



Lehigh County Authority

ALLENTOWN DIVISION: BOND REFINANCING & FINANCING CAPITAL NEEDS

BOARD OF DIRECTORS

JANUARY 22, 2024



GOALS OF THE PLAN OF FINANCE

- ▶ Realize interest rate savings.
- ▶ Extend the Maturity of the refunding debt to the current maturity of debt issued in 2020 to a more manageable level.
- ▶ Provide \$55mm for capital projects.

HOW GOALS WILL BE REALIZED

➤ **Refinance the remaining outstanding Series 2013 A Bonds.**

- Provides interest rate savings.
- Existing rate on Series of 2013 A – 5%
- Current projected borrowing rate – 4.20%

➤ **Extend Final Maturity**

- Unrefunded Series 2013 A debt – 2047
- Proposed Series 2024 debt – 2059

➤ **Level Debt Service Amortization of Capital Needs**

- Annual debt service starting in 2028 of \$3.320mm
- Final maturity - 2059

DEBT PRIOR TO AND AFTER 2024 ISSUANCE

	<u>Debt Outstanding Prior to 2024 issuance</u>	<u>Debt to be Refunded</u>	<u>Debt Outstanding After 2024 Issuance</u>
Water and Sewer Revenue Bonds, Series of 2013 A	107,615,000.00	107,615,000.00	0.00
Water and Sewer Revenue Bonds, Series of 2013 B (Accreted Value)	71,221,343.68	0.00	71,221,343.68
Water and Sewer Revenue Bonds, Taxable Series of 2020	161,035,000.00	0.00	161,035,000.00
Water and Sewer Revenue Bonds, Series A of 2020 (Fulton Bank Loan)	13,395,000.00	0	13,395,000.00
Water and Sewer Revenue Bonds, Series of 2024	<u>0.00</u>	<u>0.00</u>	<u>163,175,000.00</u>
Totals	353,266,343.68	107,615,000.00	408,826,343.68

DEBT SERVICE AFTER REFINANCE & CAPITAL NEEDS

Fiscal Year	Existing Debt Service	Resulting Debt Service After Refunding	Difference	Cumulative Difference	Capital Needs Debt Service	Total Debt Service
2024	15,664,816	16,235,061	-570,244.81	-570,244.81	1,749,179.71	17,984,241
2025	16,217,696	15,516,121	701,574.98	131,330.17	2,518,818.78	18,034,940
2026	16,786,111	16,084,536	701,574.98	832,905.15	2,518,818.78	18,603,355
2027	17,374,611	16,673,036	701,574.98	1,534,480.13	2,518,818.78	19,191,855
2028	17,985,361	17,283,786	701,574.98	2,236,055.11	3,313,818.78	20,597,605
2029	18,623,111	17,921,536	701,574.98	2,937,630.09	3,314,068.78	21,235,605
2030	19,272,611	18,571,036	701,574.98	3,639,205.07	3,312,318.78	21,883,355
2031	19,948,861	19,247,286	701,574.98	4,340,780.05	3,313,568.78	22,560,855
2032	20,651,861	19,950,286	701,574.98	5,042,355.03	3,312,568.78	23,262,855
2033	21,376,111	20,674,536	701,574.98	5,743,930.01	3,314,318.78	23,988,855
2034	21,096,361	20,394,786	701,574.98	6,445,504.99	3,313,568.78	23,708,355
2035	23,221,361	22,519,786	701,574.98	7,147,079.97	3,310,318.78	25,830,105
2036	24,676,361	23,974,786	701,574.98	7,848,654.95	3,314,568.78	27,289,355
2037	26,226,361	25,524,786	701,574.98	8,550,229.93	3,310,818.78	28,835,605
2038	27,231,361	26,529,786	701,574.98	9,251,804.91	3,314,318.78	29,844,105
2039	21,141,361	18,529,786	2,611,574.98	11,863,379.89	3,309,568.78	21,839,355
2040	21,676,861	18,525,786	3,151,074.98	15,014,454.87	3,311,818.78	21,837,605
2041	22,225,361	18,526,536	3,698,824.98	18,713,279.85	3,315,568.78	21,842,105
2042	22,803,611	18,525,786	4,277,824.98	22,991,104.83	3,310,568.78	21,836,355
2043	23,392,361	18,532,536	4,859,824.98	27,850,929.81	3,312,068.78	21,844,605
2044	18,638,111	18,525,286	112,824.98	27,963,754.79	3,314,568.78	21,839,855
2045	18,636,530	18,527,886	108,643.73	28,072,398.52	3,310,168.78	21,838,055
2046	18,637,017	18,528,686	108,331.23	28,180,729.75	3,313,168.78	21,841,855
2047	18,638,036	18,532,086	105,949.98	28,286,679.73	3,313,168.78	21,845,255
2048	16,713,049	18,527,286	-1,814,237.52	26,472,442.21	3,310,168.78	21,837,455
2049	16,714,297	18,529,134	-1,814,837.52	24,657,604.69	3,314,168.78	21,843,303
2050	16,713,910	18,526,103	-1,812,193.76	22,845,410.93	3,312,131.28	21,838,235
2051	16,711,564	18,524,258	-1,812,693.76	21,032,717.17	3,311,587.52	21,835,845
2052	16,711,412	18,527,543	-1,816,131.26	19,216,585.91	3,312,331.26	21,839,874
2053	16,711,461	18,528,761	-1,817,300.00	17,399,285.91	3,309,156.26	21,837,917
2054	16,711,190	18,527,390	-1,816,200.00	15,583,085.91	3,312,062.50	21,839,452
2055	16,715,075	18,526,137	-1,811,062.50	13,772,023.41	3,312,412.50	21,838,550
2056	16,712,421	18,526,008	-1,813,587.50	11,958,435.91	3,313,087.50	21,839,096
2057	16,711,144	18,529,494	-1,818,350.00	10,140,085.91	3,313,875.00	21,843,369
2058	16,710,799	18,530,937	-1,820,137.50	8,319,948.41	3,314,562.50	21,845,499
2059	16,710,660	18,524,610	-1,813,950.00	6,505,998.41	3,309,937.50	21,834,548
Totals	692,689,189	686,183,190	6,505,998.41	6,505,998.41	115,306,043.03	801,489,233

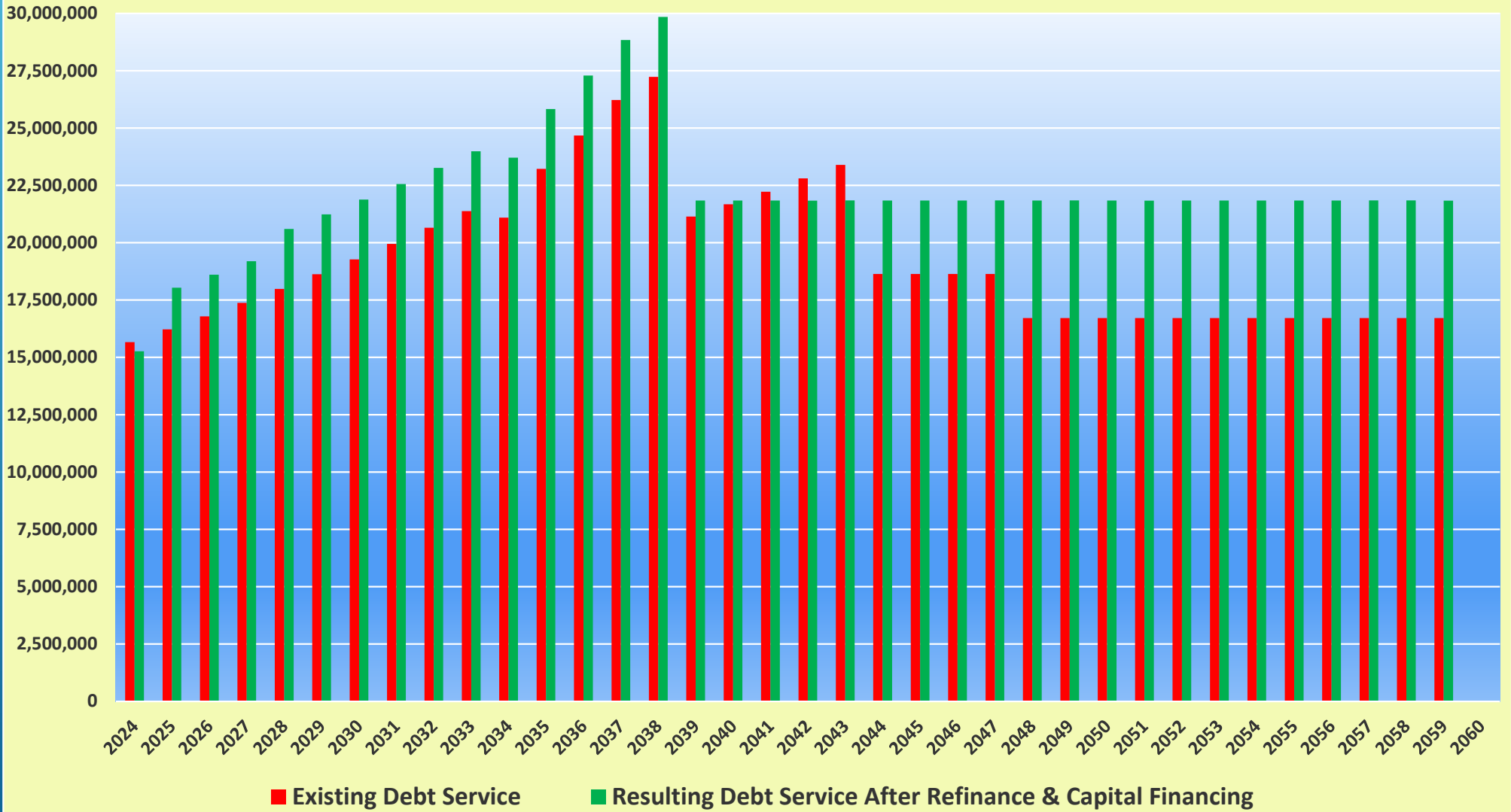
PROPOSED SOURCES AND USE OF FINANCING

Lehigh County Authority
Water and Sewer Revenue Bonds, Series of 2024
(City of Allentown Concession)
Composition of the Issue

Dated/Settlement Date 3/21/2024
 Current Projected Yield of the Issue 4.20

	<u>Refund Series 2013A</u>	<u>Capital Projects</u>	<u>Total</u>
Sources			
Gross Bonds Sold	106,335,000.00	56,840,000.00	163,175,000.00
Premium/(Discount)	2,974,992.60	689,844.25	3,664,836.85
Authority Contribution (6/1/2024 debt svc pmt)	2,719,156.25	0.00	2,719,156.25
Interest During Construction	0.00	2,195,933.54	2,195,933.54
DSRF Release	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	112,029,148.85	59,725,777.79	171,754,926.64
Uses			
Construction Projects			
Construction Year 2024		9,600,000.00	9,600,000.00
Construction Year 2025		30,000,000.00	30,000,000.00
Construction Year 2026		15,400,000.00	15,400,000.00
Cost of the Call	109,147,331.00		109,147,331.00
DSRF Deposit	275,000.00	3,315,568.78	3,590,568.78
Underwriters Discount - estimated	1,615,432.50	832,192.50	2,447,625.00
Municipal Bond Insurance - estimated	532,830.19	274,488.28	807,318.47
Costs of Issuance - estimated	450,000.00	300,000.00	750,000.00
Miscellaneous	<u>8,555.16</u>	<u>3,528.23</u>	<u>12,083.39</u>
Total	112,029,148.85	59,725,777.79	171,754,926.64

Lehigh County Authority (City of Allentown Concession) Comparison of Existing Debt Service vs. Resulting Debt Service After 2024 Refinance and Capital Projects



MAJOR MILESTONES IN PLAN OF FINANCE

- ❑ LCA Board considers passage of Borrowing Parameters Resolution (January 22, 2024)
- ❑ Obtain Municipal Bond Rating (February 1, 2024)
- ❑ Obtain municipal bond insurance quotes – reduces LCA's cost of capital (February 1, 2024)
- ❑ Distribute Preliminary Official Statement (February 14, 2024)
- ❑ Bonds Priced and interest rates set (February 28, 2024)
- ❑ Settlement of Financing (March 21, 2024)

COMPONENTS OF BORROWING PARAMETERS RESOLUTION

The follow parameters are to met for the financing to move forward:

- ✓ Maximum borrowing amount – not greater than \$201,500,000.
- ✓ Minimum debt service savings of 3%, or \$3,230,000.

FINANCING PARTICIPANTS

- ❑ Underwriters – To be determined
- ❑ Bond Counsel – McNees Wallace & Nurick LLC
- ❑ Authority Counsel – King, Spry, Herman, Freund & Faul LLC
- ❑ Authority Engineer – Arcadis, U.S., Inc.
- ❑ System Appraiser -- WADS Consultants
- ❑ Disclosure Counsel – Stevens & Lee, P.C.
- ❑ Financial Advisor – Concord Public Financial Advisors, Inc.
- ❑ Bond Trustee – M&T Bank