



Lehigh Area School District

Points for Discussion

April 12, 2021



I) Restructuring Plan Overview:

1. The District's has previously authorized its financing team (PFM Financial Advisors, RBC Capital Markets and King Spry, Herman, Freund & Faul) to explore a restructuring scenario that will provide short-term budgetary relief in FY 2022 and 2023, allowing the District to build up general fund reserve levels.
2. This restructuring will identify certain maturities of each of the District's outstanding series of debt to be paid within the next 24 months and push some or all of those payments out further to create short term budget relief with the understanding it will have an overall long term cost.
 - a. It is our understanding from the Administration that the District will use the one (1) time savings in budget FYE 2022 and 2023 to build up general fund reserve levels.
 - b. This debt restructuring is meant to be one aspect of the District's multi-year recovery plan that includes future tax increases and rebuilding of reserve levels.
 - c. It is very important that the District does NOT lower its debt service budget going forward because of the debt restructuring. As mentioned above, this debt restructuring is only designed to provide one-time savings in the FYE 2022 and 2023 budget years, and after that the District's debt service budget will go back to its current level (approx. \$4.0 million).
 - d. The below table shows what maturities and interest payments will be restructured from the District's 2014 Note and 2015A Bonds.

Series	Maturity	Par Amount
Series of 2014 Note	11/15/2021	788,000
	11/15/2022	805,000
Series A of 2015 Bonds	11/15/2021	420,000
	11/15/2022	430,000

Series	Maturity	Interest Amount
Series A of 2015 Bonds	11/15/2021	749,000
	5/15/2022	744,800
	11/15/2022	744,800
TOTAL PAR PLUS INTEREST		4,681,600

Purpose: Restructure portions of the District's debt to provide short-term budgetary relief in FY2022 and FY2023. Certain maturities of each outstanding series of debt will be restructured to provide budget relief, with the understanding that it will have an overall long-term cost to the District.

	2021A (TE)	2021B (TE)	2021C (TX)	Total
Settlement	August 2021	August 2021	August 2021	
Principal	\$1,665,000	\$1,215,000	\$1,995,000	\$4,875,000
Total Restructured Par Plus Interest	\$1,593,000	\$1,169,000	\$1,919,600	\$4,681,600
Est. FY22 Budgetary Relief	\$364,116	\$947,549	\$575,897	\$1,887,562
Est. FY23 Budgetary Relief	\$356,085	(\$32,189)	\$918,922	\$1,242,818

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Fiscal Year Ending	Existing Local Effort	(Less) Refunded Local Effort	Plus Est. 2021A Restructuring Local Effort [1]	Plus Est. 2021B Restructuring Local Effort [1]	Plus Est. 2021C Restructuring Local Effort [1]	Estimated Total Local Effort	Total Gross Savings /(Cost)
6/30/2021	2,899,168					2,899,168	
6/30/2022	2,900,399	(1,978,697)	23,801	24,142	43,193	1,012,837	1,887,562
6/30/2023	2,899,078	(1,364,332)	31,735	32,189	57,590	1,656,260	1,242,818
6/30/2024	2,898,751		31,735	32,189	57,590	3,020,265	(121,514)
6/30/2025	2,897,586		31,735	32,189	62,008	3,023,518	(125,932)
6/30/2026	2,896,432		31,735	32,189	128,072	3,088,427	(191,996)
6/30/2027	3,111,589		31,735	32,189	60,782	3,236,294	(124,706)
6/30/2028	3,112,999		31,735	32,189	60,691	3,237,613	(124,614)
6/30/2029	3,111,760		31,735	32,189	60,588	3,236,272	(124,511)
6/30/2030	3,108,748		31,735	32,189	60,475	3,233,146	(124,398)
6/30/2031	3,108,046		31,735	32,189	60,353	3,232,322	(124,277)
6/30/2032	3,108,131		31,735	32,189	60,228	3,232,282	(124,151)
6/30/2033	2,895,497		31,735	32,189	252,751	3,212,171	(316,674)
6/30/2034	2,895,560		31,735	32,189	251,075	3,210,558	(314,998)
6/30/2035	2,893,240		31,735	32,189	253,432	3,210,595	(317,355)
6/30/2036	2,838,085		31,735	32,189	312,127	3,214,135	(376,050)
6/30/2037	2,837,959		31,735	32,189	311,625	3,213,508	(375,548)
6/30/2038	2,838,815		31,735	32,189	310,202	3,212,941	(374,126)
6/30/2039	2,618,079		310,399	32,189	190,127	3,150,793	(532,715)
6/30/2040	2,617,069		413,815	116,344		3,147,229	(530,160)
6/30/2041	2,616,029		418,804	113,885		3,148,719	(532,690)
6/30/2042	2,584,561		16,871	470,015		3,071,447	(486,886)
6/30/2043	2,583,937			478,847		3,062,784	
6/30/2044	2,581,548					2,581,548	
6/30/2045							

TOTAL	68,853,065	(3,343,029)	1,691,445	1,750,441	2,592,909	71,544,831	(2,212,919)
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[1] Estimated based off current market rates. Actual rates to be determined at time of pricing.

PV Savings/(Cost) (698,677)

ILLUSTRATION OF DEBT PORTFOLIO

