/15/2015	40,000	2.000%	45,671.88	85,671.88	
06/30/2015					131,343.76
11/15/2015			45,271.88	45,271.88	
05/15/2016	700,000	2.000%	45,271.88	745,271.88	
06/30/2016					790,543.76
11/15/2016			38,271.88	38,271.88	
05/15/2017	715,000	2.000%	38,271.88	753,271.88	
06/30/2017					791,543.76
11/15/2017			31,121.88	31,121.88	
05/15/2018	730,000	2.000%	31,121.88	761,121.88	
06/30/2018					792,243.76
11/15/2018			23,821.88	23,821.88	
05/15/2019	750,000	2.000%	23,821.88	773,821.88	
06/30/2019					797,643.76
11/15/2019			16,321.88	16,321.88	
05/15/2020	760,000	2.000%	16,321.88	776,321.88	
06/30/2020					792,643.76
11/15/2020			8,721.88	8,721.88	
05/15/2021	335,000	2.375%	8,721.88	343,721.88	
06/30/2021					352,443.76
11/15/2021			4,743.75	4,743.75	
05/15/2022	345,000	2.750%	4,743.75	349,743.75	
06/30/2022					354,487.50
	4,400,000		463,709.29	4,863,709.29	4,863,709.29

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ESCROW REQUIREMENTS

State College Area School District  
General Obligation Bonds, Series of 2013

Period Ending	Interest	Principal Redeemed	Total
03/01/2014	73,977.50		73,977.50
09/01/2014	73,977.50	4,205,000.00	4,278,977.50
	147,955.00	4,205,000.00	4,352,955.00

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ESCROW DESCRIPTIONS

State College Area School District  
General Obligation Bonds, Series of 2013

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Dec 24, 2013:						
SLG	Certificate	03/01/2014	03/01/2014	73,970	0.060%	0.060%
SLG	Certificate	09/01/2014	09/01/2014	4,276,036	0.100%	0.100%
				4,350,006		

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SLGS Summary

SLGS Rates File	11-19-13
Total Certificates of Indebtedness	4,350,006.00

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ESCROW COST

State College Area School District  
General Obligation Bonds, Series of 2013

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLG	03/01/2014	73,970	0.060%	73,970.00
SLG	09/01/2014	4,276,036	0.100%	4,276,036.00
		4,350,006		4,350,006.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
12/24/2013	4,350,006	0.34	4,350,006.34	0.100027%
	4,350,006	0.34	4,350,006.34	



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ESCROW CASH FLOW

State College Area School District  
General Obligation Bonds, Series of 2013

Date	Principal	Interest	Net Escrow Receipts	Present Value to 12/24/2013 @ 0.1000266%
03/01/2014	73,970.00	8.15	73,978.15	73,964.38
09/01/2014	4,276,036.00	2,940.51	4,278,976.51	4,276,041.62
	4,350,006.00	2,948.66	4,352,954.66	4,350,006.00

Escrow Cost Summary

Purchase date	12/24/2013
Purchase cost of securities	4,350,006.00
Target for yield calculation	4,350,006.00

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ESCROW SUFFICIENCY

State College Area School District  
General Obligation Bonds, Series of 2013

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/24/2013		0.34	0.34	0.34
03/01/2014	73,977.50	73,978.15	0.65	0.99
09/01/2014	4,278,977.50	4,278,976.51	-0.99	
	4,352,955.00	4,352,955.00	0.00	

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ESCROW STATISTICS

State College Area School District  
General Obligation Bonds, Series of 2013

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
4,350,006.34	0.677	0.100027%	0.100027%	4,300,879.04	49,127.29	0.01
4,350,006.34				4,300,879.04	49,127.29	0.01

Delivery date 12/24/2013  
Arbitrage yield 1.784167%

FORM 8038 STATISTICS REPORT

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date 12/24/2013  
Delivery Date 12/24/2013

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds:						
	05/15/2014	25,000.00	0.400%	100.000	25,000.00	25,000.00
	05/15/2015	40,000.00	2.000%	101.937	40,774.80	40,000.00
	05/15/2016	700,000.00	2.000%	102.957	720,699.00	700,000.00
	05/15/2017	715,000.00	2.000%	103.156	737,565.40	715,000.00
	05/15/2018	730,000.00	2.000%	102.460	747,958.00	730,000.00
	05/15/2019	750,000.00	2.000%	100.755	755,662.50	750,000.00
	05/15/2020	760,000.00	2.000%	98.753	750,522.80	760,000.00
	05/15/2021	335,000.00	2.375%	98.627	330,400.45	335,000.00
	05/15/2022	345,000.00	2.750%	99.330	342,688.50	345,000.00
		4,400,000.00			4,451,271.45	4,400,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	05/15/2022	2.750%	342,688.50	345,000.00			
Entire Issue			4,451,271.45	4,400,000.00	4.890	1.7842%	1.8949%

FORM 8038 STATISTICS REPORT

State College Area School District  
General Obligation Bonds, Series of 2013

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Bonds, Series of 2009:					
SERIAL	03/01/2016	655,000.00	3.000%	100.000	655,000.00
SERIAL	03/01/2017	675,000.00	3.200%	100.000	675,000.00
SERIAL	03/01/2018	700,000.00	3.500%	100.000	700,000.00
SERIAL	03/01/2019	730,000.00	3.600%	100.000	730,000.00
SERIAL	03/01/2020	750,000.00	3.750%	100.000	750,000.00
SERIAL	03/01/2021	340,000.00	4.000%	100.000	340,000.00
SERIAL	03/01/2022	355,000.00	4.000%	100.000	355,000.00
		4,205,000.00			4,205,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Bonds, Series of 2009	09/01/2014	09/01/2013	4.825
All Refunded Issues	09/01/2014		4.825

## **APPENDIX B**

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SOURCES AND USES OF FUNDS

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date 12/24/2013  
Delivery Date 12/24/2013

Sources:

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Bond Proceeds:

Par Amount	4,400,000.00
Net Premium	48,723.75

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4,448,723.75

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Uses:

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Refunding Escrow Deposits:

Cash Deposit	0.34
SLG Purchases	4,350,006.00

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4,350,006.34

Delivery Date Expenses:

Cost of Issuance	63,000.00
Underwriter's Discount	35,200.00

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98,200.00

Other Uses of Funds:

Rounding	517.41
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4,448,723.75

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SUMMARY OF REFUNDING RESULTS

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date	12/24/2013
Delivery Date	12/24/2013
Arbitrage yield	1.804882%
Escrow yield	0.100027%
Bond Par Amount	4,400,000.00
True Interest Cost	2.077531%
Net Interest Cost	2.084992%
Average Coupon	2.146734%
Average Life	4.978
Par amount of refunded bonds	4,205,000.00
Average coupon of refunded bonds	3.640579%
Average life of refunded bonds	4.825
PV of prior debt to 12/24/2013 @ 1.804882%	4,603,506.70
Net PV Savings	133,772.70
Percentage savings of refunded bonds	3.181277%
Percentage savings of refunding bonds	3.040289%

**BOND SUMMARY STATISTICS**

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date	12/24/2013
Delivery Date	12/24/2013
Last Maturity	05/15/2022
Arbitrage Yield	1.804882%
True Interest Cost (TIC)	2.077531%
Net Interest Cost (NIC)	2.084992%
All-In TIC	2.385620%
Average Coupon	2.146734%
Average Life (years)	4.978
Duration of Issue (years)	4.724
Par Amount	4,400,000.00
Bond Proceeds	4,448,723.75
Total Interest	470,206.40
Net Interest	456,682.65
Total Debt Service	4,870,206.40
Maximum Annual Debt Service	808,912.50
Average Annual Debt Service	580,362.23
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	8.000000
	<hr/>
Total Underwriter's Discount	8.000000
Bid Price	100.307358

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	4,400,000.00	101.107	2.147%	4.978
	4,400,000.00			4.978

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,400,000.00	4,400,000.00	4,400,000.00
+ Accrued Interest			
+ Premium (Discount)	48,723.75	48,723.75	48,723.75
- Underwriter's Discount	-35,200.00	-35,200.00	
- Cost of Issuance Expense		-63,000.00	
- Other Amounts			
Target Value	4,413,523.75	4,350,523.75	4,448,723.75
Target Date	12/24/2013	12/24/2013	12/24/2013
Yield	2.077531%	2.385620%	1.804882%

BOND PRICING

State College Area School District  
General Obligation Bonds, Series of 2013

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Serial Bonds:									
	05/15/2014	35,000	0.400%	0.400%	100.000				
	05/15/2015	55,000	2.000%	0.600%	101.937				
	05/15/2016	595,000	2.000%	0.750%	102.957				
	05/15/2017	725,000	2.000%	1.050%	103.156				
	05/15/2018	745,000	2.000%	1.420%	102.460				
	05/15/2019	760,000	2.000%	1.820%	100.755	C 05/15/2018	100.000	05/15/2018	100.000
	05/15/2020	775,000	2.000%	2.210%	98.753			05/15/2018	100.000
	05/15/2021	350,000	2.375%	2.580%	98.627			05/15/2018	100.000
	05/15/2022	360,000	2.750%	2.840%	99.330			05/15/2018	100.000
		4,400,000							

Dated Date	12/24/2013	
Delivery Date	12/24/2013	
First Coupon	05/15/2014	
Par Amount	4,400,000.00	
Premium	48,723.75	
Production	4,448,723.75	101.107358%
Underwriter's Discount	-35,200.00	-0.800000%
Purchase Price	4,413,523.75	100.307358%
Accrued Interest		
Net Proceeds	4,413,523.75	

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SAVINGS

State College Area School District  
General Obligation Bonds, Series of 2013

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/24/2013 @ 1.8048825%
06/30/2014	73,977.50	70,818.90	3,158.60	3,408.26
06/30/2015	147,955.00	146,312.50	1,642.50	2,387.57
06/30/2016	802,955.00	685,212.50	117,742.50	115,888.00
06/30/2017	803,305.00	803,312.50	-7.50	3,003.88
06/30/2018	806,705.00	808,812.50	-2,107.50	991.41
06/30/2019	812,205.00	808,912.50	3,292.50	5,853.95
06/30/2020	805,925.00	808,712.50	-2,787.50	263.68
06/30/2021	367,800.00	368,212.50	-412.50	868.77
06/30/2022	369,200.00	369,900.00	-700.00	589.78
	4,990,027.50	4,870,206.40	119,821.10	133,255.29

Savings Summary

PV of savings from cash flow	133,255.29
Plus: Refunding funds on hand	517.41
Net PV Savings	<u>133,772.70</u>

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SUMMARY OF BONDS REFUNDED

State College Area School District  
General Obligation Bonds, Series of 2013

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series of 2009:					
SERIAL	03/01/2016	3.000%	655,000.00	09/01/2014	100.000
	03/01/2017	3.200%	675,000.00	09/01/2014	100.000
	03/01/2018	3.500%	700,000.00	09/01/2014	100.000
	03/01/2019	3.600%	730,000.00	09/01/2014	100.000
	03/01/2020	3.750%	750,000.00	09/01/2014	100.000
	03/01/2021	4.000%	340,000.00	09/01/2014	100.000
	03/01/2022	4.000%	355,000.00	09/01/2014	100.000
			4,205,000.00		

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PRIOR BOND DEBT SERVICE

State College Area School District  
General Obligation Bonds, Series of 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/24/2013					
03/01/2014			73,977.50	73,977.50	
06/30/2014					73,977.50
09/01/2014			73,977.50	73,977.50	
03/01/2015			73,977.50	73,977.50	
06/30/2015					147,955.00
09/01/2015			73,977.50	73,977.50	
03/01/2016	655,000	3.000%	73,977.50	728,977.50	
06/30/2016					802,955.00
09/01/2016			64,152.50	64,152.50	
03/01/2017	675,000	3.200%	64,152.50	739,152.50	
06/30/2017					803,305.00
09/01/2017			53,352.50	53,352.50	
03/01/2018	700,000	3.500%	53,352.50	753,352.50	
06/30/2018					806,705.00
09/01/2018			41,102.50	41,102.50	
03/01/2019	730,000	3.600%	41,102.50	771,102.50	
06/30/2019					812,205.00
09/01/2019			27,962.50	27,962.50	
03/01/2020	750,000	3.750%	27,962.50	777,962.50	
06/30/2020					805,925.00
09/01/2020			13,900.00	13,900.00	
03/01/2021	340,000	4.000%	13,900.00	353,900.00	
06/30/2021					367,800.00
09/01/2021			7,100.00	7,100.00	
03/01/2022	355,000	4.000%	7,100.00	362,100.00	
06/30/2022					369,200.00
	4,205,000		785,027.50	4,990,027.50	4,990,027.50

BOND DEBT SERVICE

State College Area School District  
General Obligation Bonds, Series of 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/24/2013					
05/15/2014	35,000	0.400%	35,818.90	70,818.90	
06/30/2014					70,818.90
11/15/2014			45,656.25	45,656.25	
05/15/2015	55,000	2.000%	45,656.25	100,656.25	
06/30/2015					146,312.50
11/15/2015			45,106.25	45,106.25	
05/15/2016	595,000	2.000%	45,106.25	640,106.25	
06/30/2016					685,212.50
11/15/2016			39,156.25	39,156.25	
05/15/2017	725,000	2.000%	39,156.25	764,156.25	
06/30/2017					803,312.50
11/15/2017			31,906.25	31,906.25	
05/15/2018	745,000	2.000%	31,906.25	776,906.25	
06/30/2018					808,812.50
11/15/2018			24,456.25	24,456.25	
05/15/2019	760,000	2.000%	24,456.25	784,456.25	
06/30/2019					808,912.50
11/15/2019			16,856.25	16,856.25	
05/15/2020	775,000	2.000%	16,856.25	791,856.25	
06/30/2020					808,712.50
11/15/2020			9,106.25	9,106.25	
05/15/2021	350,000	2.375%	9,106.25	359,106.25	
06/30/2021					368,212.50
11/15/2021			4,950.00	4,950.00	
05/15/2022	360,000	2.750%	4,950.00	364,950.00	
06/30/2022					369,900.00
	4,400,000		470,206.40	4,870,206.40	4,870,206.40

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ESCROW REQUIREMENTS

State College Area School District  
General Obligation Bonds, Series of 2013

Period Ending	Interest	Principal Redeemed	Total
03/01/2014	73,977.50		73,977.50
09/01/2014	73,977.50	4,205,000.00	4,278,977.50
	147,955.00	4,205,000.00	4,352,955.00

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ESCROW DESCRIPTIONS

State College Area School District  
General Obligation Bonds, Series of 2013

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Dec 24, 2013:						
SLG	Certificate	03/01/2014	03/01/2014	73,970	0.060%	0.060%
SLG	Certificate	09/01/2014	09/01/2014	4,276,036	0.100%	0.100%
				4,350,006		

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SLGS Summary

SLGS Rates File	11-19-13
Total Certificates of Indebtedness	4,350,006.00

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ESCROW COST

State College Area School District  
General Obligation Bonds, Series of 2013

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLG	03/01/2014	73,970	0.060%	73,970.00
SLG	09/01/2014	4,276,036	0.100%	4,276,036.00
		4,350,006		4,350,006.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
12/24/2013	4,350,006	0.34	4,350,006.34	0.100027%
		4,350,006	4,350,006.34	

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ESCROW CASH FLOW

State College Area School District  
General Obligation Bonds, Series of 2013

Date	Principal	Interest	Net Escrow Receipts	Present Value to 12/24/2013 @ 0.1000266%
03/01/2014	73,970.00	8.15	73,978.15	73,964.38
09/01/2014	4,276,036.00	2,940.51	4,278,976.51	4,276,041.62
	4,350,006.00	2,948.66	4,352,954.66	4,350,006.00

Escrow Cost Summary

Purchase date	12/24/2013
Purchase cost of securities	4,350,006.00
Target for yield calculation	4,350,006.00

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ESCROW SUFFICIENCY

State College Area School District  
General Obligation Bonds, Series of 2013

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/24/2013		0.34	0.34	0.34
03/01/2014	73,977.50	73,978.15	0.65	0.99
09/01/2014	4,278,977.50	4,278,976.51	-0.99	
	4,352,955.00	4,352,955.00	0.00	

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ESCROW STATISTICS

State College Area School District  
General Obligation Bonds, Series of 2013

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
4,350,006.34	0.677	0.100027%	0.100027%	4,300,280.81	49,725.52	0.01
4,350,006.34				4,300,280.81	49,725.52	0.01

Delivery date 12/24/2013  
Arbitrage yield 1.804882%

FORM 8038 STATISTICS REPORT

State College Area School District  
General Obligation Bonds, Series of 2013

Dated Date 12/24/2013  
Delivery Date 12/24/2013

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds:						
	05/15/2014	35,000.00	0.400%	100.000	35,000.00	35,000.00
	05/15/2015	55,000.00	2.000%	101.937	56,065.35	55,000.00
	05/15/2016	595,000.00	2.000%	102.957	612,594.15	595,000.00
	05/15/2017	725,000.00	2.000%	103.156	747,881.00	725,000.00
	05/15/2018	745,000.00	2.000%	102.460	763,327.00	745,000.00
	05/15/2019	760,000.00	2.000%	100.755	765,738.00	760,000.00
	05/15/2020	775,000.00	2.000%	98.753	765,335.75	775,000.00
	05/15/2021	350,000.00	2.375%	98.627	345,194.50	350,000.00
	05/15/2022	360,000.00	2.750%	99.330	357,588.00	360,000.00
		4,400,000.00			4,448,723.75	4,400,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	05/15/2022	2.750%	357,588.00	360,000.00			
Entire Issue			4,448,723.75	4,400,000.00	4.949	1.8049%	1.9142%

FORM 8038 STATISTICS REPORT

State College Area School District  
 General Obligation Bonds, Series of 2013

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Bonds, Series of 2009:					
SERIAL	03/01/2016	655,000.00	3.000%	100.000	655,000.00
SERIAL	03/01/2017	675,000.00	3.200%	100.000	675,000.00
SERIAL	03/01/2018	700,000.00	3.500%	100.000	700,000.00
SERIAL	03/01/2019	730,000.00	3.600%	100.000	730,000.00
SERIAL	03/01/2020	750,000.00	3.750%	100.000	750,000.00
SERIAL	03/01/2021	340,000.00	4.000%	100.000	340,000.00
SERIAL	03/01/2022	355,000.00	4.000%	100.000	355,000.00
		4,205,000.00			4,205,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Bonds, Series of 2009	09/01/2014	09/01/2013	4.825
All Refunded Issues	09/01/2014		4.825

