

Saucon Valley School District
Meeting of the Finance Committee
District Office Conference Room
April 9, 2025 – 6:00 pm

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Welcome to the Saucon Valley School Board Ad Hoc Finance Committee meeting. Our objective is to serve our community's students, parents, and residents. You are an important part of this meeting, and we look forward to your questions and comments. We are all here for the same reason. All opinions are welcomed and equally valuable. Our only request is that we address each other with civility and respect. Our courtesy toward each other is the best way to show our students how much we respect them as well.

The District reserves the right to move agenda items up to other committees as needed.

Committee Members – Cedric Dettmar, Dr. Laurel Erickson-Parsons, Dr. Shamim Pakzad, Donald Carpenter

Agenda

- I. Call to the Order – Cedric Dettmar, Committee Chair**
- II. Pledge of Allegiance**
- III. Recording of Attendance – David Bonenberger, Committee Secretary**
- IV. Motion to Approve Agenda**
- V. Approval of Minutes – March 12, 2025**
- VI. Courtesy of the Floor to Visitors – Agenda Items Only – Visitors should state their name and address.**
- VII. Discussion: BAVTS Expansion Project Financing**
- VIII. Discussion: 2025-2026 Budget**
- IX. New Business**
- X. Old Business**
- XI. Courtesy of the Floor to Visitors - Visitors should state their name and address.**
- XII. Future Meetings – May 14, 2025 – District Office Conference Room**
- XIII. Motion to Adjourn**

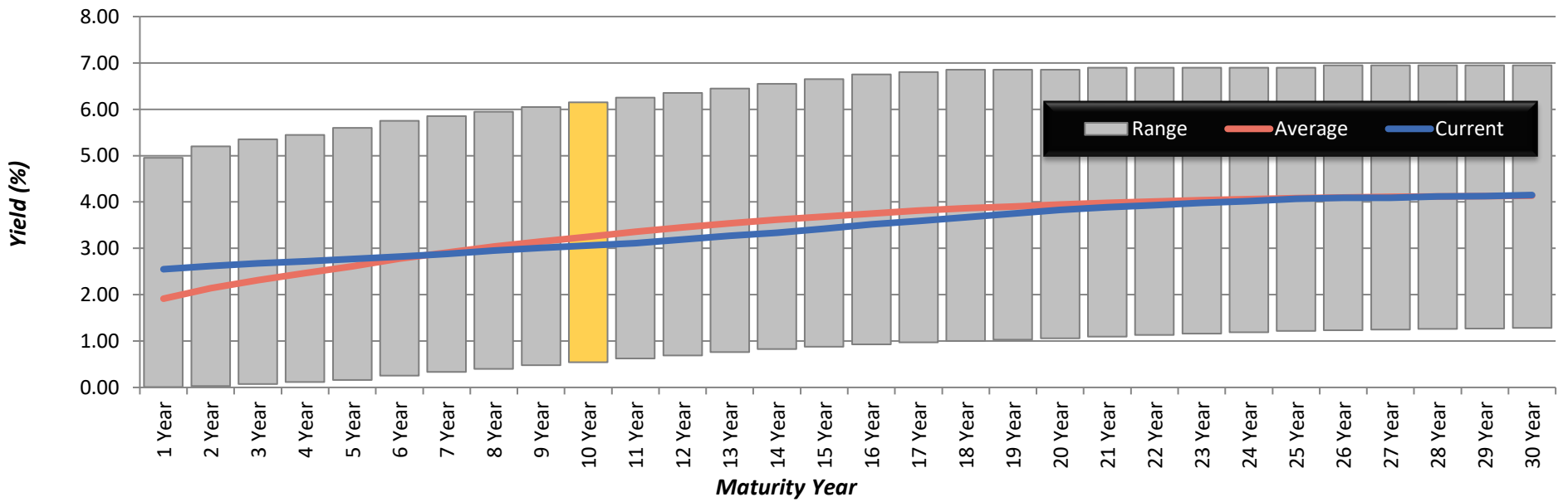
A meeting of the Finance Committee was held on Wednesday, March 12, 2025, in the District Office Conference Room. Finance Committee members Mr. Donald Carpenter, Mr. Cedric Dettmar, Dr. Laurel Erickson-Parsons, and Dr. Shamim Pakzad were present. Also present were David Bonenberger - Committee Secretary, and Superintendent Jaime Vlasaty.

- I. **Call to the Order** – 6:00 pm – *Cedric Dettmar, Committee Chair*
- II. **Pledge of Allegiance**
- III. **Recording of Attendance** – *David Bonenberger, Committee Secretary*
4-present, 0-absent
- IV. **Motion to Approve Agenda** – Dr. Pakzad, seconded by Dr. Erickson-Parsons, moved to approve the agenda. Vote: 4-yes, 0-no
- V. **Approval of Minutes** – Mr. Carpenter, seconded by Dr. Erickson-Parsons, moved to approve the February 12, 2025 minutes. Vote: 4-yes, 0-no
- VI. **Courtesy of the Floor to Visitors – Agenda Items Only** – None
- VII. **Discussion:** 2025-2026 Budget – Mr. Bonenberger introduced Katheryn Ingenito, our representative from Hillendale Associates, the district’s healthcare broker, to discuss healthcare costs in the budget.
- VIII. **Discussion:** BAVTS Expansion Project Financing – Mr. Bonenberger reviewed the options for financing the BAVTS Expansion Project.
- IX. **New Business** - None
- X. **Old Business** - None
- XI. **Courtesy of the Floor to Visitors** – None
- XII. **Future Meetings** – April 9, 2025 – District Office Conference Room
- XIII. **Motion to Adjourn** - Mr. Dettmar adjourned the meeting.

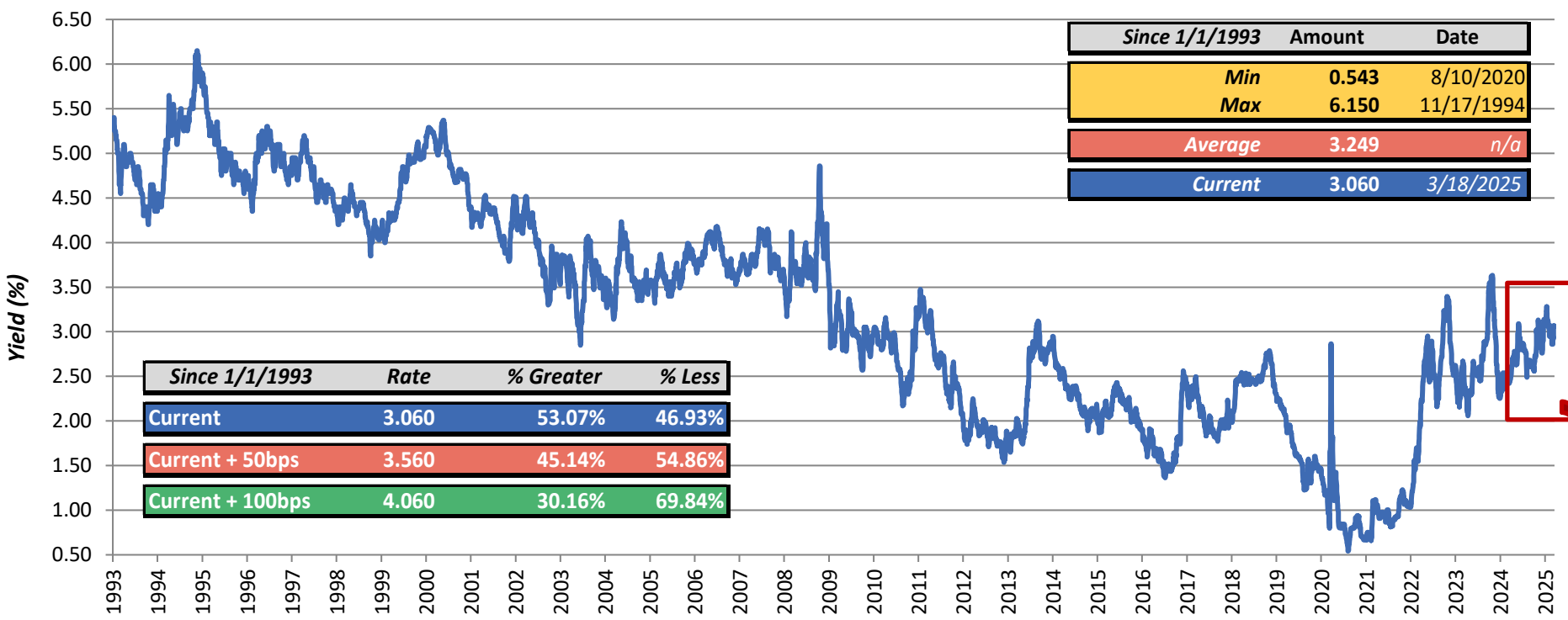
MUNICIPAL MARKET UPDATE

March 18, 2025

HISTORICAL BVAL CURVE ILLUSTRATION - SINCE JANUARY 1, 1993 [1]



SPOT ANALYSIS - 10 YEAR BVAL - SINCE JANUARY 1, 1993 [1]



SPOT ANALYSIS - 10 YEAR BVAL - SINCE JANUARY 1, 2024



[1] Datapoints prior to January 4, 2010 are provided by MMD, datapoints after January 4, 2010 are provided by BVAL.

Bethlehem Area Vocational-Technical School
Topics of Discussion
 March 2025

Proposed New Money Financing Options & Debt Service Structure

- 1) Illustration assumes pro-rata share of bond issue to be split between member districts based on STEB market value, per Articles of Agreement.

Member District	Moody's	S&P	Share (%)
Bethlehem Area SD	A1	NR	65.5354%
Northampton Area SD	A1	NR	23.3082%
Saucon Valley SD	NR	AA-	11.1564%
Total	-	-	100.0000%

- a. Step 1- BASD Issues GO Bonds to fund property purchase (Complete)
 - b. Step 2- BAVTSA Issues Bank Qualified Bonds in Late 2025
 - i. NASD pay back its share of property purchase from bond proceeds
 - ii. SVSD pays back its share of property purchase from district cash
 - c. Step 3- BAVTSA Issues Bank Qualified Bonds in 2026 to finance remaining renovations
 - i. SVSD pays its share of property purchase from district cash
- 2) Plan would require pro-rata member district shares be fixed at issuance
 - a. Trustee will be able to directly invoice each member district for their portion of debt service semi-annually.

Federal Tax Laws

- 3) Federal tax laws permit an Issuer to borrow at a tax-exempt interest rate and invest the proceeds at an unlimited (taxable) yield subject to arbitrage requirements during the period of project construction, but only if the following three tests can be satisfied. The governing board must reasonably expect at the time the borrowing:
 - a. **Expenditure Test** – issuer will spend 85% of the proceeds within three years.
 - b. **Time Test** – issuer will incur a substantial binding obligation (sign a design contract, award a construction bid) within six months, equal to at least 5% of the borrowing amount.
 - c. **Due Diligence Test** – construction of the project will proceed, and the bonds funds will be spent, with due diligence to completion.

Issuance Method - School Lease Revenue Bonds through an Authority

- Pro-rata shares subject to annual appropriation by member districts but **does not count against** member district's borrowing capacity.
- Pro-rata share **may not count against** member districts' bank-qualified capacity for the calendar year.
- Slightly higher interest rate compared to G.O. Debt but would allow for the potential of bank-qualified bond issuances through the Authority (two BQ bond issuances vs. one Non-BQ bond issuance). **Therefore, borrowing rate impact to member District's is negligible**
 - Allows for 5-year call date flexibility which would be more flexible than District's borrowing on their own based on current assumptions
- If BAVTS is the issuer of the debt, member districts may pay a small amount of additional issuance costs which would be spread over the life the financing (ie...approximately less than \$100,000 or \$5,000/yr)

ESTIMATED SOURCES AND USES OF FUNDS				
		BASD	NASD	SVSD
Project Shares		65.5354%	23.3082%	11.1564%
No BASD Shares		0.0000%	67.6294%	32.3706%
No SVSD Shares		73.7649%	26.2351%	0.0000%
Costs				
	Total	BASD	NASD	SVSD
Land Purchase	8,100,000	5,308,367	1,887,964	903,668
BASD Closing Costs	56,209		38,014	18,195
BASD Interest Repayment	106,644		72,123	34,521
Due Diligence/Planning	3,000,000	1,966,062	699,246	334,692
Est. Costs to Get to Bid	11,262,853	7,274,429	2,697,347	1,291,077
Columbia St Reno	9,280,625	6,082,095	2,163,147	1,035,384
BAVTS Main Reno	2,540,625	1,665,009	592,174	283,442
Costs Post Bid	11,821,250	7,747,103	2,755,321	1,318,826
Total Costs	23,084,103	15,021,533	5,452,667	2,609,903
Sources of Funds				
	Total	BASD	NASD	SVSD
2025 BASD Borrowing	7,274,429	7,274,429	0	0
2025 BAVTSA Borrowing	2,697,347	0	2,697,347	0
2025 Cash Contribution	1,291,077	0	0	1,291,077
Funding to Get to Bid	11,262,853	7,274,429	2,697,347	1,291,077
2026 BAVTSA Borrowing	10,364,100	7,645,069	2,719,031	0
2026 Cash Contribution	1,318,826	0	0	1,318,826
Interest Earnings	145,514	107,338	38,176	0
Funding Post Bid	11,828,440	7,752,407	2,757,207	1,318,826
Total	23,091,293	15,026,837	5,454,554	2,609,903

BETHLEHEM AREA VOCATIONAL TECHNICAL SCHOOL
 Summary of Proposed New Money - Overall Plan (\$22.8MM Project)
ESTIMATED - For Illustrative Purposes Only

	BASD GO 2025		BAVTSA Series of 2025 Pro Rata Shares			BAVTSA Series of 2026 Pro Rata Shares			Total Net Project Debt Service			
	1	2	3	4	5	6	7	8	9	10	11	TOTAL
	FULL Borrowing	Bethlehem ASD	Bethlehem ASD	Northampton ASD	Saucon Valley SD	Bethlehem ASD	Northampton ASD	Saucon Valley SD	Bethlehem ASD	Northampton ASD	Saucon Valley SD	
Timing	2/13/2025	2/13/2025	-	-	-	-	-	-	-	-	-	
Const. Fund Dep.	\$11,100,000	\$7,274,429	\$0	\$2,697,347	\$0	\$7,645,069	\$2,719,031	\$0	\$14,919,498	\$5,416,378	\$0	\$20,335,876
Cash Contribution	\$0	\$0	\$0	\$0	\$1,291,077	\$0	\$0	\$1,318,826	\$0	\$0	\$2,609,903	\$2,609,903
Capitalized Interest	\$0	\$0	\$0	\$71,375	\$0	\$0	\$0	\$0	\$0	\$71,375	\$0	\$71,375
BQ Status	NBQ	NBQ	NA	BQ	NA	NBQ	NBQ	NA	NA	NA	NA	
Pro-Rata Project Share [1]	NA	65.5354%	65.5354%	23.3082%	11.1564%	65.5354%	23.3082%	11.1564%	65.5354%	23.3082%	11.1564%	
Pro-Rata Borrowing Share [1]	NA	65.5354%	0.0000%	100.0000%	0.0000%	73.7649%	26.2351%	0.0000%	NA	NA	NA	
12	13	14	15	16	17	18	19	20	21	22	23	
Fiscal Year Ending	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	Estimated Net Pro-Rata Local Effort	
6/30/2025												
6/30/2026	595,728	390,413							390,413			
6/30/2027	525,814	344,595		230,500		326,577	116,150		671,172	346,650		
6/30/2028	525,744	344,548		230,875		559,017	198,819		903,565	429,694		
6/30/2029	525,673	344,502		231,000		557,460	198,265		901,962	429,265		
6/30/2030	525,602	344,455		230,875		555,413	197,537		899,868	428,412		
6/30/2031	525,531	344,409		235,375		556,068	197,770		900,477	433,145		
6/30/2032	525,458	344,361		234,500		556,068	197,770		900,429	432,270		
6/30/2033	525,382	344,311		238,250		558,607	198,673		902,918	436,923		
6/30/2034	525,306	344,261		236,625		557,133	198,149		901,394	434,774		
6/30/2035	525,230	344,211		239,625		558,198	198,528		902,409	438,153		
6/30/2036	525,154	344,162		232,375		555,249	197,479		899,410	429,854		
6/30/2037	1,443,125	945,757		230,000		554,839	197,333		1,500,597	427,333		
6/30/2038	1,442,967	945,654		232,250		556,805	198,032		1,502,460	430,282		
6/30/2039	1,442,443	945,311		229,125		557,788	198,382		1,503,099	427,507		
6/30/2040	1,443,492	945,998		230,625		557,788	198,382		1,503,786	429,007		
6/30/2041	1,443,859	946,238		231,625		560,000	199,169		1,506,238	430,794		
6/30/2042	1,443,439	945,964		232,125		557,870	198,411		1,503,834	430,536		
6/30/2043	1,442,128	945,105		232,125		557,952	198,440		1,503,057	430,565		
6/30/2044	1,443,911	946,273		231,625		556,887	198,061		1,503,160	429,686		
6/30/2045	1,442,338	945,242		230,625		557,870	198,411		1,503,112	429,036		
6/30/2046						557,542	198,295		557,542	198,295		
TOTAL	18,838,323	12,345,770	0	4,420,125	0	10,915,132	3,882,056	0	23,260,902	8,302,181	0	

Notes:
 [1] Pro-rata provided by Vo-Tech as of December 20, 2024.
 [2] Estimated rates based on current market conditions. Actual rates to be determined at time of pricing.
 [3] Assumes no state reimbursement.

BETHLEHEM AREA VOCATIONAL TECHNICAL SCHOOL

Summary of Estimated Construction Draws

1	2	3	4				5	6	7	8	9	10	11			12	13	14	15
Month	Date	Beginning Balance	USES						SOURCES				Ending Balance						
			Columbia St. Reno	BAVTS Main Reno	Due Diligence/ Planning	Columbia St. Buyout	BASD Repayment	Estimated COI & Cap. Interest	Total Draws	Bond Proceeds	Cash Contributions	Interest Earnings		Total Sources					
1	2/1/2025																		
2	3/1/2025						(8,100,000)						11,100,000				11,100,000	3,000,000	
3	4/1/2025	3,000,000			(300,000)												7,644	7,644	2,707,644
4	5/1/2025	2,707,644			(300,000)												6,676	6,676	2,414,320
5	6/1/2025	2,414,320			(300,000)												6,152	6,152	2,120,472
6	7/1/2025	2,120,472			(300,000)												5,229	5,229	1,825,700
7	8/1/2025	1,825,700			(300,000)												4,652	4,652	1,530,352
8	9/1/2025	1,530,352			(300,000)												3,899	3,899	1,234,251
9	10/1/2025	1,234,251			(300,000)			(3,988,424)	(230,523)		(4,518,946)		2,927,869	1,291,077			3,043	4,221,990	937,295
10	11/1/2025	937,295			(300,000)												2,388	2,388	639,683
11	12/1/2025	639,683			(300,000)												1,577	1,577	341,260
12	1/1/2026	341,260			(300,000)												870	870	42,130
13	2/1/2026	42,130	(773,385)	(211,719)													107	107	(942,867)
14	3/1/2026	(942,867)	(773,385)	(211,719)													(2,170)	(2,170)	(1,930,141)
15	4/1/2026	(1,930,141)	(773,385)	(211,719)					(305,078)		(1,290,182)		10,669,179	1,318,826			(4,918)	11,983,087	8,762,763
16	5/1/2026	8,762,763	(773,385)	(211,719)													21,607	21,607	7,799,266
17	6/1/2026	7,799,266	(773,385)	(211,719)													19,872	19,872	6,834,033
18	7/1/2026	6,834,033	(773,385)	(211,719)													16,851	16,851	5,865,780
19	8/1/2026	5,865,780	(773,385)	(211,719)													14,946	14,946	4,895,622
20	9/1/2026	4,895,622	(773,385)	(211,719)													12,474	12,474	3,922,991
21	10/1/2026	3,922,991	(773,385)	(211,719)													9,673	9,673	2,947,560
22	11/1/2026	2,947,560	(773,385)	(211,719)													7,510	7,510	1,969,967
23	12/1/2026	1,969,967	(773,385)	(211,719)													4,857	4,857	989,720
24	1/1/2027	989,720	(773,385)	(211,719)													2,522	2,522	7,137
25	2/1/2027	7,137															18	18	7,156
26	3/1/2027	7,156															16	16	7,172
27	4/1/2027	7,172															18	18	7,190
TOTALS			(9,280,625)	(2,540,625)	(3,000,000)		(8,100,000)	(3,988,424)	(535,601)	(27,445,275)			24,697,048	2,609,903		145,514	27,452,465		



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