



Capital Financing Presentation

August 2025

Prepared by:



NW FINANCIAL GROUP, LLC
Exceeding Expectations

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Agenda

- ✓ City Fiscal Status
- ✓ Capital Improvement Projects 2026-2029
- ✓ Plan of Finance:
 - ✓ Maximum and Projected Bond Sources & Uses of Funds
 - ✓ Maximum and Projected Debt Service
 - ✓ Estimated Issuance Timing
- ✓ Project Team

Allentown Fiscal Progress

Allentown has made great strides forward in fiscal stability since 2018. The hard work of successive City Councils and Administrations has:

- ✓ Increased fiscal reserves.
- ✓ Institutionalized long-term financial planning.
- ✓ Practiced Budgetary discipline with structurally balanced operations.

Bond Ratings have improved and stabilized

Moody's	"A2"
Standard & Poor's	"A"

"Allentown's revenue outperformance and improved fiscal management continue to drive a better financial position. Conscientious financial planning and budgetary governance, combined with growing tax revenues, will help the city preserve its stronger fiscal position going forward.

Until a few years ago, Allentown carried a structural imbalance that it routinely masked through nonrecurring maneuvers such as scoop-and-toss refundings, sale-leaseback deals to finance deficits, asset sales, and issuance of pension obligation bonds. Even with these maneuvers, the city still burned through all of its reserves by 2012, after which it executed its most significant nonrecurring maneuver: a \$211 million upfront payment in exchange for a 50-year concession on its water and sewer utility. The cash cushion generated by that deal didn't last. The city had burned through most of that by 2018, at which point it realized it needed to change its habits....

Stronger financial management helped to deliver the much-improved reserves... Also helping was a \$57 million infusion of federal stimulus funds through the American Recovery Plan Act, as well as a pickup in economic growth that has helped to drive revenue outperformance" - **Moody's Credit Opinion March 2024**

\$122.3 Million Police, Public Safety, Parks, Public Works Capital Program 2026-2028

- ✓ \$30 million Police Headquarters already underway and allocated \$9 million in City Funds.
- ✓ \$65 million Life Safety and Wellness Building in pre-development.
- ✓ \$18.7 million and \$17.5million three-year capital budget for Parks and Public Works.
- ✓ Current estimate from Butz, Alloy5, City Parks & Public Works

City of Allentown Capital Improvement Program 2026-2028

Dept.	Project Title	FY 2026	FY 2027	FY 2028	Total Project Cost
PW	SS4A Implementation - High Injury Network	500,000	1,000,000	1,000,000	2,500,000
PW	Canal Park Bridge	250,000		4,500,000	4,750,000
PW	Street Program - Paving Maintenance	-	570,000	200,000	770,000
PW	Salt Shed @ Streets Bureau (Design, Assessment & Replace	80,000	700,000		780,000
PW	City Asset Improvements: HVAC Upgrades City Buildings (VAV	3,000,000	-	-	3,000,000
PW	City Asset Improvements: Replace sawtooth roof @ Bridgewo	1,000,000	-		1,000,000
PW	City Asset Improvements: Replace roof -Central Fire	400,000			400,000
PW	ALL City Asset Improvements: (City buidlings, city rentals, etc	1,500,000	2,000,000	2,000,000	5,500,000
	Total -Public Works Projects	6,730,000	4,270,000	7,700,000	18,700,000
Parks	Parks Maint. Facility Const.	3,000,000	2,000,000	-	5,000,000
Parks	Franklin Park Const.	1,550,000	-		1,550,000
Parks	Court & Field Upgrades (Resurfacing)	150,000	150,000		300,000
Parks	Mack Pool (Design and Const)		2,750,000		2,750,000
Parks	MLK Trail Const (Phase 2)		2,400,000		2,400,000
Parks	MLK Trail Const. (Phase I)	655,988			655,988
Parks	Fountain Park Design & Construct		400,000	3,000,000	3,400,000
Parks	Canal Park Improvements		-	1,000,000	1,000,000
Parks	Andre Reed Improvements		400,000		400,000
Parks	Mini-Pitch			200,000	200,000
	Total - Parks Capital Projects	5,355,988	8,100,000	4,200,000	17,655,988
Police	Total - Police Headquarters	10,000,000	6,000,000	5,000,000	21,000,000
LSWC	Total - Life Safety & Wellness Center [(LSWC) (Central Fire+EMS+Health)]	15,000,000	25,000,000	25,000,000	65,000,000
	Total ALL Department Capital Projects	37,085,988	43,370,000	41,900,000	122,355,988

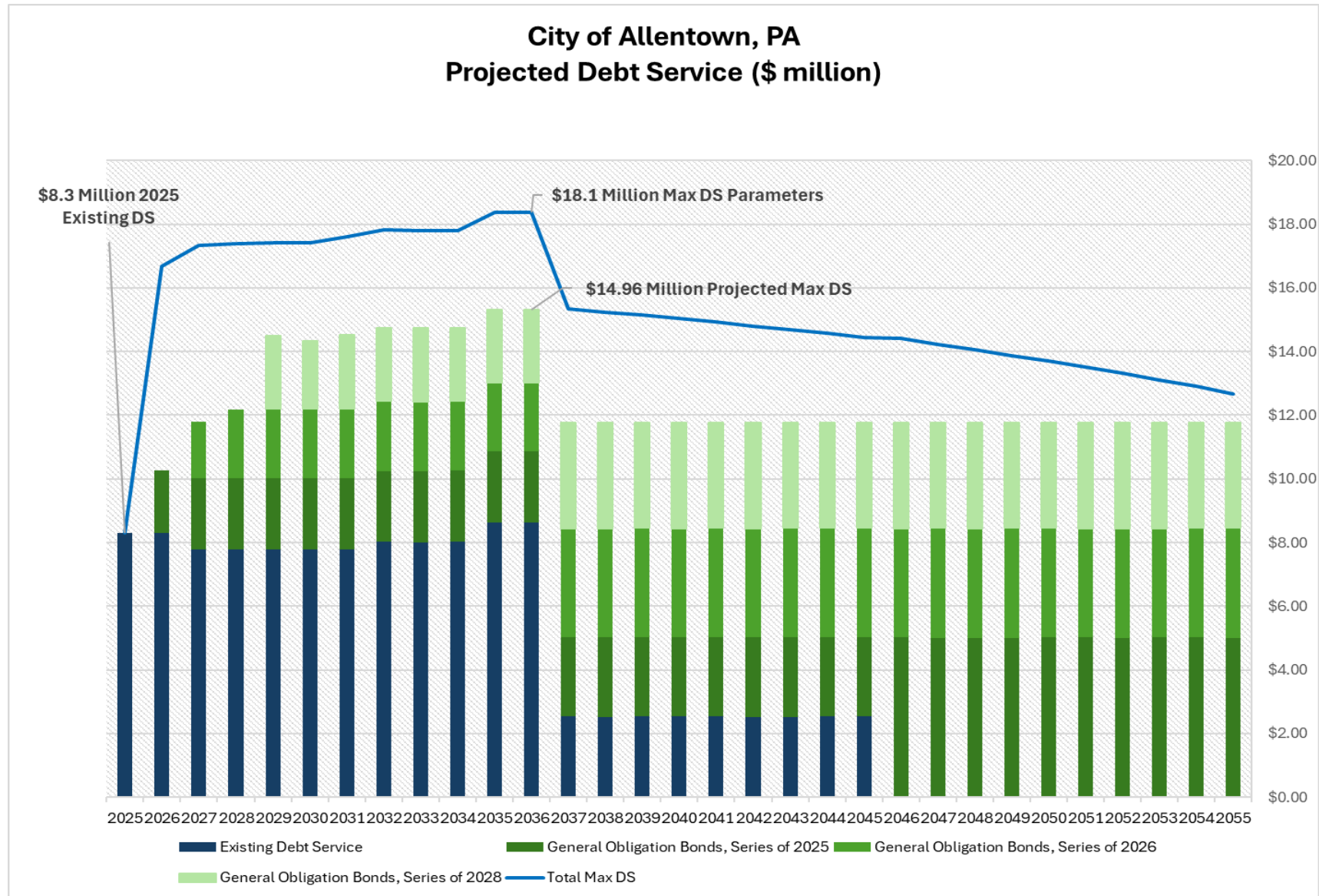
Plan of Finance – Sources & Uses of Funds

The proposed ordinance sets out maximum parameters for:

- ✓ amount of debt,
- ✓ annual principal amortization,
- ✓ interest rate
- ✓ final maturity.

Bond Sizing Analysis ⁽¹⁾		
	Maximum Parameters	Projected ⁽¹⁾
Sources of Funds		
Bonds Issued	\$ 134,040,000	\$ 121,740,000
Original Issue Premium	-	1,714,266
Total Financing Sources	\$ 134,040,000	\$ 123,454,266
Uses of Funds		
Project Costs	\$ 132,920,860	\$ 122,400,000
Issue Costs	1,119,140	1,054,266
Total Financing Uses	\$ 134,040,000	\$ 123,454,266
Maximum Annual Debt Service (2047)	\$ 14,598,262	\$ 11,779,470
Interest Rate (Average Coupon)	7.125%	5.085%
Interest Rate (True Interest Cost)	7.125%	5.268%
Final Maturity Date	10/1/2055	10/1/2055
⁽¹⁾ Based on current project budgets, interest rates and costs.		

Plan of Finance – Annual Debt Service



Plan of Finance - Issuance Timeline

Plan of Finance envisions issuance of bonds as required to meet capital construction needs.

- ✓ **Reduces interest expense**
- ✓ **Delays budget impact of new debt service until closer to the time assets are placed in service.**

Preliminary Timing and Size of Issues ⁽¹⁾			
	Early Date	Expected Date	Amount (\$ Millions)
Issue #1	11/15/2025	1/15/2026	41.15
Issue #2	12/1/2026	9/15/2027	41.15
Issue #3	9/1/2028	10/15/2028	41.15

⁽¹⁾ Based on current project budgets and construction/development schedules.

Project Team

Professional/Legal Team

Bond Counsel

Jennifer Caron, Esq.
Eckert Seamans Cherin & Mellott
Harrisburg, PA

Financial Advisor

Tom Beckett, Managing Director
NW Financial Group
Berwyn, PA

Underwriters' Counsel

Mike Davidson, Esq. and Dan Turner, Esq.
Turner Law Group, PC
Philadelphia, PA

Paying Agent

Wilmington Trust
Buffalo, NY

Co-Managing Underwriters (Rotating Lead)

Selected by competitive process, these are three leading firms in Pennsylvania public finance.

Raymond James & Associates, Inc.

Allie Macchi, Managing Director
David Eckhart, Managing Director
Lancaster, PA

RBC Capital Markets, Inc.

Dan O'Brian, Director
West Conshohocken, PA

Stifel, Nicolaus & Company, Inc.

Mark Quinn, Managing Director
Chris Hoffert, Director
Conshohocken/Lancaster, PA