



PLANCON

PART H: PROJECT FINANCING

COMMONWEALTH OF PENNSYLVANIA
Department of Education
Bureau of Budget and Fiscal Management
Division of School Facilities
333 Market Street
Harrisburg, PA 17126-0333

PART H: PROJECT FINANCING

If there are any questions regarding the completion of these materials, contact the Division of School Facilities at (717) 787-5480.

GENERAL INSTRUCTIONS

PlanCon Part H is required for each financing source (bond issue, note, etc.) used to finance a project. If a project is being financed by a multi-purpose bond issue, that is, the proceeds of the bond issue provide monies to refund/refinance a prior reimbursable bond issue and also provide new money for a current PlanCon project, Part H and all applicable attachments must still be submitted on the current PlanCon project.

For bond issues/notes with PlanCon Part H approval for reimbursement by the Department on or after July 1, 1998, the temporary reimbursable percent is based on a one-half percentage point (0.5%) reduction.

Questions on the Local Government Unit Debt Act should be directed to the Office of Chief Counsel, Department of Community and Economic Development, at (717) 783-8452.

Note that PlanCon Part K "Project Refinancing" must be submitted if a school district/CTC enters into an interest rate swap on any reimbursable bond issue through an authority after the original issuance. Interest rate swap agreements between a school district and a swap provider are non-reimbursable.

The School Code authorizes the Secretary of Education to pay state funds withheld from a school district defaulting on payments for indebtedness under Section 633, any rentals or payments due the State Public School Building Authority under Section 785, any rentals due to any municipality authority under Section 790, or any rentals due to a profit or nonprofit corporation, partnership, association or person under section 791. On the advice of PDE legal office, the state intercept applies to an appropriation-based lease through an authority under the aforesaid provisions.

BOARD TRANSMITTAL, H01

Complete Page H01 in order to formally submit PlanCon Part H. Note the following:

- **PROJECT BUILDING NAME:** Enter the name of the building for which construction or alteration is planned and for which reimbursement is sought.
- **PROJECT #:** Enter the project number which was assigned by PDE.
- Enter a check mark or "N/A" for each item listed on the page. Although this page lists the attachments normally required, additions may be added to the list of attachments.

PROJECT FINANCING, H02

Provide information on the entire financing package, including the financing method and number of years over which debt will be amortized. Attach a payment schedule, using the format prescribed on Attachment A, B or C as applicable. If this project is **part of a larger bond issue**, provide information on the entire bond issue, not just the portion applicable to this project. If the project is **financed using multiple bond issues**, provide pertinent information on all bond issues to be used. If the bond issue is composed of separate series of bonds, each series should be listed as a separate source of financing.

If a project is financed by cash, no reimbursement will be paid until PlanCon Part J "Project Accounting Based on Final Costs" is submitted and approved by the Department unless otherwise approved by this office. At Part J, a certification must be provided indicating that, in accordance with Section 2575.1(b) of the Public School Code of 1949, the school district/CTC is providing full payment on account of the approved building construction cost without incurring debt or without incurring a lease. For purposes of calculating reimbursement, bond proceeds that are transferred to the general fund and then used for a reimbursable construction project are still considered bond proceeds. **A construction loan is considered debt and may not be reported as cash.**

SUMMARY OF SOURCES AND USES OF FUNDS, H03

Itemize the final closing costs **to the penny** for this transaction. This information should be prepared following the bond closing and the payment of all related costs. Total sources of available funds must equal total uses of available funds. One sheet may be used if the series of bonds were sold simultaneously, ex. Series A and Series B of 1994. Provide a separate sheet if the series of bonds were issued in separate transactions.

For financings that include an interest rate swap through an authority, report all sources and uses of funds related to the interest rate swap. This includes swaption premiums received by a school district and all swap transaction costs, even if the swap was executed prior to the settlement date. Dollar amounts should only be reported if the loan payments made pursuant to the interest rate swap are eligible for state reimbursement. Swap termination payments and all related costs will be processed as new money-reimbursable.

PAYMENT SCHEDULE FOR ISSUE/NOTE

Attachment A gives the standardized format to be used for payment schedules for current interest bonds. A debt service payment schedule, with semi-annual payments, must be submitted for each series to be reimbursed. Include accrued interest in the first payment. Payments must be reported to the penny. The principal outstanding represents the principal remaining after each payment. As such, the principal outstanding for the last scheduled payment must be zero. Payment schedules that do not conform to the standardized format will not be accepted.

If a bond issue/note bears interest at a **variable interest rate**, the payment schedule must list all of the principal payments as well as the actual interest amounts updated for applicable principal payments. The payment schedule may list either semi-annual or quarterly payments on a state fiscal year (July 1st - June 30th) basis. The actual principal payment date should be noted in a footnote on the payment schedule. An updated payment schedule must be submitted as interest payments are determined either quarterly or semi-annually. Documentation to substantiate the quarterly or semi-annual interest amounts reported on the payment schedule must be submitted to the Division of School Facilities (i.e., weekly/monthly rate and weekly/monthly interest payment). The Comptroller's Office is not authorized to process applications for reimbursement until a payment schedule with the applicable interest payments is approved by the Division of School Facilities.

Note that remarketing fees, liquidity facility or letter of credit fees are non-reimbursable and should not be reported on any payment schedule.

Attachment B gives the standardized format to be used for payment schedules for capital appreciation bonds. Attachment C gives the standardized format to be used for payment schedules if the bond issue is composed of a combination of current interest bonds and capital appreciation bonds. If the bond issue is composed of capital appreciation bonds, the principal outstanding and principal should be the par amount of the bonds, not the initial proceeds.

Also note that the "STATE FISCAL TOTAL" should only be filled in one time for each fiscal year; in other words, do not provide an annual total for each semi-annual or quarterly payment. The state fiscal year is July 1 to June 30.

ADDITIONAL INFORMATION

In addition to the PART H forms, the following information must also be included:

- Signed copy of the board resolution authorizing the project financing, including the form of the bond or note, as applicable;
- Signed copy of the bond/note purchase contract or completed and signed bid form from the successful bidder;
- Signed copy of the lease agreement or the loan agreement, whichever is applicable, if this project is financed by an authority;
- Signed copy of the swap transaction confirmation, if applicable, if this project is financed by an authority;
- Microfilm of the final drawings and specifications must be submitted. The first frame of the microfilm should give the school district's name, project building name and the PDE project number.
- For variable rate issues, documentation to substantiate the quarterly or semi-annual interest amounts reported on the payment schedule.
- For career and technical center projects, a copy of the articles of agreement.

