City of Bethlehem

Restructuring Discussion

July 21, 2026

Prepared by:
Scott Shearer, *Managing Director*
Karli Keisling, *Senior Managing Consultant*

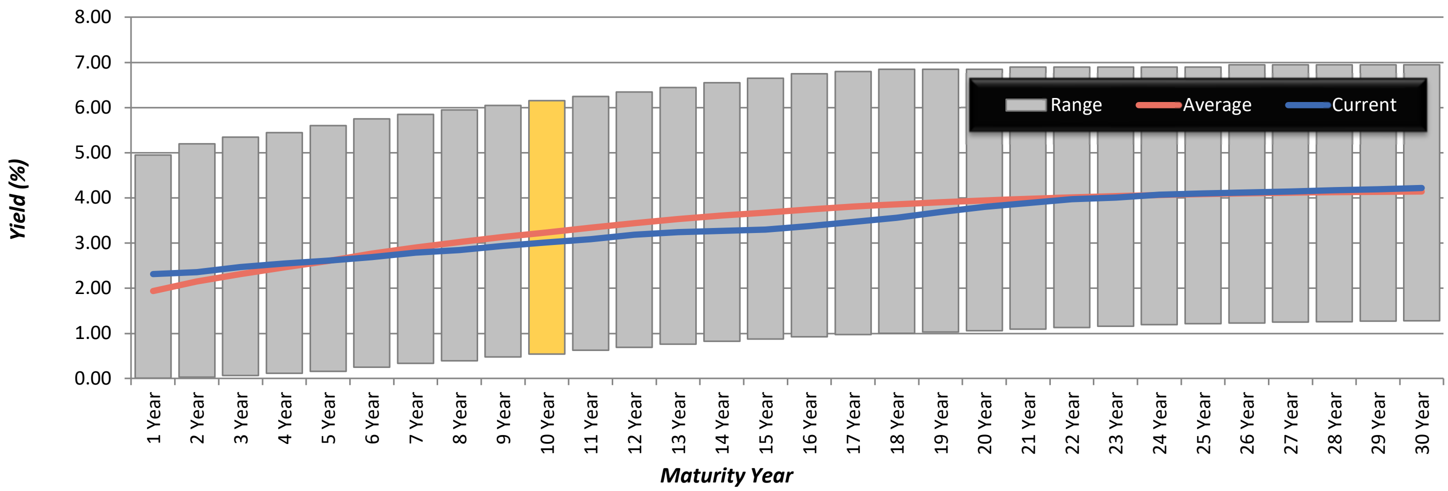
pfm

PFM Financial Advisors LLC
100 Market Street
Harrisburg, PA 17101
717.231.6265 (P)
www.pfm.com

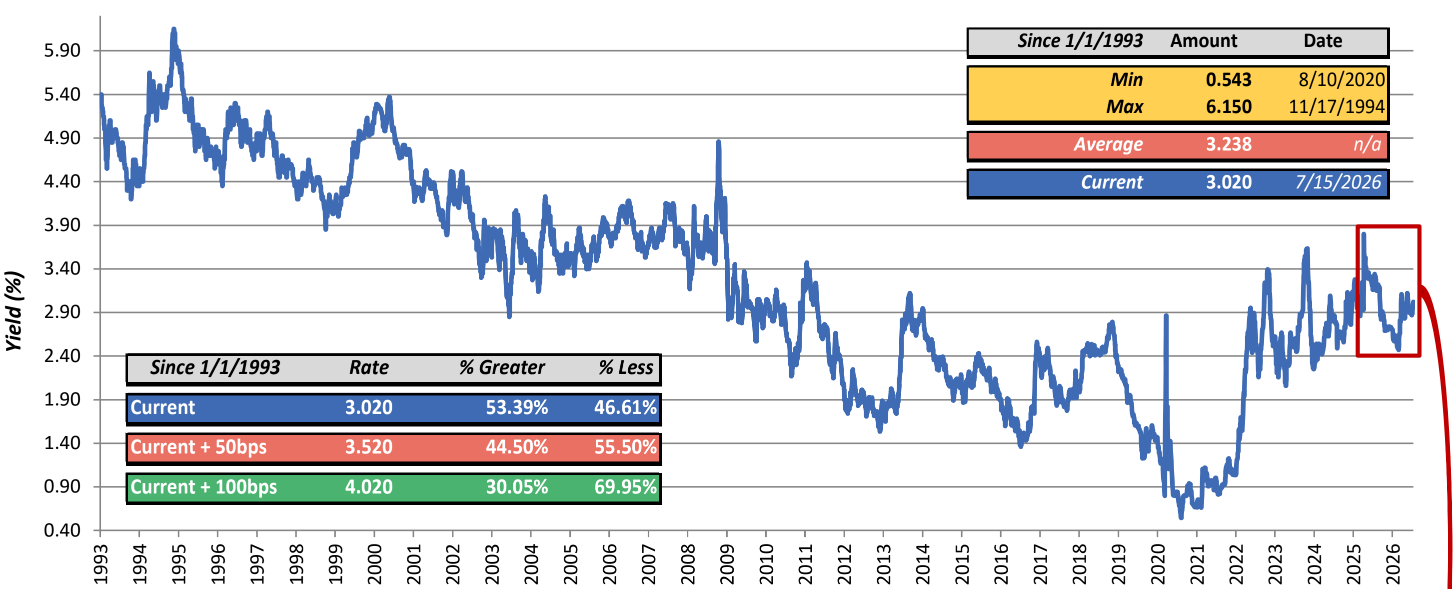
MUNICIPAL MARKET UPDATE

July 15, 2026

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



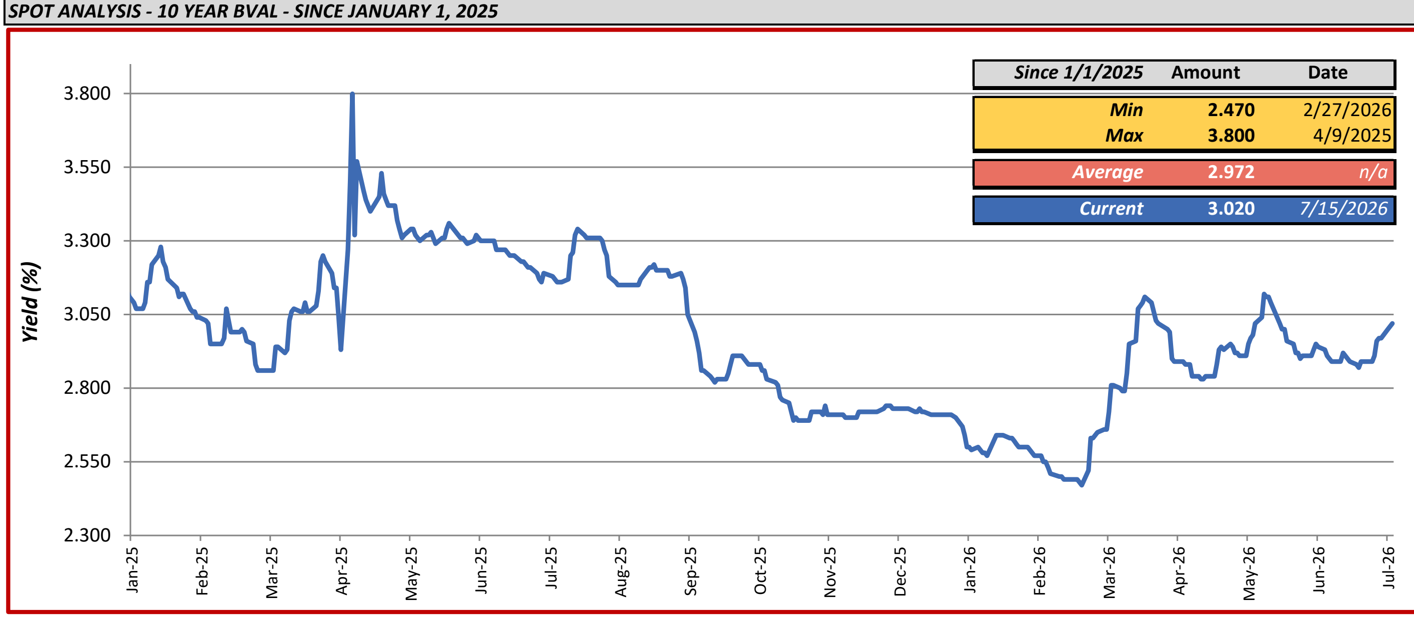
SPOT ANALYSIS - 10 YEAR BVAL - SINCE JANUARY 1, 1993 [1]



Since 1/1/1993	Amount	Date
Min	0.543	8/10/2020
Max	6.150	11/17/1994
Average	3.238	*n/a*
Current	3.020	*7/15/2026*

Since 1/1/1993	*Rate*	*% Greater*	*% Less*
Current	3.020	53.39%	46.61%
Current + 50bps	3.520	44.50%	55.50%
Current + 100bps	4.020	30.05%	69.95%

SPOT ANALYSIS - 10 YEAR BVAL - SINCE JANUARY 1, 2025



Since 1/1/2025	Amount	Date
Min	2.470	2/27/2026
Max	3.800	4/9/2025
Average	2.972	*n/a*
Current	3.020	*7/15/2026*

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

City of Bethlehem

Topics of Discussion

July 21, 2026

Proposed Financing Plan (Series of 2026 Notes)

1) The City Administration has expressed an interest in exploring a restructuring of its outstanding debt to smooth out its remaining annual debt service payments with step downs in order to improve the City's financial flexibility in future years.

2) PFM has prepared a proposed financing plan that contemplates the refinancing and restructuring of a portion of the City's existing General Fund debt which includes its Series A of 2017, Series B of 2017, Series E of 2017 and Series of 2019 Bonds.

    a. The proposed restructuring achieves the City's debt service objectives from fiscal year 2027 through fiscal year 2037.

    b. The term of the financing cannot exceed the useful life of the underlying assets being financed. Legal viability of the proposed debt restructuring will need to be confirmed with bond counsel.

3) PFM has also distributed a Request for Proposal to four underwriting firms for the proposed Series of 2026 Notes issuance.

    a. Responses are due on August 3rd – PFM will provide an overview of the results to the City Council during its August 4th meeting.

Parameters Ordinance

4) City may consider a "Parameters Ordinance" for the Notes, 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 notes when it is most advantageous.

5) The Parameters Ordinance establishes a set of thresholds under which the ultimate financing must fit within, including:

    - Maximum principal amount
    - Maximum interest rate
    - Maximum final maturity

6) The City will not need to hold special meetings to approve the final pricing of the notes.

CITY OF BETHLEHEM
SUMMARY OF OUTSTANDING INDEBTEDNESS

Debt Service Requirements

GENERAL FUND ONLY

1	2	3	4	5	6	7	8	9	TOTAL 10
								(Portion)	
Fiscal Year Ending	G.O. Bonds Series B of 2013 (Taxable)	G.O. Bonds Series A of 2015	G.O. Bonds Series A of 2017	G.O. Bonds Series B of 2017	G.O. Bonds Series E of 2017	G.O. Bonds Series of 2019	G.O. Bonds Series A of 2019	G.O. Bonds Series AA of 2019	**Total Debt Service**
12/31/2026	879,001	1,328,775	508,459	475,939	2,461,700	438,146	4,410,782	381,425	**10,884,227**
12/31/2027		1,334,813	507,271	476,039	3,334,838	440,556	4,413,977	390,025	**10,897,518**
12/31/2028		711,563	1,545,371	474,939	1,153,125	442,569	5,307,116	388,325	**10,023,007**
12/31/2029			2,192,121	478,539		438,900	5,865,869	391,100	**9,366,529**
12/31/2030			2,056,361	476,294		439,650	5,751,669	383,663	**9,107,636**
12/31/2031			2,052,455	478,638		439,200	5,753,221	390,788	**9,114,301**
12/31/2032			1,600,375	475,198		442,500	5,237,022	397,575	**8,152,669**
12/31/2033				476,223		440,350	3,968,942	389,025	**5,274,539**
12/31/2034				475,870		442,900	3,967,079		**4,885,849**
12/31/2035									
12/31/2036									
12/31/2037									
12/31/2038									
12/31/2039									
12/31/2040									
12/31/2041									
12/31/2042									
Totals	**879,001**	**3,375,150**	**10,462,414**	**4,287,676**	**6,949,663**	**3,964,771**	**44,675,676**	**3,111,925**	**77,706,276**
Principal [2]:	840,000	3,200,000	9,065,000	3,665,000	6,660,000	3,455,000	38,940,000	2,820,000	**68,645,000**
Call Date:	4/1/2023	8/1/2023	6/1/2025	6/1/2025	12/1/2025	5/1/2024	4/1/2029	4/1/2025	
Purpose:	Cur Ref 2001	New Money	Adv Ref 2011A, 2013A & Cur Ref 2010C Note	New Money	Adv Ref 2011A Gtd Lease	New Money	Adv Ref Portion of 2011B, 2014B, & 2014C	Cur Ref 2012 & 2013A	
Fund Allocations:	General Fund	General Fund	General Fund	General Fund	General Fund	General Fund	General Fund	General Fund	

[1] *Principal & Interest per the Operating & Capital Budgets Book*
[2] *Outstanding as of July 16, 2026*

CITY OF BETHLEHEM
Summary of Restructuring Analysis
ESTIMATED - For Illustrative Purposes Only

	1
	RESTRUCTURING
Settlement:	October 2026
2026 Par Amount:	$11,700,000
2017A Restructured Par Amount:	$8,630,000
2017A Remaining Par Amount:	$435,000
2017B Restructured Par Amount:	$1,115,000
2017B Remaining Par Amount:	$2,550,000
2017E Restructured Par Amount:	$1,715,000
2017E Remaining Par Amount:	$4,945,000
2019 Restructured Par Amount:	$575,000
2019 Remaining Par Amount:	$2,880,000

2	3	4	5	6	7	8	9
Fiscal Year Ending	**Existing General Fund Debt Service**	**Unrefunded Debt Service**	**Estimated Series of 2026 Debt Service**	**Estimated Net Debt Service Savings/(Cost)**	**Estimated Overall G.F. Debt Service**	***CITY Debt Service OBJECTIVE***	***Difference to Objective***
12/31/2026	10,884,227	10,701,777		182,450	**10,701,777**		
12/31/2027	10,897,518	8,737,618	656,625	1,503,275	**9,394,243**	***9,400,000***	*(5,757)*
12/31/2028	10,023,007	8,307,176	589,750	1,126,081	**8,896,926**	***8,900,000***	*(3,074)*
12/31/2029	9,366,529	7,306,798	589,500	1,470,231	**7,896,298**	***7,900,000***	*(3,702)*
12/31/2030	9,107,636	6,808,085	589,250	1,710,301	**7,397,335**	***7,400,000***	*(2,665)*
12/31/2031	9,114,301	6,309,593	589,000	2,215,708	**6,898,593**	***6,900,000***	*(1,407)*
12/31/2032	8,152,669	5,807,032	588,750	1,756,888	**6,395,782**	***6,400,000***	*(4,218)*
12/31/2033	5,274,539	5,271,952	588,500	(585,913)	**5,860,452**	***5,900,000***	*(39,548)*
12/31/2034	4,885,849	4,808,261	588,250	(510,663)	**5,396,511**	***5,400,000***	*(3,489)*
12/31/2035			4,898,000	(4,898,000)	**4,898,000**	***4,900,000***	*(2,000)*
12/31/2036			4,397,250	(4,397,250)	**4,397,250**	***4,400,000***	*(2,750)*
12/31/2037			3,480,750	(3,480,750)	**3,480,750**	***3,900,000***	*(419,250)*
12/31/2038							
12/31/2039							
TOTAL	**77,706,276**	**64,058,292**	**17,555,625**	**(3,907,641)**	**81,613,917**	**71,400,000**	
		PV Savings / (Cost)		***(811,405)***			

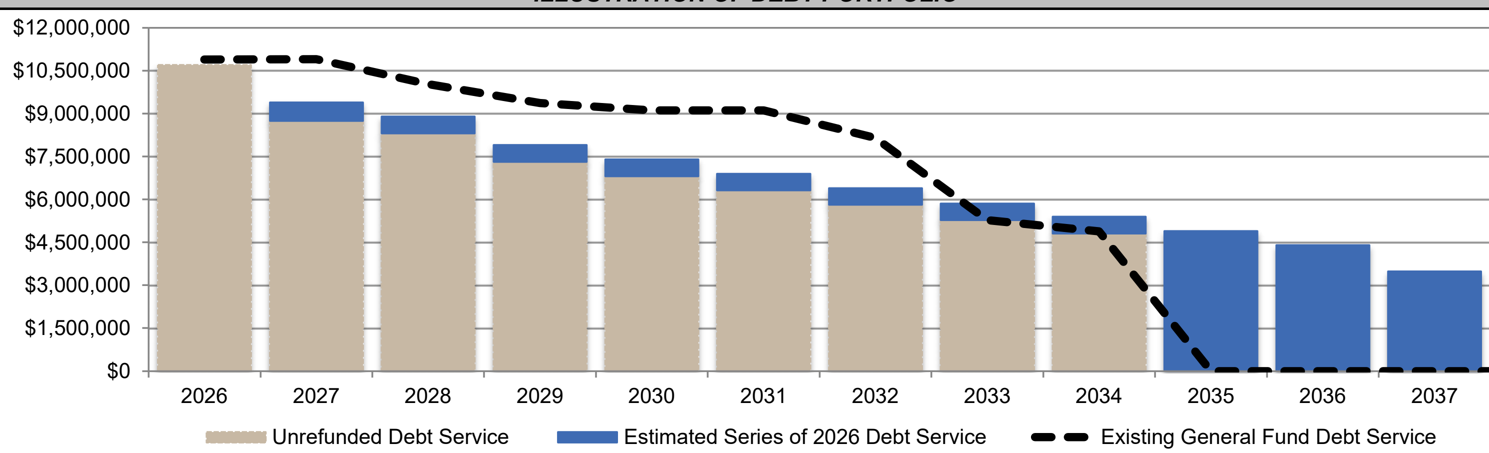
Notes

[1] 2017A & 2017B Bonds have a call date of June 1, 2025 and the 2017E Bonds have a call date of December 1, 2025. Assumes all Bonds are redeemed at settlement.

[2] Assumes estimated interest rates.

[3] Restructuring amortization subject to Bond Counsel's determination of maximum final maturity of debt restructuring.

ILLUSTRATION OF DEBT PORTFOLIO



City of Bethlehem
Estimated Timeline
Series of 2026 Notes

April

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

May

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

June

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

July

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

August

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

September

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

Timing	Event
April/May 2026	*Discussions with Administration*
July 21st, 2026 (City Council Meeting)	*Financing Presentation to City Council*
Mid/Late July 2026	*Update information for Preliminary Official Statement* *Send rating request to S&P*
August 4th, 2026 (City Council Meeting)	*First reading of Parameters Ordinance*
Early-August, 2026	*S&P rating call*
August 18th, 2026 (City Council Meeting)	*Second reading of Parameters Ordinance*
Mid/Late August, 2026	*Receive S&P rating*
Early September, 2026 (or later)	*Finalize Preliminary Official Statement*
Mid-September 2026 (or later)	***Pricing of Notes (lock-in interest rate)***
Mid-October 2026 (or later)	*Settlement of Notes*

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