Table of Contents

I. Introduction to Piper Sandler & Co.
II. Overview of Municipal Bonds
III. Bond Mechanics
IV. Economics of Municipal Finance
V. Hypothetical Options
VI. Next Steps
I. Introduction to Piper Sandler & Co.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1895</td>
<td>George B. Lane established commercial paper, merging with Piper, Jaffray Co.</td>
</tr>
<tr>
<td>1931</td>
<td>Lane, Piper &amp; Jaffray merges with Hopwood Investment Co. and gains a seat on the NYSE</td>
</tr>
<tr>
<td>1987</td>
<td>Piper Jaffray establishes a presence in London, expanding business into Europe</td>
</tr>
<tr>
<td>1998</td>
<td>U.S. Bancorp acquires Piper Jaffray in a cash transaction valued at $730 million</td>
</tr>
<tr>
<td>2003</td>
<td>Piper Jaffray becomes independent, publicly held company following spin-off from U.S. Bancorp</td>
</tr>
<tr>
<td>2006</td>
<td>Private client services division sold to UBS Financial Services, allowing Piper Jaffray to redirect business strategy toward building a leading investment bank</td>
</tr>
<tr>
<td>2010</td>
<td>Piper Jaffray acquires Advisory Research, Inc. to grow asset management capabilities</td>
</tr>
<tr>
<td>2013</td>
<td>Seattle-Northwest Securities and Edgeview Partners acquisitions expand the firm's municipal and advisory businesses, respectively</td>
</tr>
<tr>
<td>2015-2016</td>
<td>Firm acquires Simmons &amp; Company and River Branch Holdings, bolstering sector coverage in energy and financial institutions respectively, and grows its fixed income services group with acquisition of BMO Capital Markets GKST</td>
</tr>
<tr>
<td>2020</td>
<td>Firm acquires Sandler O'Neil and becomes Piper Sandler</td>
</tr>
</tbody>
</table>
OUR FIRM
Realize the Power of Partnership®

Piper Sandler is a leading investment bank and institutional securities firm

- Reputation for client-first approach and straightforward advice
- Deep expertise and market leadership in focus industry sectors
- Strategic advisory relationships and expert execution
- 120+ year track record of delivering results

INVESTMENT BANKING AND EQUITIES

Investment Banking
- M&A Advisory
- Capital Markets
- Restructuring & Special Situations
- Merchant Banking

Equities
- Institutional Sales & Trading
- Equity Research
- Technical Research

PUBLIC FINANCE AND FIXED INCOME SERVICES

- Public Finance
- Municipal Underwriting, Sales & Trading
- Taxable Sales & Trading
- Strategic Analytics

Piper Sandler Companies (NYSE: PIPR) is a leading investment bank and institutional securities firm driven to help clients Realize the Power of Partnership®. Securities brokerage and investment banking services are offered in the U.S. through Piper Sandler & Co., member SIPC and FINRA; in Europe through Piper Sandler Ltd., authorized and regulated by the U.K. Financial Conduct Authority; and in Hong Kong through Piper Sandler Hong Kong Ltd., authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through separate investment advisory affiliates.

© 2020 Piper Sandler Companies, 800 Nicollet Mall, Minneapolis, Minnesota 55402-7036
Industry-Leading Public Finance Franchise
National Platform, Regional Expertise

PIPER SANDLER CONSISTENTLY RANKS AMONG THE NATION’S LEADING UNDERWRITERS.

In 2019, we ranked No. 3 and No.11 by number of senior managed issues and par amount, respectively.

Supported by a broad national platform, our expert teams leverage localized knowledge to facilitate the issuance of taxable and tax-exempt debt across a range of sectors:

- State & Local Government
- Healthcare
- Charter Schools
- Higher Education
- K-12 Education
- Housing
- Senior Living
- Transportation
- Non-profits
- Hospitality
- Project Finance

Our services include:

- Municipal bond underwriting
- Municipal derivatives and Reinvestment products
- Financial advisory
- Private placements

Source: Thomson Reuters, negotiated and private placement, long-term transactions
Piper’s Pennsylvania Experience

- Piper currently has 24 employees dedicated to Pennsylvania municipal finance, with offices in Philadelphia, Harrisburg and Pittsburgh.

<table>
<thead>
<tr>
<th>Philadelphia Office</th>
<th>Harrisburg Office</th>
<th>Pittsburgh Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Logan Square</td>
<td>150 Corporate Center Drive</td>
<td>D.L. Clark Building</td>
</tr>
<tr>
<td>Suite 1820</td>
<td>Suite 204</td>
<td>503 Martindale Street</td>
</tr>
<tr>
<td>100 North 18th Street</td>
<td>Camp Hill, PA 17011</td>
<td>7th Floor</td>
</tr>
<tr>
<td>Philadelphia, PA 19103</td>
<td></td>
<td>Pittsburgh, PA 15212</td>
</tr>
</tbody>
</table>

- Our offices in Philadelphia, Harrisburg and Pittsburgh allow for unparalleled coverage and detailed knowledge of the Municipal Issuers throughout the Commonwealth.

Guiding Principles

We create and implement superior financial solutions for our clients. Serving clients is our fundamental purpose.

We earn our clients' trust by delivering the best guidance and service. Great people working together as a team are our competitive advantage.

As we serve, we are committed to these core values:

- Always place our clients' interests first
- Conduct ourselves with integrity and treat others with respect
- Work in partnership with our clients and each other
- Maintain a high quality environment that attracts, retains and develops the best people
- Contribute our talents and resources to serve the communities in which we live and work
II. Overview of Municipal Bonds
Overview of Municipal Bonds

What is a Municipal Bond?

A Municipal Bond is a long-term promise to repay a specified amount of principal on a certain date, with interest at a stated rate on defined dates, payable from a defined source of funds

- Debt Obligation to fund a project or to refund an outstanding loan/bond

Municipal Bonds are the primary method used by Pennsylvania school districts to finance major capital projects because:

- Cash is generated up front
- Payments can be spread over a longer period of time than other financing options
- Districts can budget for taxpayer impacts, if fixed rate bonds issued
- Triple Tax-Exempt Interest
  - Federal, State and Local, if Pennsylvania bond purchase by Pennsylvania resident
What is a Bond?

Prominent Terms

- The principal or face amount of the bonds is the amount of debt to be repaid
- The maturity date is the date on which a bond is repaid
- The coupon is the rate at which interest is paid
- The yield is the rate which the present value of the cash flows equals the price
What is a Bond?

Bond Principals

- A bond is an agreement between a lender/investor and a borrower in which:
  - Lender agrees to loan the borrower funds for a specified period of time
  - Borrower agrees to repay each bond in full on the specified date
  - Borrower agrees to pay interest on each bond through the repayment date as compensation to the lender for use of the funds

- The dated date is the date the investor of the bond starts accruing (earning) interest

- The sale date is the date the bonds are sold by the underwriter to the lender/investor for delivery in the future

- The delivery date is the date the lender/investor actually pays for and takes possession of the bond
III. Bond Mechanics
Debt Instruments

Types of Debt

BONDS

- Bond – debt obligation indicating payment of principal and interest over a period of time
- Principal – also called the “par” or amount of the bonds, is the amount to be repaid
  - Typically Paid Annually
- Interest – amount investors charge for the use of funds
  - Typically paid Semi-Annually
- Interest = Principal X Interest Rate/Period
  - $2,000 = $100,000 X 4%/2

Municipal entities can issue a variety of bonds that vary according to the underlying credit including revenue or general obligation.

GENERAL OBLIGATION BONDS

- Refers to the credit backing of a bond
- Backed by the full faith, credit and taxing power of the issuer of the bonds
Debt Instruments

Variances in Debt Structure

FIXED RATE BONDS

Issuing Fixed Rate

- Subject to the current market interest rates
  - Rates established on day of pricing
  - Remain fixed throughout life of transaction
- Borrower knows debt service owed each year (fixed)
- Fixed rate bonds can be structured with either serial or term maturities or a combination of both

VARIABLE RATE BONDS

Variable rates set at predetermined intervals

- Set continually, such as weekly
- After a period of time such as 5th anniversary
Debt Instruments

Variances in Debt Structure

SERIAL BONDS

Serial bonds have annual maturities (some times semi-annual)
- Repay principal on an annual basis
- Different interest rates associated with each annual maturity

Serial bonds are usually employed on the short and intermediate range of the yield curve

TERM BONDS

Single stated maturity & single associated interest rate
- Mandatory sinking fund requirement for the retirement of the bonds

Example: 20-year debt offering, combination of serial and term bonds. 15 years of serial bonds and 5 year term bond

Example: 20-year offering described above, an issuer could issue a five year term bond due in 2032. The bond could have sinking fund installments of $100,000 a year between 2028 and 2032.
Refunding Bond Issues

Refunding Bonds

REFUNDINGS

- Refundings are the issuance of debt and using the proceeds of the debt to retire or provide the future debt service payments on previously issued bonds or notes

- Refundings can be completed to:
  - Provide debt service savings to the issuer (most common reason)
  - Remove a restrictive bond covenant
  - Restructure future payments

- For identification purposes:
  - Refunded bonds are the old bonds, sometimes also referred to as existing or prior bonds
  - Refunding bonds are the new bonds

- Refunding bond issues are classified according to the method and timing of the defeasance
  - A refunding issue is a current refunding if the refunded bonds are immediately callable
  - "Immediately" means within 90 days

Additional Information:
Escrow Fund – A fund that consists of cash and securities whose cash flow is used to make debt service payments due on the refunded bonds to the date when the bonds are being paid off (maturity date or call date). The length of an escrow account can range from 1 day to 30 years depending on the call or maturity dates of the refunded bonds.
Types of Bond Funds

Overview of New Money

CAPITAL PROJECT FINANCING

- New money bonds are used to finance new construction projects or improvements to existing projects, or to reimburse issuers for previous construction/improvements that have not been financed
- Construction Account:
  - Provides funding for the project being built, improved, or reimbursed
- Capitalized Interest Account:
  - These funds are used to pay interest while a project is under construction
  - The duration of the capitalized interest account is usually 6 months longer than the construction period and is designed to meet all debt service payment requirements until the project is built and placed in service
  - Used to phase millage impact, if applicable
Structuring Debt

Planning a Capital Project

CAPITAL PROJECT CONSIDERATIONS

- Reimbursement resolution
- Cash flow needs
- Construction timeline and spending requirements
- Millage impact, phase multiple years as applicable
  - Act 1 limits
  - Savings created by project
  - Capitalized interest
- Bank qualified vs. non bank qualified interest rates
- Multiple phases of borrowing
  - Help with millage impact
  - Act 1 considerations
- Interest earnings
IV. Economics of Municipal Finance
Interest Rates

25 Year - General Obligation Bond Buyer Index History

One-Year Snapshot

Mar-19 | Jul-19 | Nov-19 | Mar-20

Interest Rate

Mar-95 | Mar-00 | Mar-05 | Mar-10 | Mar-15 | Mar-20

Interest Rate

2.00% | 3.00% | 4.00% | 5.00% | 6.00% | 7.00% | 8.00% | 9.00% | 10.00% | 11.00% | 12.00%
Bond Rating

- Similar to your personal credit rating, a higher credit rating for the issuer results in a lower borrowing cost.

- With bonds, investors view the credit rating as an indication of risk (i.e. likeliness to default on payments). A higher bond credit rating results in lower interest rates because investors feel this is an indication of reduced risk. Therefore, the higher the issuer's credit rating, the lower the interest rate on the bonds.

- Ratings use a letter system. The ones with only As in their rating are of high quality. The ones with a B in the rating are of medium quality. Bonds with a C are either low quality or extremely low quality.

- Bonds are commonly labeled either “investment grade” or speculative (often called “high yield” instead).

- Historically, an issuer would pursue an underlying credit rating once it could qualify in the “A” category. If an issuer does not have an underlying credit rating, it is referred to as “non-rated.”

<table>
<thead>
<tr>
<th>S &amp; P</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest Rated</td>
<td></td>
</tr>
<tr>
<td>AAA</td>
<td>Aaa</td>
</tr>
<tr>
<td>AA+</td>
<td>Aa1</td>
</tr>
<tr>
<td>AA</td>
<td>Aa2</td>
</tr>
<tr>
<td>AA-</td>
<td>Aa3</td>
</tr>
<tr>
<td>A+</td>
<td>A1</td>
</tr>
<tr>
<td>A</td>
<td>A2</td>
</tr>
<tr>
<td>A-</td>
<td>A3</td>
</tr>
<tr>
<td>BBB+</td>
<td>Baa1</td>
</tr>
<tr>
<td>BBB</td>
<td>Baa2</td>
</tr>
<tr>
<td>BBB-</td>
<td>Baa3</td>
</tr>
<tr>
<td>NR (Non-Rated)</td>
<td></td>
</tr>
<tr>
<td>“Junk Bonds”</td>
<td></td>
</tr>
</tbody>
</table>
V. Hypothetical Options
# HYPOTHETICAL CAPITAL PROJECTS

## $9,995,000, Bank Qualified Example

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal</th>
<th>Interest</th>
<th>Debt Service</th>
<th>Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/15/2020</td>
<td>$355,000.00</td>
<td>$162,696.25</td>
<td>$162,696.25</td>
<td>$680,392.50</td>
</tr>
<tr>
<td>6/15/2021</td>
<td>370,000.00</td>
<td>155,330.00</td>
<td>155,330.00</td>
<td>660,660.00</td>
</tr>
<tr>
<td>12/15/2022</td>
<td>385,000.00</td>
<td>147,652.50</td>
<td>147,652.50</td>
<td>680,305.00</td>
</tr>
<tr>
<td>12/15/2023</td>
<td>390,000.00</td>
<td>139,663.75</td>
<td>139,663.75</td>
<td>680,327.50</td>
</tr>
<tr>
<td>6/15/2024</td>
<td>405,000.00</td>
<td>139,663.75</td>
<td>139,663.75</td>
<td>684,327.50</td>
</tr>
<tr>
<td>12/15/2025</td>
<td>420,000.00</td>
<td>131,260.00</td>
<td>131,260.00</td>
<td>682,520.00</td>
</tr>
<tr>
<td>12/15/2026</td>
<td>435,000.00</td>
<td>122,545.00</td>
<td>122,545.00</td>
<td>680,090.00</td>
</tr>
<tr>
<td>12/15/2027</td>
<td>450,000.00</td>
<td>111,868.75</td>
<td>111,868.75</td>
<td>680,737.50</td>
</tr>
<tr>
<td>12/15/2028</td>
<td>465,000.00</td>
<td>105,918.75</td>
<td>105,918.75</td>
<td>681,837.50</td>
</tr>
<tr>
<td>12/15/2029</td>
<td>480,000.00</td>
<td>98,516.25</td>
<td>98,516.25</td>
<td>682,032.50</td>
</tr>
<tr>
<td>12/15/2030</td>
<td>500,000.00</td>
<td>90,877.50</td>
<td>90,877.50</td>
<td>681,755.00</td>
</tr>
<tr>
<td>12/15/2031</td>
<td>515,000.00</td>
<td>83,002.50</td>
<td>83,002.50</td>
<td>681,005.00</td>
</tr>
<tr>
<td>12/15/2032</td>
<td>530,000.00</td>
<td>74,991.25</td>
<td>74,991.25</td>
<td>679,982.50</td>
</tr>
<tr>
<td>12/15/2033</td>
<td>545,000.00</td>
<td>66,543.75</td>
<td>66,543.75</td>
<td>679,782.50</td>
</tr>
<tr>
<td>12/15/2034</td>
<td>560,000.00</td>
<td>57,881.25</td>
<td>57,881.25</td>
<td>679,087.50</td>
</tr>
<tr>
<td>12/15/2035</td>
<td>575,000.00</td>
<td>49,992.50</td>
<td>49,992.50</td>
<td>660,762.50</td>
</tr>
<tr>
<td>12/15/2036</td>
<td>590,000.00</td>
<td>42,982.50</td>
<td>42,982.50</td>
<td>660,762.50</td>
</tr>
<tr>
<td>12/15/2037</td>
<td>605,000.00</td>
<td>36,768.75</td>
<td>36,768.75</td>
<td>664,537.50</td>
</tr>
<tr>
<td>12/15/2038</td>
<td>620,000.00</td>
<td>30,240.00</td>
<td>30,240.00</td>
<td>660,480.00</td>
</tr>
<tr>
<td>12/15/2039</td>
<td>640,000.00</td>
<td>20,475.00</td>
<td>20,475.00</td>
<td>660,950.00</td>
</tr>
<tr>
<td>12/15/2040</td>
<td>660,000.00</td>
<td>10,395.00</td>
<td>10,395.00</td>
<td>660,790.00</td>
</tr>
</tbody>
</table>

**Total** $9,995,000.00 $3,635,187.50 $13,520,187.50 $15,500,187.50
HYPOTHETICAL CAPITAL PROJECTS
$1,000,000 Annual Debt Service Payments

<table>
<thead>
<tr>
<th>Payment Date</th>
<th>Principal</th>
<th>Interest</th>
<th>Debt Service</th>
<th>Annual Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/15/2020</td>
<td>405,000.00</td>
<td>285,648.75</td>
<td>285,648.75</td>
<td>$996,297.50</td>
</tr>
<tr>
<td>6/15/2021</td>
<td>265,220.00</td>
<td>285,648.75</td>
<td>285,220.00</td>
<td>995,440.00</td>
</tr>
<tr>
<td>12/15/2021</td>
<td>425,000.00</td>
<td>274,276.25</td>
<td>274,276.25</td>
<td>995,440.00</td>
</tr>
<tr>
<td>6/15/2022</td>
<td>450,000.00</td>
<td>274,276.25</td>
<td>274,276.25</td>
<td>996,532.50</td>
</tr>
<tr>
<td>12/15/2022</td>
<td>470,000.00</td>
<td>262,687.50</td>
<td>262,687.50</td>
<td>995,377.50</td>
</tr>
<tr>
<td>6/15/2023</td>
<td>495,000.00</td>
<td>250,586.25</td>
<td>250,586.25</td>
<td>996,532.50</td>
</tr>
<tr>
<td>12/15/2023</td>
<td>520,000.00</td>
<td>237,840.00</td>
<td>237,840.00</td>
<td>996,680.00</td>
</tr>
<tr>
<td>6/15/2024</td>
<td>550,000.00</td>
<td>224,450.00</td>
<td>224,450.00</td>
<td>996,900.00</td>
</tr>
<tr>
<td>12/15/2024</td>
<td>575,000.00</td>
<td>210,287.50</td>
<td>210,287.50</td>
<td>996,900.00</td>
</tr>
<tr>
<td>6/15/2025</td>
<td>605,000.00</td>
<td>195,481.25</td>
<td>195,481.25</td>
<td>995,982.50</td>
</tr>
<tr>
<td>12/15/2025</td>
<td>640,000.00</td>
<td>179,002.50</td>
<td>179,002.50</td>
<td>996,905.00</td>
</tr>
<tr>
<td>6/15/2026</td>
<td>665,000.00</td>
<td>166,622.50</td>
<td>166,622.50</td>
<td>996,905.00</td>
</tr>
<tr>
<td>12/15/2026</td>
<td>700,000.00</td>
<td>152,823.75</td>
<td>152,823.75</td>
<td>996,905.00</td>
</tr>
<tr>
<td>6/15/2027</td>
<td>730,000.00</td>
<td>138,506.25</td>
<td>138,506.25</td>
<td>997,012.50</td>
</tr>
<tr>
<td>12/15/2027</td>
<td>750,000.00</td>
<td>123,566.25</td>
<td>123,566.25</td>
<td>997,122.50</td>
</tr>
<tr>
<td>6/15/2028</td>
<td>815,000.00</td>
<td>108,003.75</td>
<td>108,003.75</td>
<td>997,325.00</td>
</tr>
<tr>
<td>12/15/2028</td>
<td>845,000.00</td>
<td>91,818.75</td>
<td>91,818.75</td>
<td>998,132.50</td>
</tr>
<tr>
<td>6/15/2029</td>
<td>915,000.00</td>
<td>74,907.50</td>
<td>74,907.50</td>
<td>999,012.50</td>
</tr>
<tr>
<td>12/15/2029</td>
<td>950,000.00</td>
<td>57,373.75</td>
<td>57,373.75</td>
<td>999,840.00</td>
</tr>
<tr>
<td>6/15/2030</td>
<td>985,000.00</td>
<td>39,010.00</td>
<td>39,010.00</td>
<td>999,840.00</td>
</tr>
<tr>
<td>12/15/2030</td>
<td>920,000.00</td>
<td>29,010.00</td>
<td>29,010.00</td>
<td>999,840.00</td>
</tr>
<tr>
<td>6/15/2031</td>
<td>100,000.00</td>
<td>19,920.00</td>
<td>19,920.00</td>
<td>999,840.00</td>
</tr>
<tr>
<td>12/15/2031</td>
<td>100,000.00</td>
<td>19,920.00</td>
<td>19,920.00</td>
<td>999,840.00</td>
</tr>
</tbody>
</table>

$13,150,000  $6,777,867.50  $19,427,867.50  $19,427,867.50
VI. Next Steps
Next Steps

**Financing Team's Role**

**Project Planning**
- Refine project scope
- Refine potential refinancing results
- Reimbursement Resolution

**Looking Ahead**
- Debt service cash flow planning and budget
- Future financing needs

**New Money Process**
Prior to Determining Project
- Can start 6-12 Months ahead
  - Complete and review feasibility study
  - Selection of options

**Typical Breakdown Once Project is Determined**

**Project Determined**
- 6 Weeks from Pricing
  - Compile District Information
  - Coordinate with Bond Counsel on proceedings
  - Preliminary financing plan
  - Bond Purchase Agreement
  - Resolution
- 3 Weeks from Pricing
  - Preliminary Official Statement to Working Group
- 2 Weeks from Pricing
  - Credit Rating Call
  - Due Diligence Call and Review
- 1 Week from Pricing
  - Finalize District Information, Preliminary Official Statement, Bond Purchase Agreement, Rating and Due Diligence
  - Bond Sale
    - Rates are locked in
    - Addendum Finalized
- 1 Week post Pricing
  - Final Official Statement & closing instructions distributed
- 4 Weeks post Pricing
  - Transaction is closed and money is wired to District
Next Steps

Piper Sandler’s Service

Pre-Pricing Services
- Provide bond issue planning
- Attend community and Board meetings
- Coordinate financing team activities
- Prepare Official Statements
- Apply for bond ratings and credit enhancement
- Market and sell bonds

Post Pricing Services
- Provide ongoing assistance:
  - Debt service and cash flow analysis
  - SEC disclosure compliance
  - Refunding analysis
  - Arbitrage rebate assistance
  - Department of Education process (as applicable)
Required Disclosure

Piper Sandler is providing the information contained herein for discussion purposes only in anticipation of being engaged to serve as underwriter or placement agent on a future transaction and not as a financial advisor or municipal advisor. In providing the information contained herein, Piper Sandler is not recommending an action to you and the information provided herein is not intended to be and should not be construed as a “recommendation” or “advice” within the meaning of Section 15B of the Securities Exchange Act of 1934. Piper Sandler is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act or under any state law to you with respect to the information and material contained in this communication. As an underwriter or placement agent, Piper Sandler’s primary role is to purchase or arrange for the placement of securities with a view to distribution in an arm’s-length commercial transaction, is acting for its own interests and has financial and other interests that differ from your interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

The information contained herein may include hypothetical interest rates or interest rate savings for a potential refunding. Interest rates used herein take into consideration conditions in today’s market and other factual information such as credit rating, geographic location and market sector. Interest rates described herein should not be viewed as rates that Piper Sandler expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publicly available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Piper Sandler could achieve for you should we be selected to act as your underwriter or placement agent. More particularized information and analysis may be provided after you have engaged Piper Sandler as an underwriter or placement agent or under certain other exceptions as describe in the Section 15B of the Exchange Act.