



Lehigh Area School District

Refinancing Discussion

March 14, 2022

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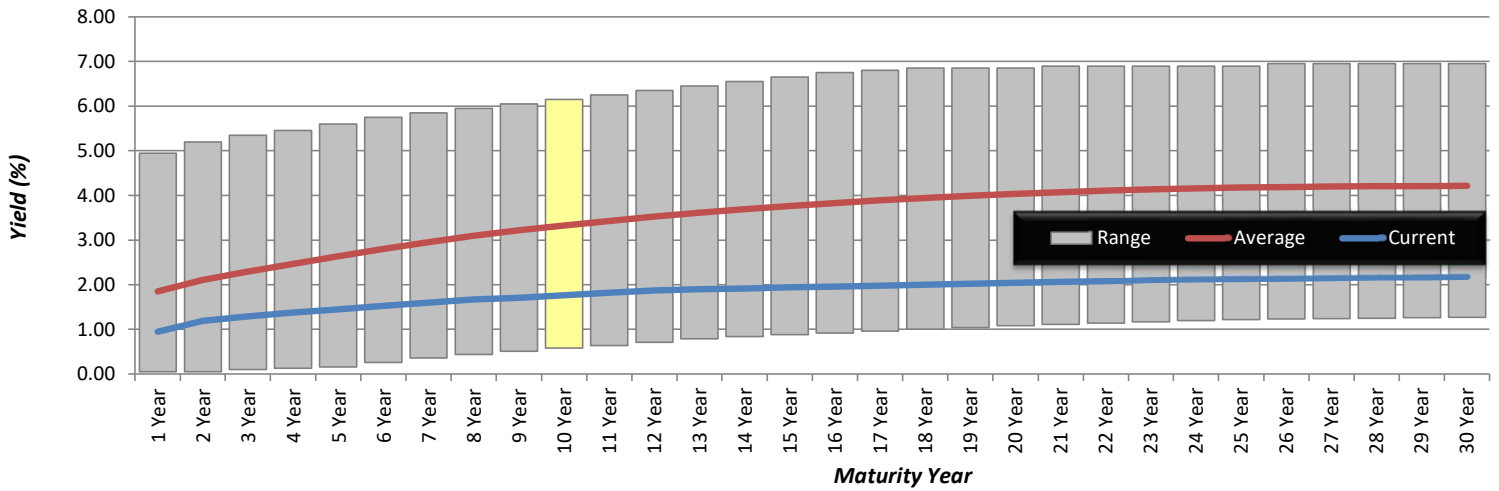
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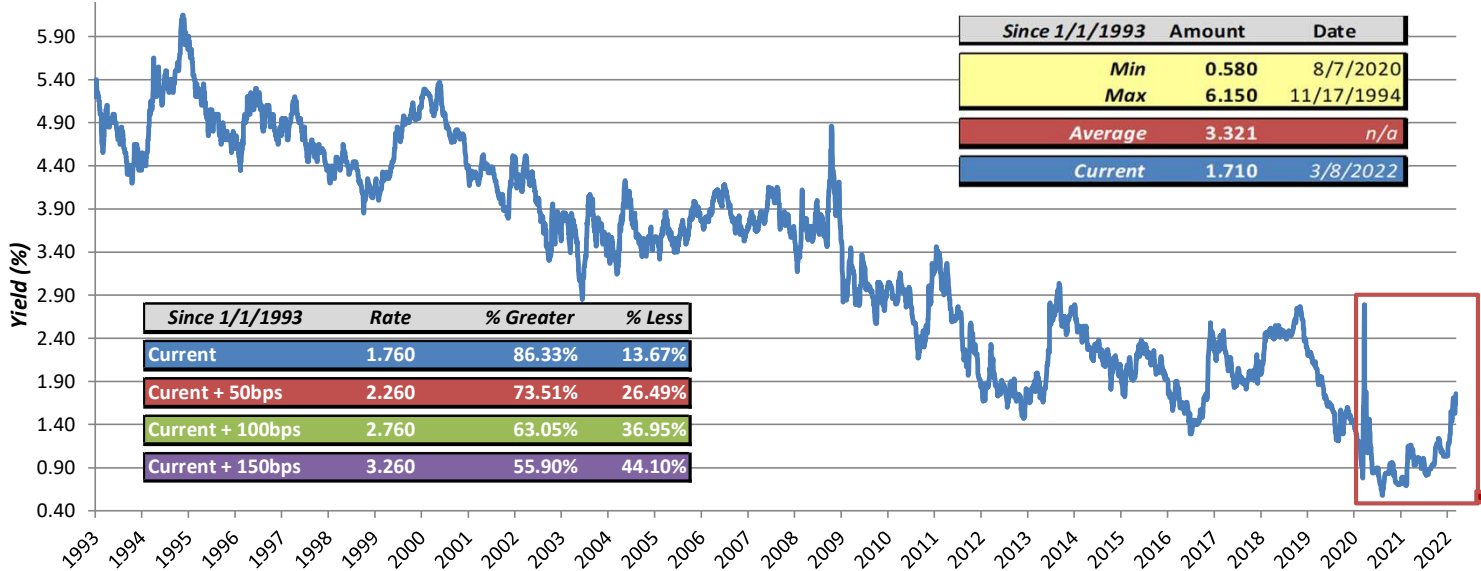
MUNICIPAL MARKET UPDATE

March 9, 2022

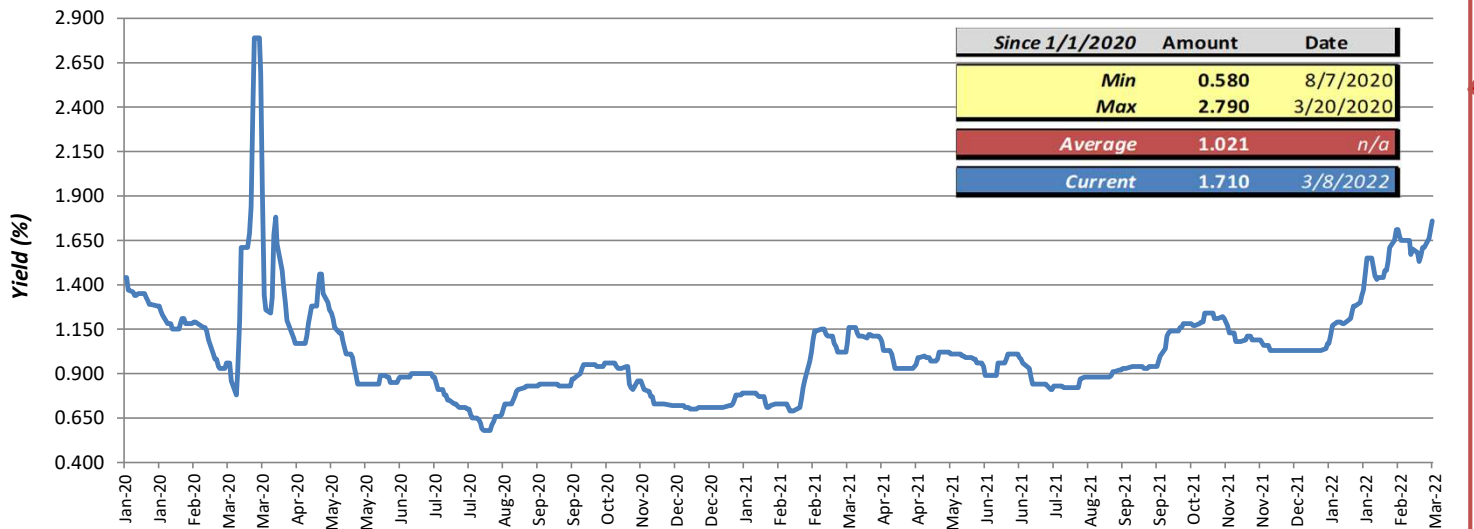
HISTORICAL MMD CURVE ILLUSTRATION - SINCE JANUARY 1, 1993



SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 1993



SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2020



**LEHIGHTON AREA SCHOOL DISTRICT
SUMMARY OF OUTSTANDING INDEBTEDNESS**

Debt Service Requirements							
1	2	3	4	5	6	7	8
Fiscal Year Ended	TD Bank G.O. Note Series of 2014 [1]	G.O. Bonds Series of 2014 (QZABs) [2]	G.O. Bonds Series of 2015	G.O. Bonds Series A of 2015	Vo-Tech Lease Revenue Series of 2016 [3]	BB&T G.O. Note Series of 2017 (QZABs)[4]	Total Debt Service
6/30/2022	868,352	304,045	175,984	1,913,800	307,384	515,000	4,084,565
6/30/2023	868,148	304,045	175,853	1,915,300	306,917	515,000	4,085,262
6/30/2024	867,576	304,045	175,722	1,919,750	308,721	510,000	4,085,813
6/30/2025	867,626	304,045	175,591	1,921,625	307,865	510,000	4,086,752
6/30/2026	868,277	304,045	175,459	1,922,250	308,079	510,000	4,088,111
6/30/2027		814,045	426,981	2,082,500	307,972	365,000	3,996,498
6/30/2028		814,045	429,519	2,087,000	307,247	370,000	4,007,811
6/30/2029		809,045	426,206	2,104,125	308,771	365,000	4,013,147
6/30/2030		809,045	427,491	2,108,750	307,381	365,000	4,017,666
6/30/2031		809,045	428,244	2,116,000	306,880	365,000	4,025,168
6/30/2032		809,045	428,113	2,120,750	307,506	370,000	4,035,414
6/30/2033		809,045	427,263	2,132,750	307,882		3,676,939
6/30/2034		809,045	426,063	2,141,750	309,028		3,685,886
6/30/2035		834,677	429,425	2,123,375	308,534		3,696,011
6/30/2036			427,350	2,659,000	307,779		3,394,129
6/30/2037			424,565	2,662,250	307,543		3,394,358
6/30/2038			425,968	2,661,000	308,322		3,395,289
6/30/2039			421,908	2,665,000			3,086,908
6/30/2040			417,478	2,668,875			3,086,353
6/30/2041			417,585	2,667,500			3,085,085
6/30/2042				3,109,375			3,109,375
6/30/2043				3,108,625			3,108,625
6/30/2044				3,105,750			3,105,750
6/30/2045							
Totals	4,339,979	8,837,260	7,262,765	53,917,100	5,233,812	4,760,000	84,350,916
Local Effort Requirements							
9	10	11	12	13	14	15	16
Fiscal Year Ended	TD Bank G.O. Note Series of 2014 [1]	G.O. Bonds Series of 2014 (QZABs) [2]	G.O. Bonds Series of 2015	G.O. Bonds Series A of 2015	Vo-Tech Lease Revenue Series of 2016 [3]	BB&T G.O. Note Series of 2017 (QZABs)[4]	Total Local Effort
6/30/2022	411,573	203,347	168,011	1,589,148	212,700	298,132	2,882,911
6/30/2023	411,477	203,347	167,886	1,590,393	212,376	298,132	2,883,611
6/30/2024	411,206	203,347	167,761	1,594,088	213,625	295,237	2,885,264
6/30/2025	411,230	203,347	167,636	1,595,645	213,033	295,237	2,886,127
6/30/2026	411,538	203,347	167,510	1,596,164	213,181	295,237	2,886,977
6/30/2027		544,438	407,637	1,729,230	213,107	211,297	3,105,709
6/30/2028		544,438	410,060	1,732,966	212,605	214,192	3,114,261
6/30/2029		541,094	406,897	1,747,186	213,659	211,297	3,120,134
6/30/2030		541,094	408,123	1,751,027	212,698	211,297	3,124,239
6/30/2031		541,094	408,842	1,757,047	212,351	211,297	3,130,631
6/30/2032		541,094	408,717	1,760,991	212,784	214,192	3,137,778
6/30/2033		541,094	407,906	1,770,955	213,044		2,932,999
6/30/2034		541,094	406,760	1,778,429	213,837		2,940,120
6/30/2035		558,237	409,970	1,763,171	213,495		2,944,873
6/30/2036			407,989	2,207,934	212,973		2,828,895
6/30/2037			405,330	2,210,632	212,810		2,828,773
6/30/2038			406,669	2,209,594	213,349		2,829,612
6/30/2039			402,793	2,212,916			2,615,709
6/30/2040			398,564	2,216,134			2,614,697
6/30/2041			398,666	2,214,992			2,613,658
6/30/2042				2,581,908			2,581,908
6/30/2043				2,581,285			2,581,285
6/30/2044				2,578,898			2,578,898
6/30/2045							
Totals	2,057,023	5,910,411	6,933,729	44,770,734	3,621,626	2,755,548	66,049,071
Principal*:	3,326,000	7,244,000	4,965,000	30,050,000	3,775,613	4,245,000	53,605,613

PE%:	82.67%	52.05%	7.12%	26.66%	48.41%	66.18%
PE% Status:	Temp.	Temp.	Temp.	Est.	Est.	Est.
AR% (21-22)	63.63%	63.63%	63.63%	63.63%	63.63%	63.63%
Call Date:	Anytime	11/1/2024	11/15/2022	11/15/2023	3/1/2026	5/1/2027
Purpose:	New Money	New Money	New Money	New Money	Adv Ref 2008	New Money



* Outstanding as of March 8, 2022

[1] On March 2017 the District prepaid \$1,991,000 of the 2014 TD Bank Loan with unspent proceeds of the 2014 Note.

[2] Includes any earnings from the sinking fund (estimated at 1.50%). The final permitted sinking fund yield is 3.06% (as of November 18, 2014).

[3] Assumes a pro-rata share of 26.73%

[4] The District locked in an interest rate of 0.00% with BB&T for this QZAB bank loan.



Lehigh Area School District

Points for Discussion

March 14, 2022



I) 2022 Refinancing Plan Overview:

1. While tax-exempt interest rates and treasury rates had remained near all-time lows from 2020 through the beginning of 2022, ongoing concerns regarding Covid-19, as well as other global concerns such as inflation and war in Ukraine have added to recent market volatility.
2. Since PFM has been monitoring the refunding of the 2015 Bonds, the estimated potential net savings has fluctuated from \$0 to \$300,000.
3. Since PFM has been monitoring the refunding of the 2015A Bonds, the estimated potential net savings has fluctuated from \$0 to \$850,000.
4. Given the current market, PFM would suggest that the District plan to execute a Parameters Resolution for the 2015 and 2015A bond refundings. This would allow the District the flexibility to execute the refunding quickly and efficiently when the market conditions stabilize and produce a favorable net savings amount.

II) Series of 2015 and Series A of 2015 Bonds:

The District has two upcoming refinancing opportunities: the Series of 2015 Bonds and the Series A of 2015 Bonds.

a. Series of 2015 Bonds:

- Outstanding Par: \$4,965,000
- Call Date: November 15, 2022
- Average Rate: 3.24%
- Final Maturity: November 15, 2040

b. Series A of 2015 Bonds:

- Outstanding Par: \$30,050,000
- Call Date: November 15, 2023
- Average Rate: 4.86%
- Final Maturity: November 15, 2043



Lehigh Area School District
Points for Discussion continued...
March 14, 2022



III) Series of 2015 and Series A of 2015 Bonds:

1. Given the timing of the call dates, along with the current market conditions, the District has two possible refinancing options listed below. Both plans are subject to the market cooperating.
 - a. **Option 1:** Issue refinancing bonds in a two-step plan, with the taxable advance refunding of the 2015A bonds first, followed by a tax-exempt current refunding of the 2015 Bonds second.
 - A taxable advance refunding of the 2015A bonds could price and settle in May or June, allowing the District to lock in interest rates and savings a few months prior to the August 2022 settlement for the current refunding of the 2015 Bonds (**this could decrease interest rate risk**).
 - b. **Option 2:** Issue refinancing bonds that tax-exempt currently refund the 2015 Bonds (Series of 2022) while also issuing a taxable advance refunding of the 2015A Bonds (Series A of 2022) together at the same time.
 - Based on the 2015 Bonds call date, the 2022 issuance would be expected to price in July and settle in August, 90 days prior to the November 15, 2022 call date.
2. For both refinancing options, savings could be structured to provide the District upfront budgetary relief, while also potentially smoothing down the District's current annual debt service in FY2027 – 2032.

IV) Estimated Timeline:

March 14, 2022 (Workshop Meeting)	<i>Initial Presentation</i>
March 28, 2022 (Board Meeting)	<i>Authorization to Proceed</i>
April 25, 2022 (Board Meeting)	<i>Board Adopts Parameters Resolution(s)</i>
May 2022 (or later)	<i>2015A Bonds Refi Pricing (Taxable Advance)</i>
June 2022 (or later)	<i>2015A Bonds Refi Settlement</i>
July 2022 (or later)	<i>2015 Bonds Refi Pricing (Tax-Exempt Current)</i>
August 2022 (or later)	<i>2015 Bonds Refi Settlement</i>

LEHIGHTON AREA SCHOOL DISTRICT
Summary of Proposed Series of 2022 Issuance

**Estimated - For Illustrative
Purposes Only**

		1		2		3	
		Series of 2022		Series A of 2022		TOTAL	
Purpose		2015A Bonds Refunding		2015 Bonds Refunding		-	
Settlement		June 2022		August 2022		-	
Tax Status		Taxable (Advance Ref.)		Tax-Exempt (Current Ref.)		-	
Est. Principal		\$31,720,000		\$5,090,000		\$36,810,000	
Est. Net Local Effort Savings ^[1]		\$424,834		\$194,189		\$619,023	
As a % of Principal		1.43%		3.91%		1.79%	

4	5	6	7	8	9	10	11
Fiscal Year Ending	Existing Local Effort	Unrefunded Local Effort	Refunding Local Effort	Net Local Effort Savings	Refunding Local Effort	Net Local Effort Savings	New Local Effort
6/30/2022	2,882,911	2,882,911					2,882,911
6/30/2023	2,883,611	1,485,958	984,815	244,951	108,527	59,360	2,579,300
6/30/2024	2,885,264	1,123,415	1,435,392	158,696	159,888	7,873	2,718,694
6/30/2025	2,886,127	1,122,847	1,593,379	2,266	164,160	3,476	2,880,385
6/30/2026	2,886,977	1,123,303	1,593,169	2,995	163,587	3,923	2,880,059
6/30/2027	3,105,709	968,842	1,726,003	3,227	402,810	4,827	3,097,655
6/30/2028	3,114,261	971,235	1,730,680	2,286	399,636	10,424	3,101,550
6/30/2029	3,120,134	966,051	1,746,118	1,068	391,616	15,281	3,103,785
6/30/2030	3,124,239	965,089	1,751,497	(470)	388,299	19,825	3,104,884
6/30/2031	3,130,631	964,742	1,755,292	1,755	380,136	28,706	3,100,170
6/30/2032	3,137,778	968,070	1,761,204	(213)	376,675	32,042	3,105,949
6/30/2033	2,932,999	754,138	1,768,558	2,398	405,984	1,921	2,928,680
6/30/2034	2,940,120	754,931	1,776,951	1,478	405,937	823	2,937,819
6/30/2035	2,944,873	771,732	1,762,025	1,146	410,304	(334)	2,944,061
6/30/2036	2,828,895	212,973	2,208,575	(642)	404,839	3,150	2,826,387
6/30/2037	2,828,773	212,810	2,210,616	17	403,932	1,399	2,827,357
6/30/2038	2,829,612	213,349	2,209,061	533	407,440	(771)	2,829,850
6/30/2039	2,615,709		2,212,039	877	401,115	1,678	2,613,154
6/30/2040	2,614,697		2,215,252	881	399,349	(785)	2,614,601
6/30/2041	2,613,658		2,214,848	144	397,297	1,370	2,612,144
6/30/2042	2,581,908		2,580,352	1,557			2,580,352
6/30/2043	2,581,285		2,580,463	822			2,580,463
6/30/2044	2,578,898		2,579,836	(938)			2,579,836
6/30/2045							
TOTAL	66,049,071	16,462,394	42,396,126	424,834	6,571,528	194,189	65,430,048

[1] Estimated rates based on current market conditions as of March 2022 - actual rates to be determined at time of pricing.

[2] 2015A Bonds have a call date of November 15, 2023.

[3] 2015 Bonds have a call date of November 15, 2022.



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