

Township of Solebury

New Money & Refunding Analysis

April 6, 2021

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Topics of Discussion

Township of Solebury

1. Debt Structure & Historical Methods of Financing

- Township must follow the rules of the Local Government Unit Debt Act while balancing the needs of the taxpayers.
 - Level or declining overall debt profile
 - Utilize Electoral (open space) and Non Electoral Debt
 - Public approved a \$12 million referendum for open space acquisitions
 - Not exceed useful life of projects
 - Utilize municipal bonds, bank loans and bond pool methods of finance
 - The Township goal was to reduce overall interest expense of the tax payers by utilizing wrap around debt service structures, draw down bank loans and taking advantage of lower interest rates and the short end of the yield curve.
 - Goal of maintaining credit rating (Current Rating: Moody's Aa1 Upgraded in 2019)

2. Refunding Opportunities – Series of 2012 & Series of 2017

	<u>Series of 2012 Bonds</u>	<u>Series of 2017 Note</u>
Balance:	\$2,830,000	\$1,056,000
Callable:	Anytime	Anytime
Rates:	2.00%	2.10% fixed/Reset Variable (Cap 4.00%)
Final Maturity:	December 1, 2025	June 1, 2025

The savings related to these two issues is positive, but would be more efficient if included with an additional borrowing. The Township has other debt that is currently callable, but do not produce any savings.



3. New Money

The Township is considering funding additional projects for the open space program.

- Wrap around structure
 - Level or declining debt service on the overall debt portfolio
 - Generally has a lower upfront budgetary impact
 - May have a term shorter than useful life of the asset to be financed

4. Parameters Ordinance

The Township may consider a “Parameters Ordinance” for the Series A & B of 2021, which authorizes the financing team to issue the bonds as long as certain parameters are met in order to be able to enter the market with those bonds when it is most advantageous.

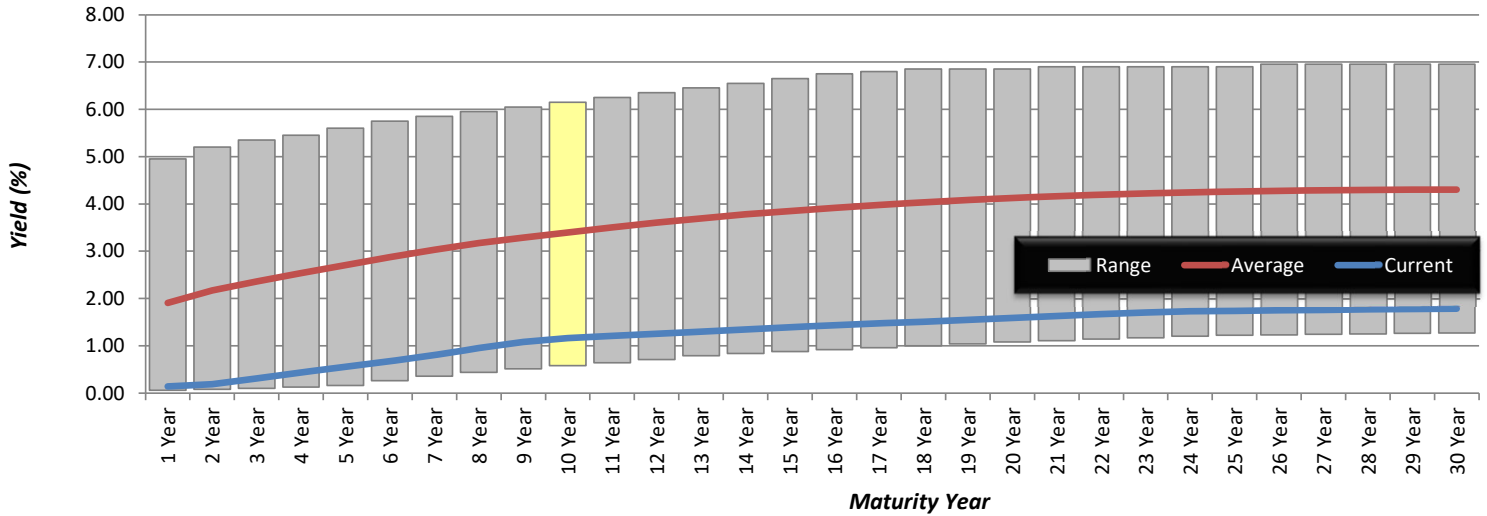
- The Parameters Ordinance establishes a set of threshold under which the ultimate financing must fit within, including:
 - Maximum principal amount
 - Maximum interest rate
 - Maximum final maturity
 - Maximum price

The Township will not need to hold special meetings to approve the final pricing of the bonds.

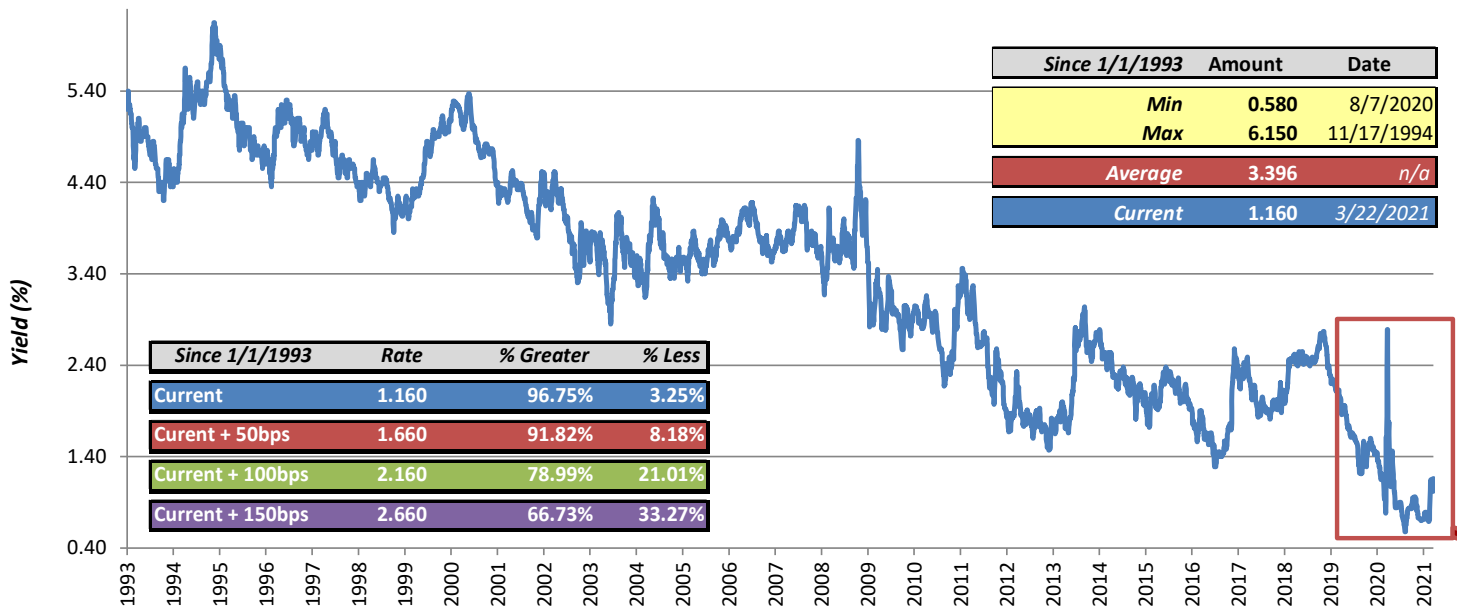
MUNICIPAL MARKET UPDATE

March 22, 2021

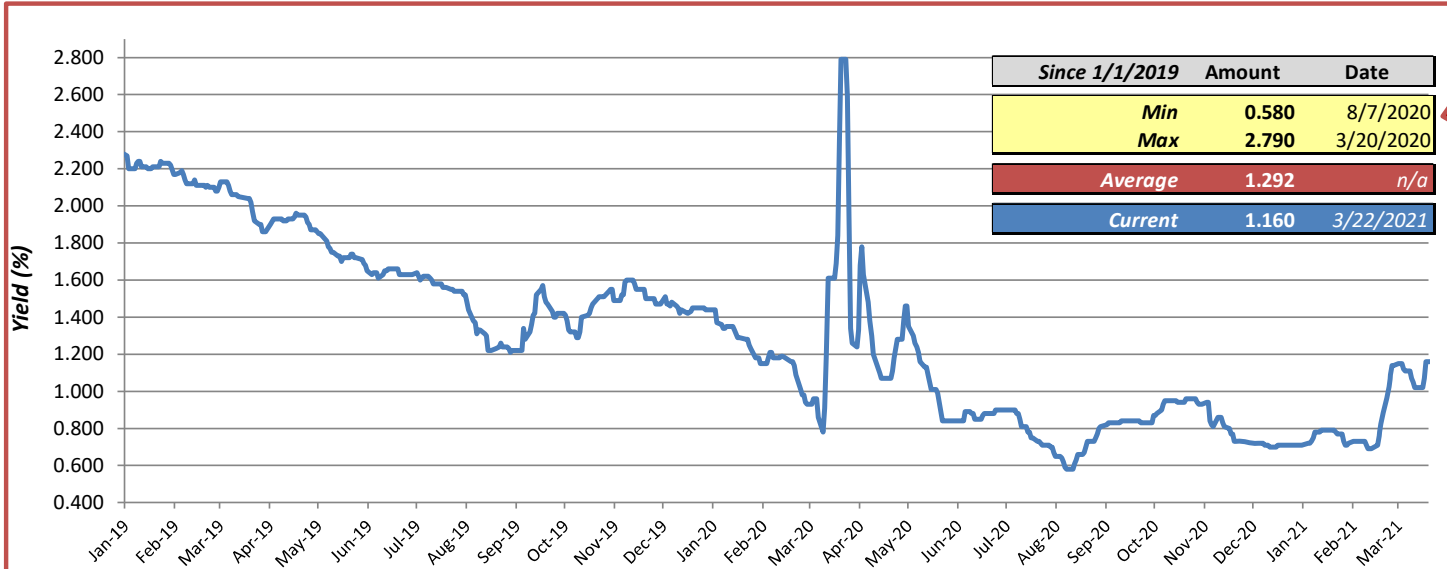
HISTORICAL MMD CURVE ILLUSTRATION - SINCE JANUARY 1, 1993



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



SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2019



TOWNSHIP OF SOLEBURY
SUMMARY OF OUTSTANDING INDEBTEDNESS

Debt Service Requirements

1	2	3	4	5	6	7	8	9	10	11	12
Fiscal Year Ended	ELECTORAL DEBT					NON-ELECTORAL DEBT					Total Debt Service
	Del Val Note Series of 2011	G.O. Bonds Series of 2012	G.O. Bonds Series of 2019	G.O. Bonds Series of 2020	Electoral Debt Subtotal	G.O. Bonds Series of 2012	G.O. Note Series of 2017	G.O. Bonds Series A of 2017	G.O. Bonds Series of 2019	Non-Electoral Debt Subtotal	
12/31/2021	473,050	546,600	728,325	99,115	1,847,090	88,600	23,187	1,260,050	42,950	1,414,787	3,261,876
12/31/2022	472,896	541,800	729,825	98,965	1,843,486	96,900	23,166	1,252,300	42,950	1,415,316	3,258,801
12/31/2023	472,388	636,900	729,825	98,815	1,937,928		31,061	1,250,600	42,950	1,324,611	3,262,538
12/31/2024	472,506	639,900	733,200	98,665	1,944,271		547,383	553,000	218,450	1,318,833	3,263,104
12/31/2025	472,241	642,600	734,825	98,515	1,948,181		530,400	383,800	399,575	1,313,775	3,261,956
12/31/2026	471,592		344,550	1,677,440	2,493,582				767,600	767,600	3,261,182
12/31/2027			343,200	2,917,590	3,260,790						3,260,790
12/31/2028			341,750	341,870	683,620						683,620
12/31/2029			345,150		345,150						345,150
12/31/2030			343,400		343,400						343,400
Totals	2,834,672	3,007,800	5,374,050	5,430,975	16,647,497	185,500	1,155,196	4,699,750	1,514,475	7,554,921	24,202,418

Principal*:	2,610,000	2,830,000	4,725,000	4,850,000	15,015,000	180,000	1,057,000	4,450,000	1,315,000	7,002,000	22,017,000
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Type/Bank:	Del Val	Bonds	Bonds	Bonds	Bonds	FNB Newtown	Bonds	Bonds
Call Date:	Make Whole	12/1/2017	4/1/2025	10/1/2025	12/1/2017	Anytime	6/1/2022	4/1/2025
Purpose:	Cur Ref 2006	Cur Ref 2003A & 2003B Del Val	Cur Ref 2013 A&B, 2015C	New Money	Cur Ref 2012 Del Val	New Money	Cur Ref 2014	New Money

Bank Loan/Del Val

Assumed Rates:	2.95	-	-	-	2.10/4.00	-	-
Fixed Rate End:	Until Maturity	-	-	-	6/1/2024	-	-

* Outstanding as of March 24, 2021

TOWNSHIP OF SOLEBURY
SUMMARY OF ESTIMATED NEW MONEY FINANCING PLAN
ESTIMATED - For Illustrative Purposes Only

	1	2	3
	NEW MONEY	REFUNDING	TOTAL
Principal	\$5,075,000	\$3,896,000	\$8,971,000
Projects	\$5,000,000	N/a	\$5,000,000
Uses	Open Space	Refund Series of 2012 & 2017	New Money & Refunding
Fund	Electoral	Electoral/Non-Electoral	Electoral/Non-Electoral
Settlement	June, 2021	June, 2021	June, 2021
Structure	Wrap	Upfront Savings	-
BQ Status	BQ	BQ	BQ

4	5	6	7	8	9	10	11
Fiscal Year Ending	Existing Total Debt Service	Proposed Debt Service [1]	Est. Annual Electoral Savings [1]	Est. Annual Non-Electoral Savings [1]	Total Debt Service	Existing Electoral Debt Service	Existing Non-Electoral Debt Service
12/31/2021	3,261,876	46,803	47,691	3,749	3,257,238	1,846,201	1,411,037
12/31/2022	3,258,801	101,500	858	5,266	3,354,178	1,944,128	1,410,050
12/31/2023	3,262,538	101,500	373	5,251	3,358,415	2,039,055	1,319,360
12/31/2024	3,263,104	101,500	658	6,616	3,357,331	2,045,114	1,312,218
12/31/2025	3,261,956	101,500	823	6,500	3,356,133	2,048,858	1,307,275
12/31/2026	3,261,182	106,450			3,367,632	2,600,032	767,600
12/31/2027	3,260,790	106,350			3,367,140	3,367,140	
12/31/2028	683,620	2,684,210			3,367,830	3,367,830	
12/31/2029	345,150	2,480,560			2,825,710	2,825,710	
12/31/2030	343,400				343,400	343,400	
TOTAL	24,202,418	5,830,373	50,401	27,381	29,955,008	22,427,469	7,527,540

[1] Estimated based on current market rates. Actual rates to be determined at time of pricing.

Township of Solebury
Preliminary Schedule for Dual Track

April 2021							May 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3							1
4	5	6	7	8	9	10	2	3	4	5	6	7	8
11	12	13	14	15	16	17	9	10	11	12	13	14	15
18	19	20	21	22	23	24	16	17	18	19	20	21	22
25	26	27	28	29	30		23	24	25	26	27	28	29
							30	31					

June 2021							July 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5					1	2	3
6	7	8	9	10	11	12	4	5	6	7	8	9	10
13	14	15	16	17	18	19	11	12	13	14	15	16	17
20	21	22	23	24	25	26	18	19	20	21	22	23	24
27	28	29	30				25	26	27	28	29	30	31

ALTERNATIVE 1
<i>Bank Loan</i>

ALTERNATIVE 2
<i>Bond Issue</i>

April 6th	Board Meeting to Discuss Dual Track Financing Plan/ Authorization to Start Process
Early April	Request for Information for Bank Loan
Mid-April	Bank Loan RFP Distributed to Local and Regional Banks
May 10th	Bank Response and Review by PFM
Week of May 10th	Advertisement to Ordinance
Week of May 10th	Discussion with Administration about Bank Loan Results
May 18th	Review Bank Proposals with Board/Approve Parameters Ordinance and Accept Bank Loan or Continue with Bond Issue Process
Mid-May	Request for Information for Potential Bond Issue
Mid/End of May	Post Advertisement Ordinance/File with DCED Preliminary Official Statements Distributed to Rating Agency and Bond Insurers
Early June	Rating Call
Mid-June	Bank Loan Settlement Rating Finalized/Preliminary Official Statement Completed
Mid/End of June	Pricing of Bonds
End of June	File with DCED
Mid/End of July	Bond Issue Settlement



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