



## City of Allentown, Revenue Note, Series of 2020 (Administrative Order Projects)

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Prepared by:



NW FINANCIAL GROUP, LLC  
*Exceeding Expectations*

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Section One

Project Description

# Scope of Work

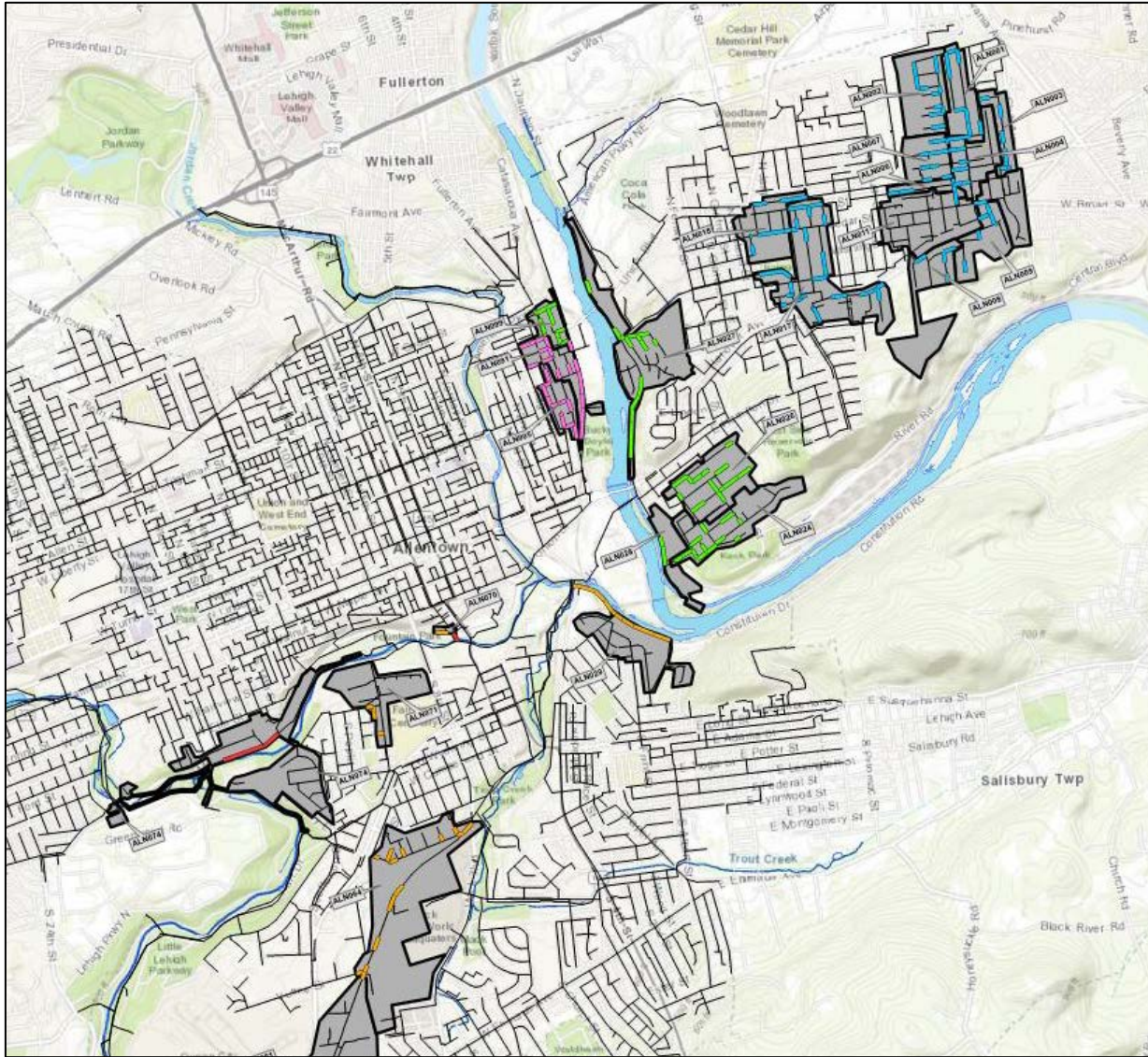
## Withdrawal from Administrative Orders

### Regional Flow Management Strategy:

1. Source Reduction Projects
2. Flow Characterization Study
3. Act 537 Planning



# 1. Source Reduction Projects



CIPP – Cured  
In-Place Pipe

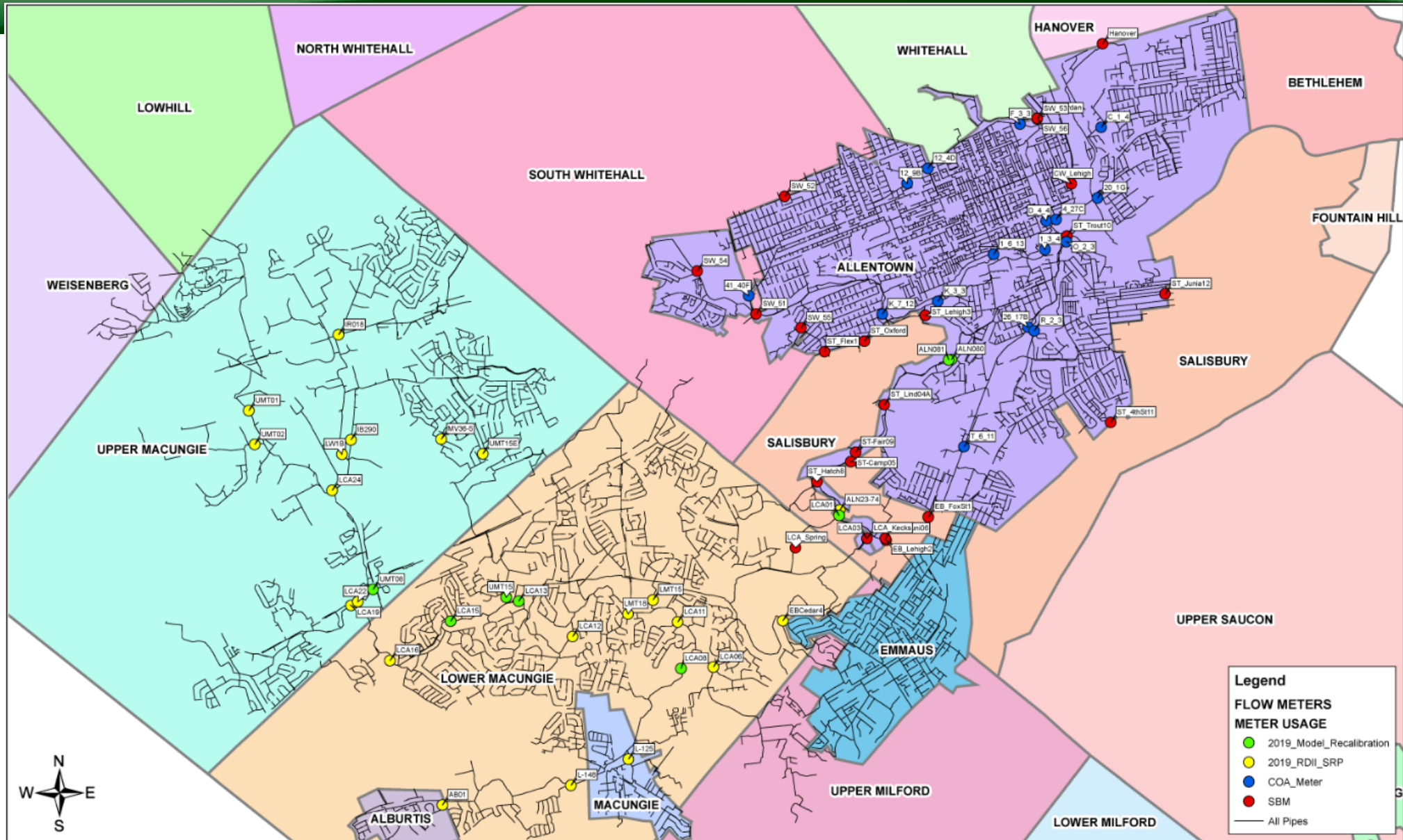
Manhole  
Rehabilitation



# 1. Source Reduction Projects



# 2. Flow Characterization Study



# 3. Act 537 Planning

## Flow Characterization Study

Agreement on Cost Sharing

Municipal Flow Projections

Treatment Alternatives Developed

Evaluations and Selection of the Preferred Alternative

Planning Departments Review  
Public Notice

Municipal Adoptions

PaDEP Final  
Submission







# 2

Section Two

## Financing Description - Bond Sizing, Costs and Cash Flows

# Financing Description

## The proposed Revenue Note, Series of 2020

- ✓ Provide \$4.1 million of funding for Administrative Order Projects over the next 3 years.
- ✓ Refund the City's Revenue Note, Series of 2016.
- ✓ Pay costs of Issue.

# AO Projects

## AO Project Costs Funded with 2020 Revenue Note

Project Administration, Permitting, Flow Characterization Study	\$ 1,616,557
Regional Flow Management System (2020-2022 )	<u>\$ 2,497,794</u>
	\$ 4,114,351

## 2016 AO Note Refunding

The existing \$2.25 million Revenue Note, Series of 2016 will be refunded.

- ✓ Existing Bank declined to participate in the new financing.
- ✓ Refunding simplifies documentation and administration.
- ✓ 2016 Note has a 2.73% fixed rate through October 1, 2023. It is variable, capped at 5% thereafter to the final maturity of October 1, 2036.
- ✓ Refunding will result in fixed rate of 3.326% to a shorter final maturity of December 1, 2034. The resulting debt service is approximately \$175,000 less than the projected 2016 Debt Service at the 5% cap rate.

# Bond Sources and Uses

Sources	Administrative Order Special Revenue Note, Series of 2020 (New Money Portion)	Refunding of 2016 AORevenue Note	Total
Par Amount	\$ 4,780,000	\$ 2,310,000	\$ 7,090,000
2016 DSRF	-	191,699	191,699
Total	\$ 4,780,000	\$ 2,501,699	\$ 7,281,699

Uses	Administrative Order Special Revenue Note, Series of 2020 (New Money Portion)	Refunding of 2016 AORevenue Note	Total
Project Fund	\$ 4,114,351	\$ -	\$ 4,114,351
Cash Deposit	-	2,265,363	2,265,363
Reserve Fund	435,356	204,004	639,359
Capitalized Interest Fund	166,490	-	166,490
Cost of Issuance <sup>(1)</sup>	62,362	30,138	92,500
Rounding	1,440	2,195	3,635
Total	\$ 4,780,000	\$ 2,501,699	\$ 7,281,699

<sup>(1)</sup> **Estimated Costs of Issuance**

Bond Counsel	\$ 50,000
Financial Advisor	30,000
Self-Liquidating Debt Report	5,000
Bank Counsel	<u>7,500</u>
	\$ 92,500

# Estimated Net Debt Service

Administrative Order Special Revenue Note, Series of 2020					
Period Ending	New Money Portion	Refunding Portion - 2016 Note	Capitalized Interest	Debt Service Reserve Fund (DSRF)	Total
12/31/2020	86,998.92	127,043.41	(86,998.92)		127,043.41
12/31/2021	433,982.80	204,003.50	(79,491.40)		558,494.90
12/31/2022	434,836.30	199,679.70		▲	634,516.00
12/31/2023	430,357.20	200,355.90		▲	630,713.10
12/31/2024	430,711.80	200,865.80		▲	631,577.60
12/31/2025	430,733.80	201,209.40		▲	631,943.20
12/31/2026	430,423.20	201,386.70		▲	631,809.90
12/31/2027	434,780.00	201,397.70		▲	636,177.70
12/31/2028	433,637.90	201,242.40		▲	634,880.30
12/31/2029	432,163.20	200,920.80		▲	633,084.00
12/31/2030	435,355.90	200,432.90		▲	635,788.80
12/31/2031	433,049.70	199,778.70		▲	632,828.40
12/31/2032	430,410.90	203,958.20		▲	634,369.10
12/31/2033	432,439.50	202,805.10		▲	635,244.60
12/31/2034	433,969.20	201,485.70		(639,359.40)	(3,904.50)
	<u>6,143,850.32</u>	<u>2,946,565.91</u>	(166,490.32)	(639,359.40)	<u>8,284,566.51</u>

# Estimated Debt Service Savings – 2016 AO Bond Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 05/14/2020 @ 3.32508%
12/30/2020	154,821.70	127,043.41	27,778.29	28,119.59
12/30/2021	185,258.20	204,003.50	(18,745.30)	(16,964.07)
12/30/2022	185,791.10	199,679.70	(13,888.60)	(11,939.23)
12/30/2023	185,214.80	200,355.90	(15,141.10)	(12,663.49)
12/30/2024	185,100.00	200,865.80	(15,765.80)	(12,500.48)
12/30/2025	185,200.00	201,209.40	(16,009.40)	(12,299.16)
12/30/2026	185,050.00	201,386.70	(16,336.70)	(12,166.88)
12/30/2027	185,650.00	201,397.70	(15,747.70)	(11,313.18)
12/30/2028	185,950.00	201,242.40	(15,292.40)	(10,605.03)
12/30/2029	185,950.00	200,920.80	(14,970.80)	(10,030.53)
12/30/2030	185,650.00	200,432.90	(14,782.90)	(9,578.52)
12/30/2031	185,050.00	199,778.70	(14,728.70)	(9,238.54)
12/30/2032	185,150.00	203,958.20	(18,808.20)	(11,641.48)
12/30/2033	185,900.00	202,805.10	(16,905.10)	(10,049.86)
12/30/2034	185,250.00	201,485.70	(16,235.70)	(9,318.77)
12/30/2035	185,250.00	-	185,250.00	111,626.62
12/30/2036	185,850.00	-	185,850.00	108,313.58
	<u>3,122,085.80</u>	<u>2,946,565.91</u>	<u>175,519.89</u>	<u>87,750.58</u>

**Note: Refunding results reflect prior debt service at the 5% cap after 10/1/23.**

# City of Allentown Rate Payer Typical Residential billing impact family of 4

**~\$7.20 increase  
per year**

Approximately \$0.12 increase per 1,000 gallons over the current charge (current charge = \$0.03 for a total of \$0.15)

Based on a quarterly bill of 15,000 gallons



# 3

Section Three

Financing Timeline and Project Team



# Project Timeline

Week of Monday	Task	Responsibility
<b>March 9</b>		
<b>3/10</b>	Circulate Draft Ordinance, Term Sheet and Plan of Finance	I, NC, P, FA,S
<b>3/11</b>	Meeting with LCA to Review AO Funding	I,FA
<b>March 16</b>		
<b>3/18</b>	Presentation of Plan of Finance and Bank Proposal to City Council & Introduction of Self-Liquidating Debt Ordinance	NC, FA
<b>April 6</b>		
<b>4/8</b>	Finalize Max Rate, Amortization of Loan	FA, P
<b>4/9</b>	Finalize Self Liquidating Debt Report	E
<b>April 13</b>		
<b>4/15</b>	Second Reading of Debt Ordinance & Enactment	I
<b>April 20</b>		
<b>4/21</b>	Submission of Proceedings to DCED	NC
<b>May 10</b>		
<b>5/14</b>	Closing	

Legend:			
<b>I</b>	Issuer – City of Allentown	<b>P</b>	Purchaser – Webster Bank
<b>S</b>	Solicitor	<b>PA</b>	Paying Agent
<b>FA</b>	Financial Advisor – NW Financial	<b>PC</b>	Purchaser’s Counsel – McCarter & English
<b>NC</b>	Note Counsel – Eckert Seamans	<b>E</b>	Consulting Engineer - HRG

# Project Team

- City of Allentown – Office of Compliance
- Note Counsel – Eckert Seamans, Harrisburg, PA
- Financial Advisor – NW Financial Group, Pottstown, PA
- Note Purchaser/Bank – Webster Bank, Providence, RI
- Purchaser's Counsel – McCarter & English, Newark, NJ
- AO Escrow Account Bank – M&T, Harrisburg, PA