



Bridgett Heinrich <bheinrich@panaschools.com>

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## Fwd: Bond Proceeds Management - PMA Financial

1 message

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Jason Bauer <jbauer@panaschools.com>  
To: Bridgett Heinrich <bheinrich@panaschools.com>

Fri, Jan 7, 2022 at 9:20 AM

This email and the two attached documents will be needed for next week's Finance Committee meeting, which is on Thursday, January 13 at 6:30 a.m.

Jason

----- Forwarded message -----

From: **Tim Flaherty** <tflaherty@pmanetwork.com>  
Date: Thu, Jan 6, 2022 at 2:56 PM  
Subject: Bond Proceeds Management - PMA Financial  
To: jbauer@panaschools.com <jbauer@panaschools.com>

Hi Jason,

Thanks for taking the time to speak with me this afternoon. I wanted to give a quick summary of the benefits of utilizing PMA to help manage the upcoming bond proceeds and the process.

To start we would open up two separate subaccounts, one for the Alternative Revenue Bonds and one for the Life Safety bonds. That way we will be able to track the interest earned on each issuance, invest separately, and track the spend down of the funds.

When the bonds are closed the funds will be directly deposited into the subaccount and we will be able to look for potential investments based on the construction schedule of the projects. By investing the funds in fixed term investments the district has the potential to earn additional interest on the bond proceeds. This spend schedule would most likely come from the construction manager or architect.

Once the funds are received and invested out we will then run our Bond Proceeds Management report on a monthly basis (sample attached). This report tracks the amount of interest earned for each issuance compared to the maximum allowable yield that is set for each bond issuance. In addition it tracks the spend down of the funds. Tax exempt bond issuances are limited in the amount of interest that can be earned but there are certain exceptions that if met would allow the district to keep any interest earned over that amount. This report would give the district a good idea if those exceptions would be needed or close to being met. And if the IRS were to ever audit the bond issuance this report could help show what was earned and the timing of expenses.

As an indication, here are where we are seeing the current treasury rates this afternoon. These are subject to change and hopefully there would also be bank product available that could have higher rates as well.

Term	Current Rate (01/06/22)
6 months	0.13%

7 months	0.15%
8 months	0.20%
9 months	0.24%
10 months	0.28%
11 months	0.34%
12 months	0.36%

Because bond proceeds have additional terms and restrictions on them we believe our Bond Proceeds Management program offers many benefits. I did include the fact sheet on the BPM process that articulates it better than I can.

Feel free to reach out to me if you have any questions!

Thanks,

Tim

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### **Tim Flaherty**

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## 2 attachments



**BPM Report - Sample Client.pdf**  
88K



**PMA Fact Sheet- BPM\_2021.pdf**  
1105K