

## REMARKETING CIRCULAR

On June 28, 2007, in connection with the issuance of the 2007 Bonds, Blank Rome LLP rendered an opinion that (i) under existing statutes, regulations, rulings and court decisions, interest on the 2007 Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, on the assumption that DelVal and the Participants comply with their covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended, and interest on the 2007 Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations and (ii) under the laws of the Commonwealth of Pennsylvania, as enacted and construed on such date, interest on the 2007 Bonds will be exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, and the 2007 Bonds are exempt from personal property taxes in Pennsylvania. See “TAX MATTERS” herein.

On the Substitution Date, Eckert Seamans Cherin & Mellott, LLC will deliver an opinion to the effect that the substitution of the Letter of Credit will not, in and of itself, adversely affect the exclusion of interest on the 2007 B Bonds from gross income of the holders thereof for federal income tax purposes. See “TAX MATTERS” herein.

**\$50,000,000**

**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)**  
**Local Government Revenue Bonds, 2007 Series B**

**Originally issued:** June 28, 2007

**Denomination:** Integral multiples of \$100,000

**Maturity:** June 1, 2042

**Interest Payable:** First Business Day of each month

On May 1, 2017 (the “Substitution Date”), the Delaware Valley Regional Finance Authority (“DelVal”) is remarketing \$50,000,000 aggregate principal amount of its Local Government Revenue Bonds, 2007 Series B (collectively, the “2007 B Bonds”). The 2007 B Bonds are outstanding in fully registered, book-entry-only form in denominations and with interest payable on the dates as shown on the inside cover. THE 2007 B BONDS ARE SUBJECT TO OPTIONAL AND MANDATORY REDEMPTION AND TENDER. See “THE 2007 BONDS” and “BOOK-ENTRY-ONLY SYSTEM.” DelVal issued the \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C in the aggregate principal amount of \$160,000,000 (collectively, the “2007 Bonds”) pursuant to the Pennsylvania *Municipality Authorities Act*, a Resolution adopted on June 11, 2007, by the Board of Directors of DelVal, and a Master Trust Indenture (the “Master Indenture”) and a First Supplemental Trust Indenture (collectively, the “Indenture”) each originally dated June 28, 2007, as subsequently amended and restated, between DelVal and TD Bank, N.A., as trustee (the “Trustee”), successor to Commerce Bank, N.A. On the Substitution Date, an Irrevocable, Transferrable, Direct Pay Letter of Credit (the “Letter of Credit”) as further described below, constituting a Credit Facility within the meaning of the Indenture, will be provided for the 2007 B Bonds by PNC Bank, National Association (“PNC”) pursuant to a Reimbursement Agreement dated as of May 1, 2017 between DelVal and PNC (the “Reimbursement Agreement”), in substitution of the letter of credit currently in effect for the 2007 B Bonds, which is provided by Bayerische Landesbank, acting through its New York Branch.

The 2007 B Bonds are special limited obligations of DelVal. The Trust Estate created under the Indenture, including (i) amounts payable under the Loan Agreements, (ii) Participant Credit Enhancements, (iii) the principal of and interest on any investments, and (iv) any moneys deposited in the funds and accounts created by the Indenture, secures the 2007 B Bonds. See “SECURITY FOR THE 2007 BONDS.” **NEITHER THE PRINCIPAL, PURCHASE PRICE, OR REDEMPTION PRICE OF NOR INTEREST ON THE 2007 B BONDS SHALL CONSTITUTE A GENERAL OBLIGATION OF DELVAL, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTIES OF BUCKS, CHESTER, DELAWARE, OR MONTGOMERY, OR ANY POLITICAL SUBDIVISION THEREOF. DELVAL HAS NO TAXING POWER.**

THE PRINCIPAL, PURCHASE PRICE, AND REDEMPTION PRICE OF AND INTEREST ON THE 2007 B BONDS AND PERIODIC INTEREST RATE SWAP PAYMENTS (THE “SWAP PAYMENTS”) UNDER SWAP AGREEMENTS, HEREIN DESCRIBED, WILL BE EQUALLY AND RATABLY SECURED UNDER THE INDENTURE AND THE TRUST ESTATE, PAYABLE FROM THE REVENUE FUND. Any termination payment (a “Termination Payment”) under a Swap Agreement, will be subordinate to the payment of principal, purchase price, and redemption price of and interest on the 2007 B Bonds then due and payable and Swap Payments. Termination Payments are payable solely from moneys available in the Discretionary Fund or from Excess Funds available under the Covenant Agreement. See “INTEREST RATE SWAP AGREEMENT” and “SECURITY FOR THE 2007 BONDS – COVENANT AGREEMENT”

The 2007 B Bonds are being remarketed at a Weekly Interest Rate in connection with the issuance of a substitute, Irrevocable, Transferrable, Direct Pay Letter of Credit (the “Letter of Credit”) by PNC Bank, National Association (the “Bank” or “PNC”). The Letter of Credit will permit the Trustee to draw up to (i) an amount not exceeding \$50,000,000 with respect to the principal amount of the 2007 B Bonds plus (ii) an amount not exceeding \$924,658, representing up to 45 days of accrued interest calculated at the maximum rate of 15% per annum. The Letter of Credit will expire on May 1, 2020, unless extended, renewed, or substituted by a Replacement Credit Facility or upon the earlier occurrence of certain events described therein. **THE LETTER OF CREDIT SECURES ONLY THE 2007 B BONDS WHILE IN THE WEEKLY INTEREST RATE AND DOES NOT SECURE ANY OTHER DELVAL BONDS.** See “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT.”



Pursuant to the Covenant Agreement, the DelVal has pledged certain funds from all of its series of bonds (collectively the “DelVal Series”), if available, to transfer to any DelVal Series that does not have sufficient available funds to (i) replenish any deficiency of the debt service reserve fund, (ii) pay any debt service payments, including periodic scheduled payments under interest rate swap agreements, (iii) pay any administrative expenses, including amounts necessary to maintain liquidity, and (iv) pay any termination payments of interest rate swap agreements. See “SECURITY FOR THE 2007 BONDS - COVENANT AGREEMENT” and “Appendix II: COVENANT AGREEMENT.”

The proceeds of the 2007 Bonds have been used to provide funds (i) to originate or acquire loans to Local Government Units or other political subdivisions that are guaranteed by a Local Government Unit (each, a “2007 Series Participant”), (ii) redeem a portion of the DelVal’s Local Government Revenue Bonds, 1997 Series A, (iii) fund a Debt Service Reserve Fund, and (iv) pay costs related to the issuance of the 2007 Bonds. See “THE 2007 BONDS – PLAN OF FINANCE.”

A loan agreement (each a “Loan Agreement”) will evidence each loan between a 2007 Series Participant and DelVal. A PLEDGE OF THE FULL FAITH, CREDIT AND TAXING POWER OF EACH 2007 SERIES PARTICIPANT OR ITS GUARANTOR SHALL SECURE THE REPAYMENTS UNDER EACH LOAN AGREEMENT. Certain Loan Agreements may also be secured by a Participant Credit Enhancement. NO PARTICIPANT CREDIT ENHANCEMENT WILL GUARANTEE THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE, OR INTEREST ON THE 2007 BONDS. See “SECURITY FOR THE 2007 BONDS.”

**This cover page contains certain information regarding DelVal and the 2007 B Bonds for quick reference only. It is not a summary of this issue. Investors must read the entire Remarketing Circular to obtain information essential to the making of an informed investment decision.**

**THIS REMARKETING CIRCULAR DESCRIBES THE 2007 B BONDS WHILE THEY BEAR INTEREST AT A WEEKLY INTEREST RATE ONLY. REFERENCES TO ANY OTHER DELVAL BONDS OR THE LOAN PROGRAM ARE PROVIDED SOLELY FOR INFORMATIONAL PURPOSES.**

The 2007 B Bonds will be remarketed by PNC Capital Markets LLC (the “Remarketing Agent”), subject to certain conditions and to the approval of certain legal matters by Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Carmen P. Belefonte, Esquire, Media, Pennsylvania; for the Remarketing Agent by Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania; and for the Bank, by Chapman and Cutler LLP, Chicago, Illinois. The Authority expects the delivery of the remarketed 2007 B Bonds will be made on May 1, 2017, in New York, New York.

**PNC Capital Markets LLC**  
As Remarketing Agent

**\$50,000,000 Local Government Revenue Bonds, 2007 Series B**  
**Weekly Interest Rate**  
**Maturities and Amounts**

<u>Maturity</u>	<u>Principal</u>	<u>Interest Payment Dates</u>	<u>Remarketing Agent</u>	<u>Letter of Credit</u>
June 1, 2042	\$ 50,000,000	First Business Day of the Month	PNC Capital Markets LLC	PNC Bank, National Association

(1) The first Weekly Interest Rate Period will begin on May 1, 2017, and end on, and include May 31, 2017. Thereafter, the Weekly Interest Rate Period will begin on, and include, the first Business Day of the month and end on, and include, the day before the first Business Day of the next succeeding month.



No dealer, broker, salesman or other person has been authorized by DelVal, the Bank, or PNC Capital Markets LLC, as Remarketing Agent, to give any information or to make any representations other than those contained in this Remarketing Circular, and, if given or made, such information or representations must not be relied upon. This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2007 B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Information contained under “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT” has been furnished by the Bank and its counsel. Information concerning the Remarketing Agent has been provided by the Remarketing Agent. Such information has not been independently confirmed or verified by DelVal and DelVal assumes no responsibility therefor.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof, or the date as of which particular information is given, if earlier. This Remarketing Circular is not to be construed as a contract or agreement between DelVal and the purchasers or owners, from time to time, of any of the 2007 B Bonds.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS REMARKETING CIRCULAR, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS REMARKETING CIRCULAR, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2007 B BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE REMARKETING CIRCULAR.

The Remarketing Agent has provided the following information for inclusion in this Remarketing Circular: The Remarketing Agent and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, brokerage, and asset management. In the ordinary course of business, the Remarketing Agent and their respective affiliates may actively trade debt securities and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Remarketing Agent and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of DelVal. The Remarketing Agent and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas with respect to this securities offering or other offerings of DelVal.

This Remarketing Circular contains certain “forward-looking statements” concerning the operations and financial condition of DelVal. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of DelVal. The words “may,” “would,” “could,” “will,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “estimate” and similar expressions are meant to identify these forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. DelVal does not plan to issue any updates or revisions to these forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

## Delaware Valley Regional Finance Authority

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Flourtown Commons, Suite 350  
Flourtown, PA 19031

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### BOARD MEMBERS:

ROBERT G. LOUGHERY  
Chairman

JOHN P. MCBLAIN, Esquire  
Vice Chairman

JOSEPH E. BRION, Esquire  
Secretary

JAMES H. SHACKLETT, III  
Treasurer

PATRICIA K. POPRIK  
Assistant Secretary/Assistant Treasurer

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ECKERT SEAMANS CHERIN & MELLOTT, LLC  
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TD BANK, N.A.  
Cherry Hill, New Jersey  
Trustee

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CARMEN P. BELEFONTE, Esquire  
Media, Pennsylvania  
Solicitor to DelVal

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BAKER TILLY VIRCHOW KRAUSE, LLP  
Philadelphia, Pennsylvania  
Independent Auditor

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CALHOUN BAKER INC.  
Flourtown, Pennsylvania  
Program Administrator

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**Appendix I: FINANCIAL STATEMENTS OF THE DELAWARE VALLEY REGIONAL FINANCE  
AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2016**

**Appendix II: COVENANT AGREEMENT**

**Appendix III: 2007 BOND OPINION**

**Appendix IV: FORM OF 2017 BOND OPINION**

**Remarketing Circular**  
**\$50,000,000**  
**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY**  
**(Bucks, Chester, Delaware and Montgomery Counties, Pennsylvania)**  
**Local Government Revenue Bonds, 2007 Series B**

**INTRODUCTION**

The Delaware Valley Regional Finance Authority (“DelVal”) is a body corporate and politic organized and duly existing under the Pennsylvania *Municipality Authorities Act*, 53 Pa. C.S. Ch. 56, as supplemented and amended (the “*Authorities Act*”), by Bucks, Chester, Delaware and Montgomery Counties (the “Counties”). DelVal received a Certificate of Incorporation from the Department of State of the Commonwealth of Pennsylvania on December 23, 1985.

The Counties created DelVal to provide loans to boroughs, townships, cities, school districts, counties, and other governmental entities with taxing power, each a “Local Government Unit” as defined in the *Local Government Unit Debt Act*, 53 Pa. C.S.A. §8001 et. seq. (the “*Debt Act*”) or to other political subdivisions that are guaranteed by a Local Government Unit (each, in such capacity, a “Guarantor”). DelVal periodically issues bonds to provide funds for loans to Local Government Units and to other political subdivisions (each a “Participant”) for projects (each a “Project”) as defined in the *Debt Act*. Projects authorized in the *Debt Act* include, but are not limited to: (i) items of construction, acquisition, extraordinary maintenance, or repair, (ii) preliminary studies, testing, planning, or design work, (iii) acquisition of land or rights in land, (iv) furnishings, machinery, and equipment, (v) revision of assessment of real property, (vi) funding of all or a portion of a reserve for liability insurance and self-insurance, (vii) funding of an unfunded actuarial liability, (viii) funding or refunding of debt incurred for any or all of the foregoing purposes, and (ix) funding a deficit or creating a revolving fund for improvements.

This Remarketing Circular, including the cover page and Appendices hereto, is provided to furnish certain information in connection with the remarketing by DelVal of its \$50,000,000 Local Government Revenue Bonds, 2007 Series B (the “2007 B Bonds”). Unless otherwise defined herein, capitalized terms used in this Remarketing Circular shall have the respective meanings ascribed to them in the Indenture, the Reimbursement Agreement, the Letter of Credit, or the Swap Agreement, as applicable, all as hereinafter defined. See “DEFINITIONS OF CERTAIN TERMS.”

DelVal issued the \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (collectively, the “2007 Bonds”) on June 28, 2007, pursuant to the provisions of the *Authorities Act*, a resolution (the “Resolution”) adopted by the Board of Directors of DelVal on June 11, 2007, and a Master Trust Indenture dated as of June 28, 2007, amended and restated as of August 3, 2009, amended and restated as of April 9, 2012, amended and restated as of June 9, 2014, and amended and restated as of December 8, 2014 (the “Master Indenture”) and a First Supplemental Trust Indenture dated as of June 28, 2007, and amended and restated as of September 12, 2011 (the “First Supplemental Indenture” and collectively, the “Indenture”) between DelVal and TD Bank, N.A., as successor to Commerce Bank, N.A., acting as trustee, registrar, paying agent, and tender agent (collectively, the “Trustee”) for the 2007 B Bonds and all other series of bonds issued under the Master Indenture. The corporate trust office of the Trustee responsible for administration of the Indenture is located at 1006 Astoria Boulevard, Cherry Hill, New Jersey 08034. **THIS REMARKETING CIRCULAR ONLY RELATES TO THE REMARKETING OF THE 2007 B BONDS WHILE THEY BEAR INTEREST AT THE WEEKLY INTEREST RATE. ANY REFERENCES TO ANY OTHER DELVAL BONDS OR THE LOAN PROGRAM ARE PROVIDED SOLELY FOR INFORMATIONAL PURPOSES.**

The 2007 Bonds and all parity bonds issued subsequently by DelVal were and will be issued under the Master Indenture and a supplemental indenture, secured equally and ratably by all of the assets under the Trust Estate (hereinafter defined).

The 2007 B Bonds were issued in book-entry-only form and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the “DTC”). So long as the 2007 B Bonds are held in the book-entry system, DTC or its nominee will be the registered owner of the 2007 B Bonds. Unless the book-entry system for the 2007 B Bonds is discontinued, prospective purchasers will acquire beneficial ownership interests in the 2007 B Bonds in denominations of \$100,000, or any multiple of \$5,000 in excess thereof. For purposes of this Remarketing Circular, DTC or its nominee, and its successors and assigns, are referred to as the “Securities Depository.” See “BOOK-ENTRY-ONLY SYSTEM.”

Interest on the 2007 B Bonds is calculated on the actual number of days in the interest rate calculation period and the actual number of days in the year. Interest will be payable monthly on the first Business Day of the month, commencing on June 1, 2017. The 2007 B Bonds mature on June 1, 2042. See “THE 2007 BONDS.”

THE 2007 B BONDS ARE SUBJECT TO OPTIONAL AND MANDATORY TENDER WHILE BEARING INTEREST AT A WEEKLY INTEREST RATE. THE PAYMENT OF PRINCIPAL, PURCHASE PRICE, AND REDEMPTION PRICE OF AND INTEREST ON THE 2007 B BONDS IS SECURED BY AN IRREVOCABLE, TRANSFERRABLE, DIRECT PAY, LETTER OF CREDIT ISSUED BY PNC BANK, NATIONAL ASSOCIATION (THE “BANK”). THE LETTER OF CREDIT SECURES ONLY THE 2007 B BONDS WHILE THEY BEAR INTEREST AT THE WEEKLY INTEREST RATE.

THE 2007 B BONDS ARE SUBJECT TO EXTRAORDINARY MANDATORY REDEMPTION. SEE “THE 2007 BONDS - REDEMPTION.”

DelVal, under the provisions of the Covenant Agreement, has pledged to transfer certain funds, if available, under the trust estate of any bond series of DelVal (each a “DelVal Series”) to any other DelVal Series that does not have sufficient available funds to (i) replenish a deficiency of a debt service reserve fund, (ii) pay debt service due on bonds or payments due on interest rate swap agreements, or (iii) pay any administrative expenses, including amounts necessary to maintain liquidity, and (iv) pay termination payments for interest rate swap agreements. DelVal would, if necessary, so long as other bond series are outstanding, transfer certain excess funds, if available, from the trust estates of other DelVal Series to the 2007 Bonds; conversely, certain excess funds held under the Master Indenture may be transferred to other DelVal Series. See “SECURITY FOR THE 2007 BONDS – COVENANT AGREEMENT” and “Appendix II: COVENANT AGREEMENT.” DelVal has managed the cash flow of the funds from all of its DelVal Series, in furtherance of its programmatic objectives, as though they constituted a single loan program. From time to time, before and after the adoption of the Covenant Agreement, DelVal has transferred funds among the trust estates to provide liquidity, to pay Administrative Expenses, and to pay costs of issuance. DelVal expects to continue this practice in the future. See “Appendix I: FINANCIAL STATEMENTS OF THE DELAWARE VALLEY REGIONAL FINANCE AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2016.”

The 2007 Bonds were issued to provide funds (i) to originate or to acquire loans from Local Government Units or other political subdivisions that are guaranteed by a Local Government Unit, (ii) redeem a portion of DelVal’s Local Government Revenue Bonds, 1997 Series A, (iii) fund a Debt Service Reserve Fund, and (iv) pay costs related to the issuance of the 2007 Bonds. See “THE 2007 BONDS – PLAN OF FINANCE.” DelVal entered into Swap Agreements to provide fixed and variable interest rate loans, to reduce interest costs, and to diversify future interest rate risks. See “INTEREST RATE SWAP AGREEMENTS.” DelVal entered into investment agreements to invest the net proceeds of the 2007 Bonds. See “INVESTMENT AGREEMENTS.”

Each 2007 Series Participant or, if the 2007 Series Participant is a political subdivision without taxing power, a Guarantor, shall guarantee Repayments (Loan Principal and Participant Interest) and Termination Charges and all other obligations of the 2007 Series Participant under its Loan Agreement and shall pledge its full faith, credit, and taxing power to secure the 2007 Series Participant’s obligation to pay Loan Principal and Loan Interest. See “SECURITY FOR THE 2007 BONDS – LOAN AGREEMENT” and “TAXING POWERS OF LOCAL GOVERNMENT UNITS.”

DelVal believes that the Loan Program helps meet its programmatic objectives. See “DELVAL – PROGRAMMATIC OBJECTIVES” for more discussion. DelVal’s primary objectives are (i) to provide loans at lower costs than Participants could achieve with other financing options, (ii) to provide fixed and variable rate funding options, and (iii) to improve the ability of Participants to manage their debt.

Neither the delivery of this Remarketing Circular nor any remarketing of the 2007 B Bonds shall, under any circumstances, create any implication that no changes have occurred in the affairs of DelVal, any existing borrowers, or the communities or areas served by DelVal, since the date of this Remarketing Circular or, if earlier, the dates as of which particular information contained in this Remarketing Circular is given. The descriptions in this Remarketing Circular of the 2007 Bonds, certain provisions of the *Authorities Act*, the *Debt Act*, the *Public School Code of 1949*, as amended by *Act 150 of 1975* 24 P.S. §1-101 et. seq. (P.L. 511, the “*Public School Code*”), *Act No. 50 of 1998* (“*Act 50*”), *P.L. 1257* (the “*Local Tax Enabling Act*”), *Special Session Act No. 1 of 2006*, as amended (“*Act 1*” or the “*Taxpayer Relief Act*”), the Reimbursement Agreement, the Letter of Credit, the Swap Agreement, the Loan Agreements, and the Indenture are qualified by reference to the complete text of such instruments and documents, copies of which are available at the corporate trust office of the Trustee.

## DEFINITIONS OF CERTAIN TERMS

As used herein, the following terms shall have the following meanings. All other capitalized terms used in this Remarketing Circular and not otherwise defined shall have the respective meanings ascribed to them in the Indenture, Reimbursement Agreement, Letter of Credit, or Swap Agreement, as applicable.

“**2007 A Bonds**” shall mean the DelVal Local Government Revenue Bonds, 2007 Series A, issued in the par amount of \$10,000,000.

“**2007 B Bonds**” shall mean the DelVal Local Government Revenue Bonds, 2007 Series B, issued in the par amount of \$50,000,000.

“**2007 C Bonds**” shall mean the DelVal Local Government Revenue Bonds, 2007 Series C issued in the par amount of \$100,000,000.

“**2007 Bonds**” shall mean, collectively, the 2007 A Bonds, 2007 B Bonds, and the 2007 C Bonds issued in the aggregate par amount of \$160,000,000.

“**Administrative Expenses**” means any expenditures of DelVal reasonably and necessarily incurred by reason of its issuance of bonds or for the Program, as determined by the Administrator, including, without limitation, Compliance Charges, auditing fees and expenses, Extraordinary Payments, non-asset bond costs, costs associated with rebate compliance, the fees and expenses of the Trustee, the Administrator and the Rebate Analyst, all other legal, financing and administrative expenses incurred by DelVal with respect to the Program, including the fees, costs, and expenses of any Credit Facility Provider, the maintenance of prudent levels of liquidity to provide sufficient levels of operating cash flow, as determined by the Administrator and any expenses incurred by DelVal or the Trustee to compel full and punctual performance of all the provisions of this Indenture, the Loan Agreements or the Participant Notes.

“**Administrator**” means the Program Administrator, initially Calhoun Baker Inc., and any successor Administrator (which may include DelVal) duly appointed by DelVal and acting as Administrator under the Indenture; provided, however if DelVal is the Administrator, it may delegate to any person, firm or corporation qualified to do business in the Commonwealth of Pennsylvania as servicing agent, any of the duties and responsibilities of the Administrator hereunder, upon written notice thereof to the Trustee.

“**Authorities Act**” means the Pennsylvania *Municipality Authorities Act*, 53 Pa. C.S. §5601 *et seq.*

“**Bond Counsel**” means any law firm designated by the DelVal having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds and which is reasonably acceptable to the Trustee.

“**Bondholder**” means, (i) in the event that the book-entry-only system of evidence and transfer of ownership is employed, Cede & Co., as nominee for DTC, or its successors, and (ii) in all other cases, the registered owner of any Bond.

**“Business Day”** means (i) any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the city or cities in which the corporate trust office of the Trustee is authorized by law or executive order to close, (c) a day on which the New York Stock Exchange is closed, or (d) a day on which a Drawing cannot be made for Bonds then secured by a Credit Facility, or (ii) as determined in a Supplemental Indenture.

**“Code”** means the *Internal Revenue Code of 1986*, as amended, and the regulations promulgated or proposed thereunder.

**“Commonwealth”** means the Commonwealth of Pennsylvania.

**“Compliance Charges”** mean amounts payable by the Participants under the Loan Agreements and Participant Notes in respect of compliance with the disclosure requirements of Rules 10b-5 and 15c2-12 of the Securities and Exchange Commission.

**“Continuing Disclosure Agreement”** means any agreement under which DelVal agrees to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time.

**“Conversion”** means a conversion of the 2007 B Bonds from one Interest Rate Period to another Interest Rate Period.

**“Conversion Date”** means the effective date of a Conversion.

**“Counties”** means the Counties of Bucks, Chester, Delaware, and Montgomery in the Commonwealth of Pennsylvania.

**“Covenant Agreement”** means that certain undertaking by the DelVal for the benefit of all present and future outstanding bond and swap obligations of DelVal dated as of April 9, 2001, amended and restated as of April 23, 2002, amended and restated as of April 12, 2004, amended and restated as of June 28, 2007, and amended and restated as of August 3, 2009.

**“Credit Facility”** means individually and collectively, any letter of credit, standby bond purchase agreement, municipal bond insurance policy, financial guaranty policy, or similar instrument provided in connection with the issuance of any DelVal Series to guarantee the timely payment of principal of and interest on and, if required, tender purchase price of such DelVal Series optionally or mandatorily tendered for purchase as provided in the Supplemental Indenture authorizing such DelVal Series.

**“Credit Facility Bonds”** means each applicable 2007 Bond purchased with moneys drawn under (or otherwise obtained pursuant to the terms of) a Credit Facility, but excluding 2007 Bonds no longer considered to be Credit Facility Bonds in accordance with the terms of the applicable Credit Facility.

**“Credit Facility Provider”** means a commercial bank or other financial institution issuing a Credit Facility for the 2007 Bonds.

**“Credit Facility Rate”** means the rate per annum, if any, specified in a Credit Facility as applicable to Credit Facility Bonds, which rate may not exceed the Maximum Rate.

**“Debt Act”** means the Pennsylvania *Local Government Unit Debt Act*, 53 Pa. C.S.A. §8001 *et seq.*

**“DelVal Series”** means a series of bonds issued by DelVal.

**“Drawing”** shall mean a drawing under the Letter of Credit or other Credit Facility.

**“DTC Participant” or “DTC Participants”** means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system.

**“Eligible Bonds”** means any 2007 B Bonds while bearing interest at a Weekly Interest Rate, other than Credit Facility Bonds or 2007 B Bonds owned by, for the account of, or on behalf of, DelVal.

**“Event of Default”** means any of the events specified in the Indenture.

**“Excess Funds”** means the amounts that DelVal has accumulated under the DelVal Series that are in excess of the amounts needed to pay DelVal’s obligations and that can be paid to and used by DelVal for any purpose.

**“Expiration Date”** means (i) the date upon which a Credit Facility is scheduled to expire (taking into account any extensions of such Expiration Date by virtue of extensions of a particular Credit Facility, from time to time) in accordance with its terms, excluding termination upon the effective date of an Replacement Credit Facility and (ii) the date upon which a Credit Facility terminates following voluntary termination by DelVal.

**“Favorable Opinion of Bond Counsel”** means, when used with respect to or in connection with any action, a written opinion of Bond Counsel or Special Tax Counsel to the effect that such action or failure to take action shall not adversely affect the excludability of interest paid on the DelVal Series from gross income for federal or Commonwealth income tax purposes.

**“First Supplemental Indenture”** means that certain supplemental indenture to the Master Indenture, dated as of June 28, 2007, and amended and restated as of September 12, 2011, that authorized the issuance of the 2007 Bonds, between DelVal and the Trustee.

**“Fitch”** means Fitch Ratings Inc.

**“Fixed Interest Rate”** means a fixed interest rate borne by the 2007 B Bonds as determined in accordance with the Indenture.

**“Fixed Interest Rate Period”** means the period with respect to the 2007 B Bonds during which a Fixed Interest Rate is in effect.

**“Fixed Rate Loan”** means the fixed rate borne by certain Loans as calculated by the Administrator.

**“Guarantor”** means a Local Government Unit that guarantees the timely Repayments of a Participant and pledges its full faith, credit and taxing power to guarantee the payments of a Loan Principal and Participant Interest of a Participant.

**“Indenture”** means, collectively, the Master Trust Indenture between DelVal and the Trustee, and all supplemental indentures, including the First Supplemental Indenture.

**“Interest Rate Period”** means with respect to 2007 B Bonds a Weekly Interest Rate Period, a Fixed Interest Rate Period, or a LIBOR-Based Interest Rate Period, as applicable.

**“Investment Agreement”** or **“Investment Agreements”** means any investment agreement or repurchase agreement relating to a DelVal Series entered into by the Trustee at the written direction of DelVal to invest moneys deposited under the trust estates.

**“LIBOR-Based Interest Rate”** means a variable interest rate borne by the 2007 B Bonds as established in accordance with the Indenture.

**“LIBOR-Based Interest Rate Period”** means each period with respect to any 2007 B Bonds during which a LIBOR-Based Interest Rate is in effect.

**“Liquidation Proceeds”** means amounts received by the Trustee or DelVal in connection with enforcement of any of the remedies under a Loan Agreement after the occurrence of a Loan Agreement Default which has not been waived or cured.

**“Loan”** means a loan of a portion of the proceeds of a DelVal Series to a Participant pursuant to the terms of a Loan Agreement, through the purchase by DelVal of the Participant Note evidencing the Participant’s obligations to repay principal and interest on such loan.

**“Loan Documents”** means all of the approvals, agreement, certificates, and schedules required for the closing of a Loan, including the (i) the approvals of the Administrator, DelVal Board, DCED, Participant Credit Enhancer (if any), Swap Counterparty (if required), and Credit Facility Provider (if any); (ii) the Participant Ordinance or Participant Resolution; (iii) the Loan Agreement, Participant Note, Participant Continuing Disclosure Agreement, and Participant Tax Compliance Agreement; (iv) Favorable Opinion of Bond Counsel, opinion of the DelVal solicitor, opinion of the Participant’s solicitor, and, if applicable, opinion of the Guarantor’s solicitor and (v) any other certificates or schedules required by the Administrator or Bond Counsel or required under a Supplemental Indenture.

**“Loan Payment Date”** means the 25<sup>th</sup> day of the month or, if that date is not a Business Day, the next succeeding Business Day, unless otherwise specified in the Loan Agreement.

**“Loan Prepayment Date”** means the date that the prepayment of all or a portion of a Loan is received.

**“Loan Program”** means the program established by the DelVal for financing the Projects of Local Government Units in the Counties by the issuance of the Bonds.

**“Local Government Unit”** means any county, county institution district, city, township, incorporated town, borough, school district, or any other similar general or limited purpose unit with taxing power located in the Commonwealth of Pennsylvania that is legally authorized to borrow money for a Project under the provisions of the *Debt Act*.

**“Master Indenture”** means the Master Trust Indenture between DelVal and the Trustee dated as of June 28, 2007, amended as of June 28, 2007, amended as of August 1, 2009, amended and restated as of August 3, 2009, amended and restated as of September 12, 2011, amended and restated as of April 9, 2012, amended and restated as of June 9, 2014, and amended and restated as of December 8, 2014.

**“Maximum Rate”** means the lesser of (a) the highest interest rate that may be borne by the Loans under Commonwealth law and (b) 15% per annum.

**“Moody’s”** means Moody’s Investors Service.

**“Municipal Swap Index”** means the rate of interest established as the weekly high grade market index comprised of 7-day tax-exempt variable rate demand obligations, published weekly and reset each Thursday by the Securities Industry and Financial Markets Association (“SIFMA”) as the Municipal Swap Index, and in the event such rate is no longer determined, any replacement thereof established in the Swap Agreements or approved by the Administrator.

**“Net Proceeds”** shall have the meaning set forth in and the amount determined pursuant to § 149(f)(2)(c) of the *Code* to which amount so determined shall be added earnings on the Net Proceeds to any applicable calculation date.

**“Original Stated Amount”** means the maximum amount of \$50,924,658 available for drawings under the Letter of Credit, representing \$50,000,000 for principal of the 2007 B Bonds and \$924,658 of accrued interest on the 2007 B Bonds at the maximum rate of 15% for 45 days.

**“Participant”** means and includes (i) a Local Government Unit located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act*, that executes a Loan Agreement and Participant Note pursuant to the Indenture and that pledges its full faith, credit and taxing power to guarantee payments of Loan Principal and Participant Interest under the Participant Note and Loan Agreement in accordance with the provisions of the *Debt Act* and otherwise covenants to pay amounts due under a Loan Agreement and a Participant Note, and (ii) a political subdivision located in the Commonwealth, that is legally authorized to borrow money for a Project under the provisions of the *Debt Act or Authorities Act*, and that executes a Loan Agreement and Participant Note pursuant to the Indenture which Loan Agreement and Participant Note are guaranteed by a Guarantor, in accordance with the provisions of the *Debt Act*.

**“Participant Continuing Disclosure Agreement”** means the agreement under which a Participant and its Guarantor, if any, agrees to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time.

**“Participant Credit Enhancement”** means, (i) with respect to a Loan Agreement, a municipal bond insurance policy, or a financial guaranty insurance policy, or a letter of credit, or other enhancement issued by a Participant Credit Enhancer to secure all or a portion of the Repayments of a Participant and (ii) with respect to a Swap Agreement, a municipal bond insurance policy, a swap insurance policy or a financial guaranty insurance policy, or a letter of credit or other enhancement issued by a Participant Credit Enhancer to secure the DelVal’s obligations under a Swap Agreement related to a Loan.

**“Participant Credit Enhancer”** means a municipal bond insurer or other financial institution with claims paying ability ratings (or equivalent ratings) of “Aa3” or higher by Moody’s and “AA-” or higher by S&P that provides Participant Credit Enhancement.

**“Participant Interest”** means the rate of interest to be paid by the Participant on a Loan, as set forth in a Loan Agreement and a Participant Note.

**“Participant Note”** means the note executed and delivered by each Participant to evidence its obligation to make all payments under a Loan Agreement.

**“Participant Ordinance”** or **“Participant Resolution”** means the ordinance enacted or the resolution adopted by a Participant, in accordance with the provisions of the *Debt Act* or the *Authorities Act*, authorizing the issuance of the Participant Note and the sale thereof to the DelVal, and approving the execution and delivery of the Participant’s Loan Agreement.

**“Participant Tax Compliance Agreement”** means a Tax Compliance Agreement between the DelVal and a Participant (new money project, refunding project, recycling project or combined new money project and refunding project, as applicable) concerning compliance with the provisions of Section 103(a) of the *Code*, executed by a Participant in connection with its execution of a Loan Agreement.

**“Paying Agent”** means the Trustee as paying agent for Bonds, or any successor thereto named by the DelVal to act as Paying Agent or any paying agent named for a Series of Bonds in a Supplemental Indenture.

**“Political Subdivision”** means a Local Government Unit, an authority created under the *Authorities Act*, or any other entity created by statute in Pennsylvania that may incur debt with a guaranty of a Local Government Unit under the *Debt Act*.

**“Principal Payment Date”** means each date set forth in a Supplemental Indenture that payment of principal of a Series of Bonds is due and payable, whether at scheduled maturity, upon mandatory sinking fund redemption or upon optional or extraordinary mandatory redemption.

**“Project”** means a project, as defined in the *Debt Act*, and which constitutes the acquisition, extension, erection, improvement, equipping or repair of any buildings, structures, equipment and improvements constituting a capital project of a Participant, all or a portion of the Cost of which is financed or refinanced by DelVal pursuant to the Indenture and a Loan Agreement.

**“Purchase Price”** means, for 2007 Bonds bearing interest at a Weekly Interest Rate that are subject to optional or mandatory tender, the principal amount of the 2007 Bonds plus accrued interest, if any, to the date of the purchase.

**“Qualified Interest Rate Management Agreement”** shall have the meaning set forth in the *Debt Act*.

**“Rating Agency”** means Moody’s, if such agency’s ratings are in effect with respect to the Bonds, and/or S&P, if such agency’s ratings are in effect with respect to the Bonds, and their respective successors and assigns.

**“Rebate Analyst”** means Calhoun, Baker Inc., or such other law firm or accounting firm appointed by DelVal specializing in federal arbitrage “rebate” matters under Section 148(f) of the Code.

**“Rebate Fund”** means the fund of that name created by Section 5.02 hereof.

**“Record Date”** means (i) with respect to 2007 A Bonds, the 15th day of the calendar month preceding an Interest Payment Date; and (ii) with respect to the 2007 B Bonds or 2007 C Bonds for any Interest Payment Date in a (i) Weekly Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (ii) Fixed Interest Rate Period or LIBOR-Based Interest Rate Period, the 15<sup>th</sup> day of the calendar month preceding the calendar month in which such Interest Payment Date falls or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Fixed Interest Rate Period, said first day.

**“Recycling Fund Termination Date”** means (i) the date that DelVal determines that the proceeds deposited in the Recycling Fund are no longer reasonably expected to be required for the Loan Program or (ii) a period of one year following each repayment of Loan Principal, beginning on June 28, 2011.

**“Redemption Price”** means, with respect to any 2007 Bond (or portion thereof), the principal amount of such 2007 Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2007 Bond and the Indenture.

**“Reimbursement Agreement”** shall mean the Reimbursement Agreement dated as of May 1, 2017, between DelVal and PNC Bank, National Association, pursuant to which the Letter of Credit is issued in order to secure the 2007 B Bonds.

**“Related Documents”** means and includes (without limitation) the Reimbursement Agreement, the Letter of Credit, the 2007 Bonds, the Remarketing Agreement, the Indenture, the Loan Agreements, the Swap Agreement, the Loan Documents and any and all other documents which DelVal has executed and delivered, or may hereafter execute and deliver, to evidence or further assure DelVal’s obligations under the Indenture.

**“Remarketing Agent”** means any remarketing agent or successor or additional Remarketing Agent appointed with respect to any Series of the 2007 Bonds in accordance with the First Supplemental Indenture, as of May 1, 2017, PNC Capital Markets LLC for the 2007 B Bonds while they bear interest at the Weekly Interest Rate.

**“Remarketing Agreement”** means each such agreement for either the 2007 B Bonds or 2007 C Bonds, as applicable, between DelVal and a Remarketing Agent, as the same may be amended from time to time, and any similar agreement between DelVal and a successor Remarketing Agent.

**“Repayments”** means the payments of Loan Principal of and Participant Interest on the Participant Notes.

**“Replacement Credit Facility”** means a Credit Facility which replaces the Credit Facility then in effect pursuant to the First Supplemental Indenture.

**“Reserve Requirement”** means, as of any date of calculation, the aggregate of all amounts required to be deposited and maintained in the Debt Service Reserve Fund, as set forth in each Supplemental Indenture authorizing the issuance of a Series of Bonds. The initial Reserve Requirement for the 2007 Bonds is \$16,000,000, 10% of the par amount of the 2007 Bonds.

**“Revenues”** means all income, revenues, issues, profits and other sums of money received by DelVal from the Loan Agreements, Participant Notes, Guarantees, Swap Agreements and Participant Credit Enhancement, including, without limitation, all Repayments, Termination Charges, Liquidation Proceeds, Optional Prepayment Prices, Swap Receipts, Termination Payments, and Termination Charges.

**“S&P”** means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC.

**“Sinking Fund Depository”** shall mean the bank, trust company, or a bank and trust company, located and lawfully conducting business in Pennsylvania, appointed by a Local Government Unit to maintain the bank account, or sinking fund, to receive payments for debt incurred pursuant to the *Debt Act*.

**“Supplemental Indenture”** means any supplements or amendments to the Indenture from time to time adopted by DelVal (i) in connection with the issuance of a new DelVal Series or (ii) to amend provisions of the Indenture.

**“Swap Agreements”** means interest rate swap agreements which DelVal may execute, from time to time, with a Swap Counterparty in order to reduce the interest costs of Participants, provide for diversification of risks, or to enhance the ability of Participants to manage their liabilities, approved as to form and substance by (i) the Administrator and (ii) the Credit Facility Provider, if applicable, under the Supplemental Indenture.

**“Swap Counterparty”** means (i) individually and collectively, one or more financial institutions which execute a Swap Agreement and which, at the time of execution of the Swap Agreement, by itself or as a result of a guarantee of a Swap Guarantor, has long-term, senior, unsecured debt ratings from two or more Rating Agencies in the “AA” category (or equivalent ratings) or higher or (ii) any financial institution which (a) replaces an existing Swap Counterparty or (b) is added as an additional Swap Counterparty where the existing Swap Counterparty is not replaced, in either event, under circumstances where any existing Swap Counterparty, whether or not replaced, is unwilling or unable to execute any new Swap Transactions or in the case of (b) is added as an additional Swap Counterparty to, as determined by the Administrator, mitigate counterparty risk by limiting the exposure of DelVal to the Swap Counterparties, which in either case would affect the ability of DelVal to achieve its programmatic objectives of providing variable interest rate and fixed interest rate loans to Participants at the lowest possible cost, which additional Swap Counterparty, at the time of execution of the initial Swap Agreement between such additional Swap Counterparty and DelVal, has long term, senior unsecured debt ratings (or equivalent ratings) from the Rating Agencies which are no lower than the unsecured debt ratings on an existing Swap Counterparty (or its Swap Guarantor).

**“Swap Payment”** means, under a Swap Agreement, an amount payable to a Swap Counterparty or by a Swap Counterparty equal to the periodic scheduled payments accruing on the notional amount specified in such Swap Agreement at a variable rate or a fixed rate computed in accordance with such Swap Agreement.

**“Swap Rate”** means the rate based upon which amounts payable by DelVal are determined by or with respect to a Swap Agreement, which rate shall not exceed the Maximum Rate.

**“Swap Receipts”** means, under a Swap Agreement, the amounts payable by a Swap Counterparty as Swap Payments and as Termination Payments in respect of the notional amount specified in such Swap Agreement, at a variable rate or a fixed rate computed in accordance with such Swap Agreement.

**“Tax Compliance Certificate”** means the Tax Compliance Certificate and Agreement of DelVal dated the date of delivery of each Series of Bonds.

**“Tender Agent”** means initially the Trustee or any successor Tender Agent.

**“Termination Charge”** means the rate or charge, determined by the Administrator, representing a Participant’s allocable share of any Termination Payment payable by DelVal to a Swap Counterparty.

**“Termination Payment”** means an amount payable by DelVal or the Swap Counterparty upon the early termination of a Swap Agreement.

**“Three Month LIBOR Rate”** means the rate for deposits in U.S. dollars with a three-month maturity that appears on Telerate Page 3750 (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers’ Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 A.M., London time, on the LIBOR Rate Determination Date, except that, if such rate does not appear on such page on the LIBOR Rate Determination Date, the Three Month LIBOR Rate means a rate determined on the basis of the rates at which deposits in U.S. dollars for a three-month maturity commencing on the related Interest Accrual Date (in a principal amount that is representative for a single transaction in the relevant market

at such time) are offered at approximately 11:00 A.M., London time, on the LIBOR Rate Determination Date, to prime banks in the London interbank market by four major banks in the London interbank market (hereinafter referred to as the "Reference Banks") selected by a market agent appointed by the Administrator to identify such Reference Banks (herein referred to as the "Market Agent"). The Market Agent is to request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the Three Month LIBOR Rate will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Market Agent, at approximately 11:00 A.M., New York City time, on the LIBOR Rate Determination Date for loans in U.S. dollars to leading European banks (in a principal amount that is representative for a single transaction in the relevant market at such time) having a three-month maturity and commencing on the related LIBOR-Based Interest Accrual Date.

**"Variable Rate Loan"** means Loans which bear interest at a variable rate, as calculated by the Administrator.

**"Weekly Interest Rate"** means a variable interest rate borne by the 2007 B Bonds or 2007 C Bonds, as applicable, and established in accordance with the Indenture.

**"Weekly Interest Rate Period"** means each period with respect to any 2007 B Bonds or 2007 C Bonds during which a Weekly Interest Rate is in effect, initially for the 2007 B Bonds, the period beginning on and including the first Business Day of the month (except the first period shall begin on the date of issuance) and ending on, and including, the day before the first Business Day of the next succeeding month.

**"Yield Reduction Payment" or "Yield Reduction Amount"** means any amount paid to the United States to reduce the yield on Investment Property (as defined in the *Code*) for yield restriction purposes pursuant to Treas. Reg. § 1.148-5(c).

## THE 2007 BONDS

### PLAN OF FINANCE

The 2007 Bonds were issued to (i) provide funds to originate or to acquire loans from Local Government Units or other political subdivisions that are guaranteed by a Local Government Unit (each, a “2007 Series Participant”), (ii) redeem a portion of DelVal’s \$70,000,000 Local Government Revenue Bonds, 1997 Series A, (iii) fund a Debt Service Reserve Fund, and (iv) pay costs related to the issuance of the 2007 Bonds.

The 2007 Bonds were the first Series of Bonds issued under and secured by the Master Indenture. The 2007 Bonds and all other Bonds issued under the Master Indenture (collectively, the “Bonds”) are secured on a parity basis by the Trust Estate, except to the extent otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds.

Each Participant that received a Loan entered into a loan agreement (a “Loan Agreement”) and has executed a promissory note (the “Participant Note” or “Note”) in favor of DelVal evidencing its obligation to repay the Loan. DelVal believes that the program to originate Loans to Participants will help meet its programmatic objectives. See “DELVAL - PROGRAMMATIC OBJECTIVES” for more discussion.

DelVal issued the 2007 Bonds in three different interest rate modes to reduce its costs of funds and to manage its exposure to future changes in interest rates. The 2007 A Bonds were issued bearing a Fixed Interest Rate, the 2007 B Bonds were issued initially bearing interest at a Weekly Interest Rate, and the 2007 C Bonds were issued initially bearing interest at a LIBOR-Based Interest Rate. This Remarketing Circular relates only to the remarketing on the 2007 B Bonds and only while the 2007 B Bonds bear interest at the Weekly Interest Rate.

The 2007 B Bonds while bearing interest at a Weekly Interest Rate, at the option of DelVal, may be converted to bear interest at a Fixed Interest Rate or LIBOR-Based Interest Rate. See “THE 2007 BONDS – INTEREST ON THE 2007 B BONDS.”

The payment of principal, purchase price, and redemption price of and interest on the 2007 B Bonds, while the 2007 B Bonds bear interest at a Weekly Interest Rate, is secured by an Irrevocable, Transferrable, Direct Pay, Letter of Credit issued by PNC Bank, National Association in substitution for the existing letter of credit issued by Bayerische Landesbank, acting through its New York Branch, which initially secured the 2007 B Bonds. See “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT.”

DelVal entered into Swap Agreements (each a “Swap Agreement”) with various Swap Counterparties. The Swap Agreements treats as termination events, among others, the failure of DelVal to meet certain Loan origination thresholds with the proceeds of Bonds, the failure of DelVal to maintain the credit quality of the Loan Program under the Master Indenture and to meet certain threshold tests, and the extraordinary mandatory redemption of Bonds issued under the Master Indenture in excess of certain thresholds. See “SECURITY FOR THE 2007 BONDS – LOAN AGREEMENT AND PARTICIPANT NOTE – Participant Credit Enhancement and Ratings of Participants” and “INTEREST RATE SWAP AGREEMENTS.”

### INTEREST ON THE 2007 B BONDS

The 2007 B Bonds were issued initially bearing interest at a Weekly Interest Rate from the Date of Issuance. The 2007 B Bonds mature on June 1, 2042. The 2007 B Bonds, at the option of DelVal and subject to certain conditions, may be converted to bear interest at a LIBOR-Based Interest Rate or a Fixed Interest Rate. The 2007 B Bonds shall not bear interest in excess of the Maximum Rate, as set forth in the Indenture.

#### Weekly Interest Rate

During each Weekly Interest Rate Period with respect to the 2007 B Bonds, the Weekly Interest Rate shall be determined by the Remarketing Agent by no later than 10:00 A.M., New York City time, on Wednesday of each week. The first Weekly Interest Rate for a Weekly Interest Rate Period shall be determined on or prior to the Date of Issuance or the Conversion Date, as applicable, and the first day of the first Weekly Interest Rate Period shall begin on the Date of Issuance or the Conversion Date, as applicable, and end on the next succeeding Tuesday (whether or

not a Business Day). Thereafter, each Weekly Interest Rate shall apply to the period commencing on the Wednesday on or after the date of determination thereof (whether or not a Business Day) and ending on the next succeeding Tuesday (whether or not a Business Day), unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday (whether or not a Business Day) preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period.

The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent to be the minimum interest rate which, if borne by all or a portion of the Bonds of such Series, would enable the Remarketing Agent to sell all or a portion of such Series of Bonds on the Conversion Date and at the time of such determination at a price (without regarding accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 110% of the Municipal Swap Index on the day such Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period. No 2007 Bonds shall bear interest at a Weekly Interest Rate in excess of the Maximum Rate.

### **Fixed Interest Rate – 2007 B Bonds**

During a Fixed Interest Rate Period with respect to all or a portion of the 2007 B Bonds, the Fixed Interest Rate shall be determined by the Remarketing Agent on a Business Day no later than the Conversion Date. The Fixed Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent, as determined in consultation with the Administrator, which, if borne by the 2007 B Bonds, would enable the Remarketing Agent to sell all or a portion of such 2007 B Bonds on the date and at the time of such determination at a price (without regard to accrued interest) which will result in the lowest net interest cost for the 2007 B Bonds or will best enhance the programmatic objectives of DelVal. No 2007 B Bonds shall bear interest at a Fixed Interest Rate in excess of the Maximum Rate.

### **LIBOR-Based Interest Rate**

During each LIBOR-Based Interest Rate Period with respect to all or a portion of the 2007 B Bonds, the LIBOR-Based Interest Rate shall be determined by the Trustee on a date that is two London Banking Days preceding the first day of each LIBOR-Based Interest Accrual Period (each a “LIBOR Rate Determination Date”). The first LIBOR-Based Interest Rate for each LIBOR-Based Interest Rate Period shall apply to the period commencing on the first day of such LIBOR-Based Interest Rate Period and ending on the day immediately prior to the first Interest Payment Date and thereafter, each LIBOR-Based Interest Rate shall apply to the period commencing on and including an Interest Accrual Date to but not including the following Interest Payment Date (each a “LIBOR-Based Interest Accrual Period”). The LIBOR-Based Interest Rate shall be the rate of interest per annum determined by the Trustee on a LIBOR Rate Determination Date to be the sum of (a) 67% of the Three Month LIBOR Rate (or, (x) in the case where the first LIBOR-Based Interest Accrual Period is less than 3 months but greater than one month, the linear interpolation between similarly determined One and Three Month LIBOR Rates and (y) in the case where the first LIBOR-Based Interest Accrual Period is greater than 3 months but less than 4 months, the linear interpolation between similarly determined Three and Six Month LIBOR Rates) and (b) the spread as determined on the Conversion Date of the applicable 2007 B Bonds. No 2007 B Bonds shall bear interest at a LIBOR-Based Interest Rate in excess of the Maximum Rate.

As soon as possible after 11:00 A.M. (New York time) on each LIBOR Rate Determination Date, but in no event later than 11:00 A.M. (New York time) on the Business Day immediately following each LIBOR Rate Determination Date, the Trustee will notify DelVal and the Holders of the LIBOR-Based Interest Rate for the next LIBOR-Based Interest Accrual Period.

### **Notices of Conversion**

DelVal, by written direction to the Trustee, the Tender Agent, the Credit Facility Provider (if any) and the Remarketing Agent, may elect to convert all or a portion of the 2007 B Bonds, to a different Interest Rate (a “Conversion”). Such direction of DelVal shall include (i) the proposed date of Conversion (the “Conversion Date”),

which date shall be a Business Day not earlier than the thirtieth (30<sup>th</sup>) day following the second Business Day after receipt by the Trustee of such direction (ii) the date of delivery for such Bonds to be purchased on the Conversion Date and the amount of such 2007 B Bonds to be converted on the Conversion Date; (iii) a letter of Bond Counsel that it expects to be able to give a Favorable Opinion of Bond Counsel on the Conversion Date; and (iv) a form of the notice to be mailed by the Trustee to the Bondholders of such Series.

The Trustee shall, following written direction from DelVal, give notice by first-class mail of a Conversion to a Fixed Interest Rate, Weekly Interest Rate, or LIBOR-Based Interest Rate Period for all or a portion of the 2007 B Bonds, not less than thirty (30) days prior to the proposed Conversion Date. Such notice shall state: (i) that the interest rate on the Bonds of such Series, or portions thereof, will be converted unless a Favorable Opinion of Bond Counsel as to such Conversion is not delivered; (ii) the proposed Conversion Date; and (iii) that the 2007 B Bonds, or portions thereof, are subject to mandatory tender for purchase on such proposed effective date, regardless of whether any or all conditions to the Conversion are met, and setting forth the applicable Purchase Price and the place of delivery for purchase of such Bonds. If less than all of the 2007 B Bonds are subject to Conversion, the Trustee shall select by lot the applicable 2007 B Bonds to be converted. The 2007 B Bonds not so converted shall continue to bear interest at the Weekly Interest Rate, LIBOR-Based Interest Rate, or Fixed Interest Rate, as applicable.

DelVal shall have the right to deliver to the Trustee, the Remarketing Agent (if any), the Tender Agent (if any), the Credit Facility Provider (if any) on or prior to 10:00 A.M., New York City time, on the second Business Day preceding any Conversion Date a notice to the effect that DelVal elects to rescind its election to make such Conversion. If DelVal rescinds its election to make such Conversion, then the Interest Rate Period shall not be converted and the 2007 Bonds of such Series shall continue to bear interest at the Weekly Interest Rate, LIBOR-Based Interest Rate or Fixed Interest Rate, as the case may be, as in effect immediately prior to such proposed Conversion. In any event, if notice of a Conversion has been mailed to the Holders of such Series and DelVal rescinds its election to make such Conversion, then the 2007 B Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the Conversion.

No Conversion from one Interest Rate Period to another shall take effect unless each of the following conditions, to the extent applicable, shall have been satisfied:

- i) The Trustee, the Remarketing Agent (if any) and DelVal shall have received a Favorable Opinion of Bond Counsel with respect to such Conversion.
- ii) In the case of any Conversion with respect to which no Credit Facility is in effect to provide funds for the purchase of 2007 B Bonds, the remarketing proceeds available on the Conversion Date shall not be less than the amount required to purchase all of the Bonds of such Series subject to the Conversion, without drawing on the then existing Credit Facility, at the Purchase Price (unless DelVal, in its sole discretion, elects to transfer to the Tender Agent the amount of such deficiency on or before the Conversion Date).

If any condition to the Conversion of the 2007 B Bonds, or portions thereof, as applicable, shall not have been satisfied, then the Interest Rate Period shall not be converted and the 2007 Bonds of such Series shall continue to bear interest at the Weekly Interest Rate, Fixed Interest Rate or LIBOR-Based Interest Rate, as the case may be, as in effect immediately prior to such proposed Conversion and the 2007 Bonds of such Series.

## **REDEMPTION**

### **Optional Redemption**

The 2007 B Bonds that bear interest at a Weekly Interest Rate are subject to redemption prior to their stated maturity, at the option of DelVal, in whole or in part (in such amounts as may be specified by DelVal), on any date at a Redemption Price equal to 100% of the principal amount thereof called for redemption, plus accrued interest to the date fixed for redemption, without premium. If the 2007 B Bonds are remarketed to bear interest at a Fixed Interest Rate or at a LIBOR-Based Interest Rate, the optional redemption provisions will be stated at the time of that remarketing.

## **Extraordinary Mandatory Redemption**

The 2007 B Bonds are subject to Extraordinary Mandatory Redemption prior to maturity, in whole or in part, as applicable, as follows:

- i) In whole or in part, on (a) the date that DelVal determines the proceeds deposited in the Recycling Fund are no longer reasonably expected to be required for the Loan Program or (b) a period of one year following the receipt of each Loan Principal repayment, beginning on June 28, 2011, unless DelVal receives a Favorable Opinion of Bond Counsel.
- ii) In whole or in part, on any date, if DelVal, as a result of direction received from Bond Counsel, is required to take remedial action so that interest on the 2007 B Bonds shall remain excluded from gross income for federal income tax purposes, and in the amount determined to be necessary so that interest on the 2007 B Bonds shall remain excluded from gross income for federal income tax purposes.

The occurrence of an Extraordinary Mandatory Redemption of the 2007 B Bonds may result in early termination of one or more Swap Agreements requiring Termination Payments to be made by or to DelVal. Any Termination Payments received by DelVal would be applied to the Extraordinary Mandatory Redemption of the 2007 B Bonds and any Termination Payments made by DelVal would be paid from moneys in the Discretionary Fund or from the Covenant Agreement.

DelVal has never redeemed any bonds due to an inability to originate loans. See "TAX MATTERS" and "DELVAL - LOAN PROGRAMS." IF DELVAL FAILS TO ORIGINATE SUFFICIENT LOANS FROM THE NET PROCEEDS OF THE 2007 BONDS, DELVAL MAY BE REQUIRED TO REDEEM ALL OR A PORTION OF THE 2007 BONDS.

## **Notice of Redemption**

Notice of redemption of any 2007 B Bonds shall be given not more than 30 days and not less than 15 days prior to the redemption date, by mailing copies of such notice of redemption by first class mail, postage prepaid, to all holders of the 2007 B Bonds to be redeemed at their registered addresses, but failure to mail any such notice or defect in the mailing thereof in respect of any 2007 B Bond shall not affect the validity of the redemption of any other 2007 B Bond with respect to which notice was properly given. So long as DTC, or its nominee, is the sole registered owner of the 2007 B Bonds under the book-entry-only system, redemption notices will be sent to Cede & Co.

In the event that any 2007 B Bonds are called for redemption and the amounts required for payment of the redemption prices thereof are not on deposit with the Trustee on the date set for redemption, the Trustee shall notify the registered owners of such 2007 B Bonds that such redemption has been rescinded, and shall return any 2007 B Bonds surrendered for redemption to the registered owners thereof, and DelVal, the Trustee and the registered owners shall be restored to their prior position.

## **Selection of 2007 B Bonds to Be Redeemed**

Whenever provision is made for the redemption of less than all of the 2007 B Bonds, the Trustee shall select the 2007 B Bonds to be redeemed, from all 2007 B Bonds subject to redemption or such given portion thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair; provided, however, that 2007 B Bonds shall be redeemed in the following order of priority (and by lot within each priority):

- (i) Any 2007 B Bonds which are Credit Facility Bonds and
- (ii) Any other 2007 B Bonds.

## **PURCHASE OF BONDS UPON TENDER**

### **Optional Tender**

During any Weekly Interest Rate Period for the 2007 B Bonds, any Eligible Bond of such Series shall be purchased from its Holder at the option of the Holder on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the

date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its corporate trust office for delivery of notices and to the Remarketing Agent of an irrevocable written notice which states the name and Series designation of the 2007 B Bond, the principal amount and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 P.M., New York City time, shall be deemed to have been received on the next succeeding Business Day. For payment of such Purchase Price on the date specified in such notice, such 2007 B Bond must be delivered, at or prior to 10:00 A.M., New York City time, on the date specified in such notice, to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of The New York Stock Exchange.

### **Mandatory Tender**

Eligible Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period with respect to such Bonds, or on the day which would have been the first day of an Interest Rate Period for such Bonds had one of the events not occurred which resulted in the interest rate not being converted, at the Purchase Price, payable in immediately available funds. The Purchase Price of any Eligible Bond so purchased shall be payable only upon surrender of such Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to such Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of The New York Stock Exchange at or prior to 10:00 A.M., New York City time, on the date specified for such delivery in this paragraph or in the notice of conversion.

The 2007 B Bonds bearing interest at a Weekly Interest Rate shall be subject to mandatory tender for purchase not less than one Business Day prior to the Expiration Date for any Credit Facility applicable to such Series and on the date of delivery of a Replacement Credit Facility (on the dates and upon notice to Holders), at the Purchase Price, payable in immediately available funds. The Purchase Price of any 2007 B Bond so purchased shall be payable only upon surrender of such 2007 B Bond to the Tender Agent at its Principal Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or by the Holder's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of The New York Stock Exchange, at or prior to 10:00 A.M., New York City time, on the date specified for such delivery in a notice provided to the Holders by the Trustee. Upon the Expiration Date for any Credit Facility or upon delivery of a Replacement Credit Facility, the Trustee shall deliver written notice thereof to Fitch, Moody's, and S&P.

### **Sources of Payment**

In all cases of optional or mandatory tender for purchase, the Trustee is required to purchase, but only from the funds listed below, 2007 B Bonds purchased or deemed purchased at a price equal to 100% of the principal amount thereof plus accrued interest, if any (the "Purchase Price"). Funds for the payment of such purchase price shall be derived solely from the following sources in the order of priority indicated:

- (i) proceeds of the remarketing of such 2007 B Bonds by the Remarketing Agent;
- (ii) moneys provided to the Trustee pursuant to the Letter of Credit; and
- (iii) other available funds of DeVal, as defined in the Indenture, that will not constitute an avoidable transfer under state or federal insolvency laws.

### **Special Considerations Relating to the Weekly Interest Bonds**

**The Remarketing Agent is Paid by DeVal.** The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Remarketing Circular. The Remarketing Agent is appointed by DeVal and is paid by DeVal for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

**The Remarketing Agent Routinely Purchases Bonds for its Own Account.** The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may routinely purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure on the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

**Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.** Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 2007 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2007 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

**The Ability to Sell the Bonds other than through Tender Process May Be Limited.** The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

**Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds, Without a Successor Being Named.** Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in the Indenture.

# SECURITY FOR THE 2007 BONDS

## THE INDENTURE

The 2007 Bonds were issued under and secured by the Master Indenture and the First Supplemental Indenture. The Master Indenture contemplates, and DelVal has issued additional Series of Bonds. All future Series of Bonds will be issued under the Master Indenture and will be secured equally and ratably with the 2007 Bonds in the Trust Estate, unless otherwise provided for in the supplemental indenture authorizing and securing such future Series of Bonds. The Trust Estate includes, for all Series of Bonds issued under the Master Indenture:

- i) the Revenues, the Participant Notes, the Loan Agreements (other than the rights of DelVal to indemnification or payment of expenses under the Loan Agreements),
- ii) all right, title and interest of DelVal in and under the Swap Agreements and the Swap Receipts (other than the rights of DelVal to indemnification or payment of expenses under the Swap Agreements),
- iii) all right, title and interest of DelVal under the Investment Agreements (other than DelVal's rights to indemnification or payment of expenses under the Investment Agreements),
- iv) the right, title and interest of DelVal in the Participant Credit Enhancement,
- v) all moneys and securities (including investment income therefrom) and all other property of every kind and of every name and nature which are now or from time to time hereafter, pledged, assigned or transferred as security to the Trustee under the Indenture by DelVal or by anyone on its behalf, and all cash and securities now or hereafter held in the Funds under the Indenture (excluding the Revenue Fund and the Discretionary Fund to the extent of Excess Funds as provided in the Covenant Agreement), and
- vi) all right, title and interest of DelVal in all Credit Facilities.

Any amounts credited to the Rebate Fund and the Discretionary Fund to the extent provided in the Covenant Agreement shall be free and clear of any lien under the Indenture.

Under the Indenture, the periodic scheduled payments to be made by DelVal pursuant to Swap Agreements entered into by DelVal with respect to the 2007 Bonds, but not Termination Payments, are equally and ratably secured by the Trust Estate. Termination Payments due from DelVal under Swap Agreements are payable only from the Discretionary Fund, and Termination Payments are subject and subordinate to payment of the principal and redemption price of and interest due and owing on the 2007 Bonds and the Swap Payments due and owing under any Swap Agreement.

## Funds and Accounts

The Indenture creates the following Funds and Accounts:

- i) Revenue Fund and within the Revenue Fund, a Principal Account, an Interest Account, and a Program Administration Account;
- ii) Acquisition Fund;
- iii) the Recycling Fund and within the Recycling Fund, a New Money Loan Principal Account and a Refunding Loan Principal Account;
- iv) Redemption Fund;
- v) Rebate Fund;
- vi) Discretionary Fund;
- vii) Debt Service Reserve Fund; and
- viii) Costs of Issuance Fund.

The Indenture authorizes the Trustee to create additional accounts and subaccounts in the Funds at the direction of the Administrator in order to segregate moneys or to accomplish any other administrative purpose and to comply with the provisions of any Supplemental Indenture authorizing issuance of a series of Bonds.

## ***Acquisition Fund and Recycling Fund***

All Loans were initially originated from the Acquisition Fund in accordance with the Indenture. When Loans are amortized or repaid, the repayments of Loan Principal on Loans for new money projects will be deposited into the New Money Loan Principal Account of the Recycling Fund and the repayments of Loan Principal on Loans which

constitute refundings will be deposited in the Refunding Loan Principal Account of the Recycling Fund. When the Acquisition Fund is depleted, the Recycling Fund will be used to originate Loans. DelVal is required to obtain a Favorable Opinion of Bond Counsel prior to making Loans.

### **Revenue Fund**

The Indenture requires the following to be deposited into the Revenue Fund, as and when received:

- i) all Repayments and Termination Charges received from Participants, Guarantors, and Participant Credit Enhancers;
- ii) all Swap Receipts and Termination Payments received from a Swap Counterparty;
- iii) all earnings on Funds invested under the Indenture;
- iv) moneys transferred from other Funds under the Indenture;
- v) moneys received in connection with a Participant Default and the exercise of remedies under a Loan Agreement or Guarantee;
- vi) all moneys contributed by DelVal and all moneys transferred pursuant to the Covenant Agreement at the direction of the Administrator;
- vii) to the extent and as provided in a Supplemental Indenture, moneys representing a draw on any Credit Facility to make payment of the principal of and interest on any Series of Bonds for which a Credit Facility has been provided, deposited in a separate account and not commingled with any other funds.

The Indenture requires that moneys in the Revenue Fund shall be used for the following payments and transfers on the following dates and in the following order of priority; provided, however, that draws on any Credit Facility to pay principal of or interest on a Series of Bonds shall be paid directly to the Bondholders or as provided in a Supplemental Indenture:

- i) on each Interest Payment Date and each Swap Payment Date that is also an Interest Payment Date, to pay interest on the Bonds or, if interest on the Bonds has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider, and to pay any Swap Payments due under any Swap Agreements;
- ii) on each Swap Payment Date that is not an Interest Payment Date, to make the Swap Payments due under any Swap Agreements;
- iii) on each Principal Payment Date, to pay the principal due on the Bonds or, if the principal due on the Bonds has been paid from a draw on a Credit Facility, to reimburse the Credit Facility Provider;
- iv) on each Loan Payment Date and Loan Prepayment Date, to the Recycling Fund (and the applicable sub-account thereof), Repayments (from whomever paid) constituting Loan Principal on Participant Notes pursuant to the Loan Agreements;
- v) on each Loan Payment Date and Loan Prepayment Date, to the Discretionary Fund, Termination Charges received;
- vi) as necessary, to pay Administrative Expenses;
- vii) as necessary, to the Debt Service Reserve Fund, to the extent required to replenish any deficiency therein;
- viii) if DelVal shall have received notice of an early termination under any Swap Agreement and notice that a Termination Payment will be due to a Swap Counterparty, the Administrator shall direct the Trustee to transfer to the Discretionary Fund, if necessary, an amount sufficient to make the Termination Payment; and
- ix) from time to time, to the Discretionary Fund in such amounts as may be directed by the Administrator.

### **Redemption Fund**

Funds will be transferred to the Redemption Fund from the Acquisition Fund or the Recycling Fund in the event that an Optional Redemption or an Extraordinary Mandatory Redemption is triggered because (i) the proceeds are no longer required for the Loan Program or (ii) redemption of 2007 Bonds is necessary to comply with the provisions of the *Code*.

### **Rebate Fund**

A rebate analyst (the "Rebate Analyst"), initially, the Administrator, will calculate the amount necessary to be deposited in the Rebate Fund to make rebate payments and/or yield reduction payments to the United States, pursuant to Section 148 of the *Code* not later than 60 days after each fifth bond year for the 2007 Bonds and not later

than 60 days after the payment in full of all outstanding 2007 Bonds. Each Participant will be notified of the amount required to be deposited in the Rebate Fund applicable to each Loan and the amount then on deposit in the Rebate Fund applicable to such Loan, and each Participant will be required to pay any deficiency to the Trustee. If such amount is not paid within five days after receipt of such notice by a Participant, the Administrator shall direct the Trustee to immediately transfer to the Rebate Fund that amount, first from the Discretionary Fund, second from the Acquisition Fund, and third from the Recycling Fund, to the extent of moneys available therein. Rebate amounts and/or yield reduction amounts with respect to amounts not loaned or otherwise attributable to Participants will also be transferred from the foregoing funds, to the extent available. Amounts credited to the Rebate Fund will be free and clear of any lien under the Indenture.

### ***Discretionary Fund***

Termination Payments received from a Swap Counterparty pursuant to a Swap Agreement, Termination Charges received from a Participant, Guarantor, or Participant Credit Enhancer pursuant to a Loan Agreement, and amounts received pursuant to the Covenant Agreement for a Termination Payment to a Swap Counterparty, shall be deposited in the Discretionary Fund. Termination Payments shall be subject and subordinate to payments of interest, principal or redemption price of Bonds then due and owing and to Swap Payments then due and owing. Amounts in the Discretionary Fund shall be applied to the following:

- i) Transfers to the Revenue Fund to pay interest, principal, or redemption prices on Bonds then due (or to reimburse the provider of a Credit Facility which secures a Series of Bonds and which has made a payment thereon) and to make Swap Payments when other moneys available to the Trustee are insufficient;
- ii) Termination Payments then due to Swap Counterparties;
- iii) Deposits to the Rebate Fund or Extraordinary Payments;
- iv) Transfers to the Revenue Fund to pay any Administrative Expenses when other moneys available to the Trustee are insufficient;
- v) Transfers to the Revenue Fund to pay the costs or expenses related to origination of any Loan or issuance of any Participant Note;
- vi) Transfers to make a payment under the Covenant Agreement at the direction of the Administrator, provided (A) that a Termination Payment is not then due and owing and (B) that the payment will not cause the total liabilities to exceed the total assets under the Indenture; and
- vii) Transfers to DelVal, provided (A) that a Favorable Opinion of Bond Counsel is given, (B) that no Termination Payment is then due and owing, and (C) that the payment will not cause the total liabilities to exceed the total assets under the Indenture.

### ***Debt Service Reserve Fund***

A portion of the proceeds of the 2007 Bonds will be deposited into a Debt Service Reserve Fund. When, and only when, sufficient funds are not available for such purposes in the Revenue Fund or Discretionary Fund, moneys in the Debt Service Reserve Fund shall be applied (i) to make payments of principal and interest on all Bonds issued pursuant to the Master Indenture, (ii) to reimburse any Credit Facility Provider for payments of principal and interest on all Bonds issued pursuant to the Master Indenture and secured by a Credit Facility, and (iii) to make Swap Payments related to all Bonds issued pursuant to the Master Indenture. Earnings on the Debt Service Reserve Fund are to be retained in that fund to the extent necessary for the fund to equal the Reserve Requirement, and thereafter such earnings are to be transferred to the Revenue Fund. The Reserve Requirement is the aggregate amount required to be deposited in the Debt Service Reserve Fund as set forth in each supplemental indenture authorizing each series of Bonds. The initial Reserve Requirement is \$16,000,000, an amount equal to 10% of the principal amount of the 2007 Bonds.

### ***Special Limited Obligations***

THE 2007 B BONDS ARE SPECIAL LIMITED OBLIGATIONS OF DELVAL. NEITHER THE PRINCIPAL OR REDEMPTION PRICE OF THE 2007 B BONDS, NOR THE INTEREST ACCRUING THEREON, SHALL CONSTITUTE A GENERAL OBLIGATION OF DELVAL, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTIES OF BUCKS, CHESTER, DELAWARE, OR MONTGOMERY, OR ANY POLITICAL SUBDIVISION THEREOF. DELVAL HAS NO TAXING POWER.

## **LOAN AGREEMENT AND PARTICIPANT NOTE**

The 2007 B Bonds are secured by the Trust Estate which includes, among other things, the assignment of each Loan Agreement and Participant Note. The Participant's obligations for Repayments and Termination Charges under the Loan Agreement are guaranteed by the Participant or its Guarantor, if applicable. The Participant's obligation to repay principal (the "Loan Principal") and interest (the "Participant Interest") on the Participant Note is secured by the full faith, credit and taxing power of the Participant or its Guarantor, if applicable. Such obligations are payable from the revenues of the Participant or its Guarantor, if applicable, from whatever source derived, which revenues at the time of issuance of the 2007 Bonds include ad valorem taxes within limits provided by applicable law, levied upon all the taxable property within the boundaries of the Participant or Guarantor, if applicable. School districts no longer have unlimited power to increase ad valorem taxes or levy additional taxes. See "TAXING POWERS OF LOCAL GOVERNMENT UNITS." The issuance of each Participant Note will not occur until the Department of Community and Economic Development of the Commonwealth, pursuant to the *Debt Act*, has approved the debt evidenced by the Loan Agreement and Note or the Guaranty, as applicable. Each Participant will receive the entire amount of its Loan upon the execution of its Loan Agreement and the issuance of its Participant Note.

### **Repayments**

The schedule of Loan Principal payments due on each Loan is set forth in each Participant Note. The Indenture and each Loan Agreement provide that the Administrator shall calculate the Participant Interest. For such purpose, the Administrator shall include (i) the payments of principal of and interest on the 2007 Bonds, (ii) receipts and payments under any Swap Agreements, and (iii) each Participant's allocable share of Administrative Expenses. As directed by the Administrator, the Trustee bills each Participant for the amounts of the Loan Principal and Participant Interest (collectively, the "Repayments") due. Under the Loan Agreement, the Repayments are secured by a pledge of the full faith, credit and taxing power of the Participant, or its Guarantor if applicable.

### **Participant Credit Enhancement and Ratings of Participants**

The initial Swap Agreement (the "Citibank Swap Agreement") with Citibank, N.A. ("Citibank"), which was effective upon issuance of the 2007 Bonds, treats as a termination event the failure of DelVal to meet a threshold test (the "Citibank Threshold") for all Loans outstanding under the Master Indenture. The Citibank Threshold would be exceeded if the sum of the Loan Principal outstanding to (i) unrated Participants, (ii) Participants rated below "Baa1" from Moody's or "BBB+" from S&P, and (iii) unrated Participants or Participants rated below "Baa1" or "BBB+" secured by a Participant Credit Enhancer with ratings below "Aa3" by Moody's or "AA-" from S&P exceeds 20% of all Loan Principal outstanding under the Master Indenture. For purposes of the Citibank Threshold, ratings refer to the ratings of the Participants' long-term, unsecured, unenhanced, senior debt, the ratings of Participants that are school districts that take into consideration the intercept provisions of the *Public School Code*, and ratings of claims paying abilities of Participant Credit Enhancers. See "DELVAL – LOAN PROGRAMS" and "SECURITY FOR THE 2007 BONDS – LOAN AGREEMENT AND PARTICIPANT NOTE – Loan Agreements with School Districts." If the rating of a Participant is downgraded and causes the Citibank Threshold to be exceeded, DelVal would have 30 days to secure a Participant Credit Enhancer. If the rating of a Participant Credit Enhancer is downgraded and causes the Citibank Threshold to be exceeded, DelVal would have 30 days to secure a replacement Participant Credit Enhancer. Citibank may, in its sole discretion, waive the termination event if the Citibank Threshold is exceeded, and/or Citibank may require DelVal to post collateral in an amount and on terms satisfactory to Citibank as a condition to waive the termination event. The Citibank is not required to agree to the posting of collateral by DelVal and, accordingly, the failure to meet the Citibank Threshold requirement could result in a Termination Payment being payable as a result of a termination event having occurred under the Swap Agreement.

The amendment and restatement of the Covenant Agreement as of August 3, 2009, imposed a more stringent rating test on DelVal than the Citibank Threshold. See "SECURITY FOR THE 2007 BONDS – COVENANT AGREEMENT" and "OPERATIONS OF DELVAL– LOAN PROGRAM."

The Participant Credit Enhancer of any Loan has the right to direct enforcement of the remedies set forth in the Loan Agreement if the Participant defaults on its obligations.

NO ASSURANCE CAN BE GIVEN THAT PARTICIPANT CREDIT ENHANCEMENTS WILL BE AVAILABLE FOR LOANS IN THE FUTURE. PARTICIPANT CREDIT ENHANCEMENTS WILL NOT GUARANTEE THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2007 BONDS.

## **Termination Charges**

In the event that DelVal incurs a Termination Payment due to the early termination of a Swap Agreement, the Administrator may calculate and assess a Termination Charge equal to the Participant's allocable share of the Termination Payment, payable on the date directed by the Administrator. Under the Loan Agreement, the Participant has a contractual obligation to pay the Termination Charge, but the payment of the Termination Charge is not secured by the pledge of the full faith, credit and taxing power of the Participant or its Guarantor, if applicable. If funds to pay the Termination Charge are not available for appropriation in its current fiscal year budget, the Participant covenants in the Loan Agreement to include the Termination Charge in its budget in the next fiscal year. The *Debt Act* also permits a Participant to treat the Termination Charge as "unfunded debt" (as such term is defined in the *Debt Act*) and issue debt to fund payment of the Termination Charge.

## **Sinking Funds of the Participants**

The *Debt Act* requires that each Local Government Unit create an account to deposit payments for any debt incurred under the *Debt Act*. This account, or sinking fund, shall be maintained by a bank, trust company, or a bank and trust company, appointed by the Local Government Unit, located and lawfully conducting business in Pennsylvania (a "Sinking Fund Depository"). The ordinance or resolution that authorizes the incurrence of a Loan by each 2007 Series Participant will appoint the Trustee as its Sinking Fund Depository. The Sinking Fund Depository shall transfer from the sinking funds of the 2007 Series Participants to DelVal's Revenue Fund the Repayments received from the 2007 Series Participants.

## **Remedies under the *Debt Act***

The *Debt Act* provides that if a Local Government Unit with general taxing powers fails or refuses to make adequate provision in its budget for any fiscal year for the sums payable in receipt of bonds in that year (which for such purpose includes payments of Loan Principal and Loan Interest under the Loan Agreement) (i) then at the suit of the holder of any bond, the Court of Common Pleas shall, after a hearing held upon such notice to the Local Government Unit as the Court may direct and a finding of such failure or neglect, by order of mandamus require the treasurer of the Local Government Unit to pay into the sinking fund the first tax moneys or other available revenues or moneys thereafter received in the fiscal year by the treasurer, equally and ratably for each series for which provision has not been made, in proportion to debt service for the year on each series then outstanding and (ii) further, if a Local Government Unit fails or neglects to pay such interest and principal as the same becomes due and payable and the failure continues for 30 days, the holder thereof may, subject to certain priorities set forth in the *Debt Act*, recover the amount due in an action in the court of common pleas and the judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the Local Government Unit.

Under the *Debt Act*, if a Local Government Unit fails or refuses to budget for any fiscal year a periodic scheduled payment due in that year pursuant to the provisions of a qualified interest rate management agreement and payable from the general revenues of the Local Government Unit, the other party to the qualified interest rate management agreement may bring an enforcement action in a court of common pleas. After a hearing held upon notice to the Local Government Unit, if the court finds such a failure or refusal, the court may, by order of mandamus, require the treasurer of the Local Government Unit to pay to the other party out of the first tax money or other available revenue or money thereafter received in the fiscal year by the treasurer the periodic scheduled payments due pursuant to the provisions of the qualified interest rate management agreement (subject to the *Debt Act* priority for tax anticipation notes) and § 8281(c)(8) of the *Debt Act* (relating to qualified interest rate management agreements). In addition, if a Local Government Unit fails to pay any amount due under a qualified interest rate management agreement when it becomes due and payable, and such failure continues for 30 days, the other party to the qualified interest rate management agreement may bring an action in a court of common pleas to recover the amount due, subject to certain priorities set forth in the *Debt Act* and any limitations upon rights of action properly provided in the qualified interest rate management agreement.

## **Loan Agreements with School Districts**

Under the provisions of § 6-633 of the *Public School Code*, if any school district fails to make its required debt service payments with respect to indebtedness (such as a school district's debt under the Participant Note and the Loan Agreement), the Secretary of Education of the Commonwealth shall notify the board of directors of its obligation and withhold, subject to compliance by the subject school district with Act No. 85 of 2016 (P.L. 664, No. 85), from such school district, out of any Commonwealth appropriation due such school district by the Commonwealth, an

amount equal to the debt service payments owed by such school district. These withholding provisions are not part of any contract with DelVal, or with the holders of DelVal's bonds, and future legislation may amend or repeal the provisions for the withholding of debt service payments. Other withholding provisions of the *Public School Code* (e.g., the provision for the withholding of unpaid teachers' salaries) may limit the effectiveness of the withholding provisions for debt service in § 6-633. The enforcement of § 6-633 may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. No assurance can be given that any debt service payments subject to the Section 6-633 withholding provisions will be received on the date that the debt service payments are due.

Under the provisions of the *Debt Act*, if the board of directors of a school district fails to pay or provide for the payment of periodic scheduled payments, due pursuant to a qualified interest rate management agreement, the Secretary of Education of the Commonwealth (if the Secretary finds that the amount due and payable by the school district has not been paid) is required to withhold out of any state appropriation due the school district an amount equal to the amount so due and pay that amount over to the party to whom it is due. Under the *Debt Act*, a qualified interest rate management agreement is defined as an agreement entered into by a Local Government Unit fulfilling certain requirements and which, in the judgment of the Local Government Unit, is designed to manage interest rate risk or interest cost on any debt the Local Government Unit is authorized to incur under the *Debt Act*. Each Loan Agreement is intended to constitute a qualified interest rate management agreement with respect to Repayments, contains the provisions required by the *Debt Act*, and requires the Participant to take all steps necessary to qualify the Loan Agreement as such.

The *Debt Act*, as it applies to the general obligation debt of school districts, prescribes certain other remedies in the event of a failure to make timely debt service payments. If a school district fails to pay debt service on a general obligation debt for a period of 30 days from the date when payment becomes due and payable, the holder of that debt shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas in the county in which the school district is located. The *Debt Act* also provides that any judgment shall have an appropriate priority upon moneys next coming in to the treasury of the school district. The *Debt Act* further provides that upon default in the payment of principal and interest, which continues at least 30 days, holders of at least 25% of such defaulted debt may appoint a trustee to represent them. The *Debt Act* provides certain other remedies and further qualifies the remedies described above in "Remedies under the *Debt Act*."

All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. The Constitution of the Commonwealth provides that "...[t]he General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to service the needs of the Commonwealth..." However, the General Assembly is not legally obligated to appropriate such subsidies and no assurance can be given that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements depends upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, no assurance can be given that financial support from the Commonwealth to school districts, for either capital projects or education programs in general, will continue at present levels or that moneys will be payable to a school district if indebtedness of such school districts is not paid when due. In addition, under the *Taxpayer Relief Act*, such school districts may not increase the rate of taxes levied for the support of schools above an inflation index in order to pay the interest and principal on debt without voter approval unless the tax has been approved by the voters in a referendum or one of the other limited exemptions to such voter approval is utilized. See "TAXING POWERS OF LOCAL GOVERNMENT UNITS - *TAXPAYER RELIEF ACT OF 2006*."

### **Participant Tax Compliance Agreement**

The Indenture requires, as a condition of closing a Loan, that each Participant (and Guarantor, if applicable) enter into a written undertaking to comply with certain covenants (each a "Participant Tax Compliance Agreement"), which, based upon the advice of Bond Counsel, are believed to be sufficient in order that the interest on the 2007 Bonds remain excludible from the gross income of the holders thereof under the *Code*.

## **LETTER OF CREDIT**

The 2007 B Bonds were secured by a Letter of Credit issued by Bayerische Landesbank, acting through its New York Branch (the “BayernLB Letter of Credit”). The BayernLB Letter of Credit expires on June 28, 2017. PNC Bank, National Association, will issue the Letter of Credit with respect to the 2007 B Bonds on May 1, 2017 which will be issued as a replacement Letter of Credit. The Letter of Credit will expire on May 1, 2020 (the “Stated Expiration Date”), unless replaced by another Credit Facility in accordance with the terms and conditions of the Indenture, extended or otherwise terminated as described herein under the subheading “REMEDIES UPON EVENT OF DEFAULT” under the heading “**THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.**” The Letter of Credit will be issued in favor of the Trustee and will permit the Trustee to make drawings up to the principal, purchase price, or redemption price of and interest on the amounts therein specified. See “**THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.**” Upon the expiration, replacement, or termination of the Letter of Credit, the 2007 B Bonds will be subject to mandatory tender for purchase as described in this Remarketing Circular.

## **COVENANT AGREEMENT**

DeIVal originally adopted the Covenant Agreement on April 9, 2001, to improve the security of the bondholders of all DeIVal Bonds. Under the terms of the Covenant Agreement, DeIVal pledges to use, in accordance with the provisions of each Trust Indenture, any available unrestricted funds (the “Excess Funds”) to cure any deficiency in any trust estate. The Excess Funds may be used to:

- 1) replenish any deficiency of a debt service reserve fund or
- 2) pay any debt service payments, interest rate swap payments, administrative expenses, and interest rate swap termination payments.

The Covenant Agreement was amended and restated on April 23, 2002, April 12, 2004, June 28, 2007, and August 3, 2009.

Excess Funds can only be used for the purposes enumerated above so long as the Covenant Agreement is effective. Below is a schedule of the Excess Funds for the past five years. The Excess Funds differ from the Balance Sheet in that the amortization of non-cash items (such as original issue premium and bond insurance premiums) are not included. Investments and restricted investments are shown at their fair market values, and bonds and loans are shown at their par amounts. The funds held by DeIVal which can be used to originate loans exceed the related principal amount of DeIVal’s Bonds by \$28.2 million. The fair market values, as of December 31 of each year, of DeIVal’s interest rate swap transactions are also shown on the schedule, but they are not included in the calculation of excess funds.

### Excess Funds for the Years Ended December 31

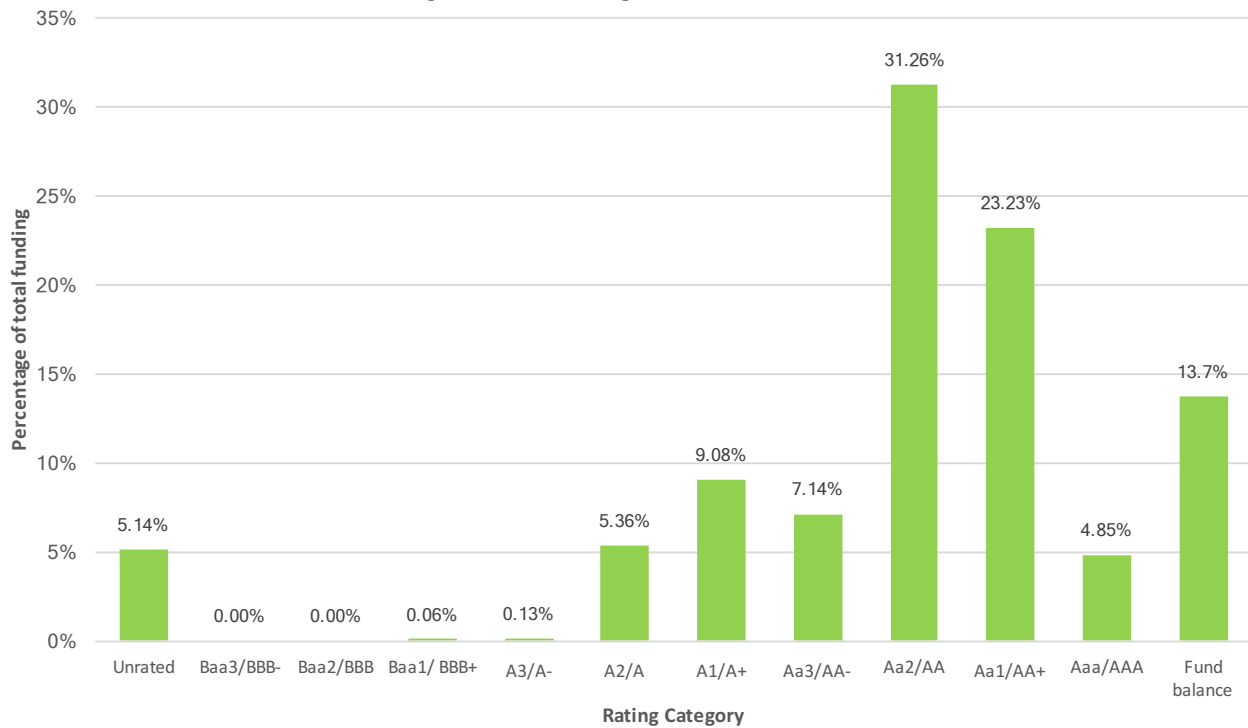
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 55,502,409	\$ 55,691,173	\$ 97,713,546	\$ 92,000,708	\$ 133,462,536
Restricted cash and cash equivalents	104,039,486	63,599,750	62,000,000	63,356,000	62,000,000
Investments	-	-	19,951,187	8,027,769	1,082,063
Restricted investments	2,600,096	42,855,749	24,577,720	23,128,235	24,715,115
Loan interest receivable	479,719	445,947	430,309	423,266	412,880
Interest rate swaps receivable	5,561,219	5,570,865	5,618,294	5,645,749	5,549,923
Investment earnings receivable	61,466	63,885	61,524	67,662	101,475
Prepaid expenses	92,618	93,188	85,356	89,863	88,531
Loans to local governments	<u>860,730,153</u>	<u>860,059,874</u>	<u>842,213,447</u>	<u>859,610,614</u>	<u>827,562,000</u>
Total assets	<u>1,029,067,166</u>	<u>1,028,380,431</u>	<u>1,052,651,383</u>	<u>1,052,349,866</u>	<u>1,054,974,523</u>
<i>Liabilities and Deductions</i>					
Accrued expenses	77,926	104,140	17,399	17,607	15,225
Estimated rebate liability	65,319	140,000	101,000	145,000	200,000
Interest rate swaps payable	105,558	58,434	42,301	40,992	320,513
Bond interest payable	16,371,211	16,367,610	16,460,454	16,468,154	16,587,984
Bonds payable	<u>980,000,000</u>	<u>980,000,000</u>	<u>1,005,000,000</u>	<u>1,005,000,000</u>	<u>1,005,000,000</u>
Total liabilities	<u>996,620,014</u>	<u>996,670,184</u>	<u>1,021,621,154</u>	<u>1,021,671,753</u>	<u>1,022,123,722</u>
<i>Excess Funds</i>	<u>\$ 32,447,152</u>	<u>\$ 31,710,247</u>	<u>\$ 31,030,229</u>	<u>\$ 30,678,113</u>	<u>\$ 32,850,801</u>
<i>Fair Market Value of Interest Rate Swap Transactions</i>					
	<u>\$ 174,624,871</u>	<u>\$ 116,666,810</u>	<u>\$ 159,143,624</u>	<u>\$ 160,546,318</u>	<u>\$ 137,004,351</u>

*Source: Calhoun Baker Inc.*

The Covenant Agreement requires the Participant (or its Guarantor) of a new Loan to have a published rating of “A3” or “A-” or higher (the “Rating Threshold”) unless the proportion of the principal amounts of uninsured loans outstanding to Participants that are rated below the Rating Threshold to the total DelVal funds available to originate loans (the “Loan Funds”) will not exceed 10% (the “Ratings Test”). Generally, DelVal requires a published rating at or above the Rating Threshold or a financial guaranty policy for any new loan of \$1 million or more, even if the Ratings Test is satisfied. DelVal does not normally require ratings or insurance for loans less than \$1 million if the Ratings Test is satisfied and the credit is approved by the Administrator. As of March 31, 2017, approximately 5.20% of the Loan Funds were committed to Participants who were uninsured and rated below the Rating Threshold as of March 31, 2017.

Below is a chart that shows the Ratings Test as of March 31, 2017. The Ratings Test gives equal weight to the ratings of the rating agencies. If the Participant or Guarantor has only one published rating, the analysis gives full weight to the published rating. If a Loan is insured, the analysis gives full weight to the higher of the rating of (i) the insurer or (ii) the Participant or Guarantor.

### Covenant Agreement Ratings Test of the Loan Portfolio



Source: Calhoun Baker Inc.

UNDER THE TERMS OF THE COVENANT AGREEMENT, IN THE EVENT OF A DEFICIENCY IN THE FUNDS SECURING ANY BONDS ISSUED UNDER THE MASTER INDENTURE (INCLUDING THE 2007 B BONDS), EXCESS FUNDS, IF ANY, HELD IN THE TRUST ESTATES OF OTHER BOND SERIES OF DELVAL THAT WERE ISSUED BEFORE 2007 AND NOT ISSUED UNDER THE MASTER INDENTURE MAY BE TRANSFERRED TO THE REVENUE FUND UNDER THE MASTER INDENTURE. CONVERSELY, IN THE EVENT OF A DEFICIENCY IN THE FUNDS OF ANY DELVAL BOND SERIES ISSUED BEFORE 2007 AND NOT ISSUED UNDER THE MASTER INDENTURE, MONEYS HELD IN THE DISCRETIONARY FUND UNDER THE MASTER INDENTURE (INCLUDING THE 2007 B BONDS) MAY BE TRANSFERRED TO FUNDS HELD IN THE TRUST ESTATE OF OTHER BOND SERIES OF DELVAL. MONEYS THAT ARE HELD IN THE TRUST ESTATES OF OTHER BOND SERIES ISSUED BY DELVAL PRIOR TO THE 2007 B BONDS ARE NOT PLEDGED TO SECURE THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE 2007 B BONDS.

### PAYMENTS TO BONDHOLDERS AND SWAP COUNTERPARTIES

The priority of payments for debt service on the Bonds issued under the Indenture and for Swap Payments to Swap Counterparties is from:

- i) the Revenue Fund;
- ii) the Discretionary Fund,
- iii) moneys provided pursuant to the Covenant Agreement;
- iv) any moneys available in the Debt Service Reserve Fund; and
- v) any other moneys in the Trust Estate available to the Trustee.

Termination Payments shall be paid only from moneys in the Discretionary Fund or provided pursuant to the Covenant Agreement and only after payment in full of all amounts then due on Bonds and as Swap Payments.

## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2007 B Bonds. The 2007 B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the 2007 B Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York *Uniform Commercial Code*, and a “clearing agency” registered pursuant to the provisions of Section 17A of the *Securities Exchange Act of 1934*. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2007 B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2007 B Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2007 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2007 B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2007 B Bonds, except in the event that use of the book-entry system for the 2007 B Bonds is discontinued.

To facilitate subsequent transfers, all 2007 B Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2007 B Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2007 B Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2007 B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2007 B Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2007 B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2007 B Bonds may wish to ascertain that the nominee holding the 2007 B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2007 B Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2007 B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DelVal as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2007 B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price of and interest payments on the 2007 B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from DelVal or Tender Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC (nor its nominee), the Tender Agent, or DelVal, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DelVal or the Tender Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2007 B Bonds purchased or tendered, through its Direct or Indirect Participant, to the Tender Agent, and shall effect delivery of such 2007 B Bonds by causing the Direct Participant to transfer the Direct or Indirect Participant's interest in the 2007 B Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of 2007 B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2007 B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2007 B Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2007 B Bonds at any time by giving reasonable notice to DelVal or the Tender Agent. Under such circumstances, in the event that a successor securities depository is not obtained, security certificates for the 2007 B Bonds are required to be printed and delivered.

DelVal may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates for the 2007 B Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that DelVal believes to be reliable, but DelVal takes no responsibility for the accuracy thereof.

NONE OF DELVAL, THE TRUSTEE OR THE REMARKETING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2007 B BONDS WITH RESPECT TO (I) THE 2007 B BONDS, (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (III) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR TENDER OR REDEMPTION PRICE OF, OR INTEREST ON, ANY 2007 B BONDS, (IV) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (V) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2007 B BONDS, OR (VI) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

# THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

## THE LETTER OF CREDIT

The Letter of Credit is an irrevocable obligation of PNC Bank, National Association (the “Bank”), to pay to the Trustee upon a demand of payment made with respect to the 2007 B Bonds in accordance with the terms of the Letter of Credit, (i) an amount not exceeding \$50,000,000 with respect to the payment of the principal amount of the 2007 B Bonds, plus (ii) an amount not exceeding \$924,658, representing 45 days of interest accrued at the maximum rate of 15%, calculated on the basis of a 365 day year.

The Letter of Credit is issued pursuant to the terms of the Reimbursement Agreement. The Trustee, upon compliance with the terms of the Letter of Credit, will be authorized to draw (i) the principal amount of the 2007 B Bonds when due upon scheduled maturity, optional redemption, mandatory redemption or acceleration, (ii) the purchase price (par plus accrued interest, if any) of the 2007 B Bonds purchased or deemed purchased pursuant to an optional or mandatory tender for purchase, and (iii) the interest due on the 2007 B Bonds.

The Letter of Credit will expire at the close of business on May 1, 2020 (the “Stated Expiration Date”). Notwithstanding the foregoing, the Letter of Credit will expire earlier than the Stated Expiration Date upon the first to occur of (i) the earlier of (A) the date which is one Business Day following the date (the “Conversion Date”) that the rate of interest on the 2007 B Bonds is converted to a rate other than the Weekly Interest Rate or (B) the date on which the Bank honors a drawing under the Letter of Credit on or after the date which is one Business Day following the Conversion Date; (ii) the day of receipt by the Bank from the Trustee of a certificate to the effect the Letter of Credit is being terminated due to the fact that (x) no 2007 B Bonds remain outstanding under the Indenture, (y) all drawings required to be made under the Letter of Credit have been made and honored, or (z) a Replacement Credit Facility has been issued to replace the Letter of Credit in accordance with the Indenture; (iii) the date of which an acceleration drawing or a stated maturity drawing is honored by the Bank; and (iv) the fifteenth day following receipt by the Trustee of notice from the Bank specifying the occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the 2007 B Bonds. The Stated Expiration Date may be extended by an amendment to the Letter of Credit.

The amount available for drawings (the “Available Amount”) under the Letter of Credit will be reduced to the extent of any drawing that is not reinstated thereunder. With respect to a drawing by the Trustee solely to pay the principal of and accrued interest on the 2007 B Bonds due at maturity or upon redemption or upon acceleration, the Letter of Credit shall not be reinstated in the amount of such drawing. With respect to a drawing by the Trustee solely to pay the purchase price of the 2007 B Bonds purchased or deemed purchased, the principal amount as a result of tender and the amount of accrued and unpaid interest thereon shall be reinstated upon the Bank’s receipt of full reimbursement therefor (including accrued interest to the date of reimbursement). With respect to a drawing by the Trustee solely to pay interest due and payable on the 2007 B Bonds, the interest amount shall be automatically reinstated effective the fifth (5<sup>th</sup>) calendar day from the date of such drawing, provided, however, such amount shall not be reinstated if within four (4) calendar days following such drawing, the Trustee shall have received from the Bank a notice to the effect that the Bank has not been reimbursed in full for any such drawing or an Event of Default under the Reimbursement Agreement has occurred and requesting acceleration of the 2007 B Bonds.

## THE REIMBURSEMENT AGREEMENT

### Events of Default

Under the Reimbursement Agreement, the following constitute “Events of Defaults”:

- (i) DelVal shall fail to pay any Obligations (as defined in the Reimbursement Agreement) when due under the Reimbursement Agreement or under the Fee Agreement; or
- (ii) Any material representation or warranty made by or on behalf of DelVal to the Bank in the Reimbursement Agreement, in any Related Document (as defined in the Reimbursement Agreement) or in any certificate or statement delivered pursuant to the Reimbursement Agreement shall be incorrect or untrue in any materially adverse respect when made or deemed to have been made; or

- (iii) any “Event of Default” under the Indenture or any “Event of Default” which is not cured within any applicable cure period under any of the other Related Documents shall occur; or
- (iv) DelVal shall default in the due performance or observance of certain covenants set forth in the Reimbursement Agreement; or
- (v) DelVal shall default in the due performance or observance of any other term, covenant or agreement contained in the Reimbursement Agreement and such default shall continue for 30 following the earlier of DelVal having actual notice of such default or the Bank providing notice of such default to DelVal; or
- (vi) (a) The Reimbursement Agreement, the Fee Agreement, the Indenture, any Loan Agreement or any provision thereof, at any time after its adoption or execution and delivery, as applicable, shall, for any reason, cease to be valid and binding on DelVal, or in full force and effect or shall be declared, in a final, non-appealable judgment, to be null and void, or (b) the validity or enforceability of the Reimbursement Agreement, the Fee Agreement, the Indenture, any Loan Agreement or any provision thereof shall be contested by DelVal or by any governmental agency or authority having jurisdiction over DelVal (unless the same is being contested by DelVal in good faith and by appropriate proceedings), or (c) DelVal shall deny that it has any or further liability or obligation under the Reimbursement Agreement, the Fee Agreement, the Indenture or any Loan Agreement; or
- (vii) (i) DelVal shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or DelVal shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against DelVal any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against DelVal, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) DelVal shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) DelVal shall generally not, or shall be unable to, or shall repudiate, or shall admit in writing its inability to, pay its debts; or
- (viii) DelVal shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) principal or interest on any debt, with an outstanding principal amount of \$5,000,000 or more, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such debt; or any other default under any indenture, contract or instrument providing for the creation of or concerning such debt, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such debt; or pursuant to the provisions of any such indenture, contract or instrument the maturity of any debt of DelVal in a principal amount in excess of \$5,000,000 shall have been or may be accelerated or shall have been or may be required to be prepaid prior to the stated maturity thereof; or
- (ix) One or more judgments or court orders for the payment of money in an aggregate amount (a) in excess of \$5,000,000 and not covered by insurance and payable from any portion of the Trust Estate shall be rendered or (b) in excess of \$5,000,000 and not covered by insurance shall be rendered against DelVal (and not payable from any portion of the Trust Estate), and in either case such judgment or court order

shall continue unsatisfied and in effect for a period of 60 consecutive days without being vacated, discharged, satisfied, or stayed or bonded pending appeal; or

- (x) Any of Moody's, S&P, Kroll or Fitch (to the extent that any such Rating Agency rates any Bonds of the request of DeIVal) shall have downgraded the rating on the Bonds to or below "Baa3" (or its equivalent), "BBB-" (or its equivalent), "BBB-" (or its equivalent), or "BBB-" (or its equivalent), respectively or shall have withdrawn or suspended their rating on the Bonds for any credit related reason; or
- (xi) Any amounts on deposit in, or otherwise to the credit of any funds or accounts established under the Indenture shall become subject to any writ, judgment, warrant or attachment, execution or similar process;
- (xii) The occurrence and continuation of a default or an event of default under any Loan Agreement representing any Loan with an aggregate principal amount outstanding that exceeds \$12,000,000; or
- (xiii) The amount on deposit in the Debt Service Reserve Fund is less than the Reserve Requirement and has not been restored in accordance with the provisions of the Indenture; or.
- (xiv) A debt moratorium imposed on any Debt of DeIVal secured by the Trust Estate shall have been declared by any Governmental Authority with appropriate jurisdiction.

#### **Remedies Upon Event of Default**

Upon the occurrence of an Event of Default, the Bank shall, at the same or different times, so long as such Event of Default shall not have been remedied to the sole satisfaction of the Bank, take one or more of the following actions:

- (i) declare the principal of and interest on all amounts payable under the Reimbursement Agreement to be immediately due and payable,
- (ii) by written notice to DeIVal require that DeIVal immediately prepay to the Bank in immediately available funds an amount equal to the Available Amount (such amounts to be held by the Bank as collateral security for the Obligations);
- (iii) give notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause an acceleration of the Bonds, thereby causing the Letter of Credit to expire 15 days thereafter; and/or
- (iv) proceed to enforce all other remedies available under the Related Documents and under applicable law and in equity; provided that if any event specified in paragraphs (vii) or (xiv) in "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT – THE REIMBURSEMENT AGREEMENT - Events of Default" occurs, the consequences of the Bank's notice described in paragraphs (i) and (ii) above shall result automatically upon the occurrence of such event without notice from the Bank.

Except as expressly provided for in "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT – THE REIMBURSEMENT AGREEMENT – Remedies Upon Event of Default," presentment, demand, protest and all other notices of any kind are expressly waived.

#### **PNC BANK, NATIONAL ASSOCIATION**

**THE LETTER OF CREDIT IS SOLELY AN OBLIGATION OF PNC BANK, NATIONAL ASSOCIATION AND IS NEITHER AN OBLIGATION OF NOR GUARANTEED BY THE PNC FINANCIAL SERVICES GROUP, INC. OR ANY OF ITS OTHER AFFILIATES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.**

## **PNC Bank and PNC Financial**

PNC Bank, National Association (“PNC Bank”) is a national banking association with its headquarters in Pittsburgh, Pennsylvania and its main office in Wilmington, Delaware. PNC Bank is a wholly-owned indirect subsidiary of The PNC Financial Services Group, Inc. (“PNC Financial”) and is PNC Financial’s principal bank subsidiary. PNC Bank offers a wide range of commercial banking, retail banking, residential mortgage banking, and trust and wealth management services to its customers. PNC Bank’s business is subject to examination and regulation by federal banking authorities. Its primary federal bank regulator is the Office of the Comptroller of the Currency (“OCC”) and its deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”). At December 31, 2016, PNC Bank reported total assets of \$356.0 billion, total deposits of \$262.4 billion and total bank equity of \$37.6 billion. These figures are extracted from PNC Bank’s unaudited Consolidated Reports of Condition and Income (the “Call Report”) as of December 31, 2016, prepared in accordance with the regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the FDIC and can be found at [www.fdic.gov](http://www.fdic.gov).

PNC Financial is one of the largest diversified financial services companies in the United States and is headquartered in Pittsburgh, Pennsylvania. PNC Financial has businesses engaged in retail banking, corporate and institutional banking, asset management, and residential mortgage banking. PNC Financial provides many of its products and services nationally, as well as other products and services in PNC Financial’s primary geographic markets located in Pennsylvania, Ohio, New Jersey, Michigan, Illinois, Maryland, Indiana, Florida, North Carolina, Kentucky, Washington, D.C., Delaware, Virginia, Georgia, Alabama, Missouri, Wisconsin and South Carolina. PNC Financial also provides certain products and services internationally. Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2016, of PNC Financial, and additional annual, quarterly and current reports filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) by PNC Financial, as they become available, may be obtained at the SEC’s website at [www.sec.gov](http://www.sec.gov).

The publicly available portions of any of the documents referenced herein (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) are available upon request by holders of the Bonds or by prospective investors in the Bonds without charge: (1) in the case of PNC Bank documents, by written request addressed to Diane Starr, Regulatory Reporting, at The PNC Financial Services Group, Inc., One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707; or (2) in the case of PNC Financial documents, (a) for copies without exhibits, by contacting Shareholder Services at 800-982-7652 or via the online contact form at [www.computershare.com/contactus](http://www.computershare.com/contactus), and (b) for exhibits, by contacting Shareholder Relations at 800-843-2206 or via e-mail at [investor.relations@pnc.com](mailto:investor.relations@pnc.com). The interactive data file (“XBRL”) exhibit is only available electronically.

The information contained in this section, including financial information, relates to and has been obtained from PNC Bank and is furnished solely to provide limited introductory information regarding PNC Bank and PNC Financial and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents referenced herein.

The delivery hereof shall not create any implication that there has been no change in the affairs of PNC Financial or PNC Bank since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

Except for the contents of this section, PNC Financial and PNC Bank assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this document. DelVal assumes no responsibility for any information pertaining to the Bank in this section.

## INVESTMENT AGREEMENTS

The funds held by DelVal are invested in Guaranteed Investment Contracts (“GIC’s”) and other investments that satisfy the requirements of the respective Trust Indentures. The terms of the GIC’s end three business days prior to the maturity dates of the related bond series. DelVal treats the GIC’s as cash equivalents because the interest rates on the GIC’s adjust weekly and DelVal can deposit or withdraw funds from the GIC’s with no more than seven days written notice. Under the terms of the GIC’s, DelVal may require the providers to post collateral of cash, Treasury obligations, or certain Agency obligations to secure the principal invested, plus accrued interest, if they are downgraded below the “Aa3” or “AA-” thresholds. Citigroup currently posts collateral to secure its GIC.

DelVal’s short-term investments are generally restricted to instruments with ratings of “P-1” from Moody’s and “A-1” or higher from S&P, and DelVal’s long-term investments are generally restricted to instruments with ratings of “Aa3” or higher from Moody’s and “AA-” or higher from S&P. Investments that mature within 90 days are treated as cash equivalents; investments with longer maturities are recorded at fair value. Most of the funds not invested in GIC’s have been invested in floating rate notes, indexed to 3-Month LIBOR, with maturities of two to three years. See “NOTE 2. CASH, CASH EQUIVALENTS, INVESTMENTS, RESTRICTED CASH EQUIVALENTS, AND RESTRICTED INVESTMENTS” for more information on DelVal’s investments. A summary of the cash equivalents and investments as of December 31, 2016 is shown below.

### CASH EQUIVALENTS AND INVESTMENTS AS OF DECEMBER 31, 2016

<u>Description</u>	<u>Senior Debt Rating of Counterparty or Guarantor</u>				<u>Maturity</u>	<u>Par Amount</u>	<u>Fair Value</u>	<u>Fair Value Concentration</u>
	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>	<u>Kroll</u>				
<i>Floating rate notes (1)</i>								
ANZ Bank	Aa2	AA-	***	***	15-May-18	\$ 5,000,000	\$ 5,011,200	2.262%
Royal Bank of Canada	Aa3	AA-	***	AA	30-Apr-18	14,644,000	14,624,231	6.602%
Westpac Bank	Aa2	AA-	AA-	***	17-Jan-19	6,150,000	6,161,747	2.782%
<i>GIC's</i>								
BayernLB (2)	Aaa	***	AAA	***	27-Jul-28	41,498,473	41,498,473	18.734%
Citigroup (3)	Baa1	BBB+	A	***	28-May-42	1,722,379	1,722,379	0.778%
Natixis (4)	Aa2	AA	AA	***	28-Jun-27	35,229,693	35,229,693	15.904%
Natixis (4)	Aa2	AA	AA	***	28-Jun-32	117,264,340	117,264,340	52.938%
Total						<u>\$ 221,508,885</u>	<u>\$ 221,512,063</u>	

(1) Notes pay a spread over 3-Month LIBOR, adjusted and paid quarterly.

(2) Obligations guaranteed by the State of Bavaria.

(3) Obligations are collateralized and held by the Bank of New York Mellon.

(4) Obligations are guaranteed by Caisse des Dépôts et Consignations.

*Source: Calhoun Baker Inc.*

An Investment Agreement Provider could default before DelVal is able to recover the principal of and accrued interest on its investment under the Investment Agreement. If an Investment Agreement Provider defaults, DelVal may not be able to obtain a replacement Investment Agreement on comparable terms.

## INTEREST RATE SWAP AGREEMENTS

DelVal has entered into interest rate swap transactions after the issuance of each series of DelVal Bonds since 1997. DelVal entered into the swap agreements to hedge its exposure to future changes in long-term interest rates. The swap transactions allow DelVal to be competitive for both variable rate and fixed rate loans under all types of market conditions. DelVal enters into offsetting swap transactions when Participants request a fixed rate on all or a portion of their loans.

DelVal entered into two master agreements with Merrill Lynch Capital Services, Inc., secured by a guaranty of Merrill Lynch & Co. that were novated to four master agreements with Bank of America, N.A. as of November 12, 2009 (collectively, the “BANA Agreements”). The BANA Agreements were amended and restated in January and

February of 2015 to conform to new Dodd-Frank definitions and provisions. DeVal also entered into a master interest rate swap agreement with Citibank, N.A. related to any new series of bonds issued under the Master Indenture. DeVal and Barclays Bank PLC executed a master interest rate swap agreement as of April 17, 2012, and amended and restated as of July 2, 2012.

DeVal amended and restated the Master Trust Indenture and the 2002 Series Trust Indenture as of December 8, 2014, to reduce counterparty concentration risk. The amendments allow DeVal to add new counterparties with ratings higher than the ratings of the current counterparty. Under these provisions, the BANA Agreement related to the Master Indenture was amended on January 27, 2015, and DeVal executed a new master interest rate swap agreement with PNC Bank, National Association on January 28, 2015, and another master interest rate swap agreement with the Toronto-Dominion Bank as of January 11, 2016.

A summary of the outstanding transactions and their market values as of March 31, 2017, is shown below.

#### INTEREST RATE SWAP TRANSACTIONS AS OF MARCH 31, 2017

	<u>Fitch</u>	<u>Kroll</u>	<u>Moody's</u>	<u>S&amp;P</u>	<u>Notional Amount</u>	<u>Market Value 31-Mar-17</u>
Bond Issues						
1997 Series	***	***	A1	***	\$ 70,000,000	\$ 9,123,085
1998 Series	***	***	A1	***	600,000,000	83,244,000
2002 Series	***	***	A1	A+	250,000,000	41,143,750
2007 Series	***	***	A1	A+	110,050,000	2,057,778
2014 Series	***	***	***	***	225,000,000	(553,000)
Fixed Rate Loans					<u>649,494,500</u>	<u>(5,160,553)</u>
Total					<u>\$ 1,904,544,500</u>	<u>\$ 129,855,060</u>
Counterparty						
Bank of America	A+	***	A1	A	\$ 1,530,468,000	\$ 126,139,225
Barclays Bank	A	***	A2	A-	144,860,000	(43,310)
Citibank	A+	***	A1	A	112,243,000	2,029,662
PNC Bank	A+	A+	A2	A	105,928,000	1,584,576
Toronto-Dominion	***	***	Aa1	AA-	<u>11,045,500</u>	<u>144,907</u>
Total					<u>\$ 1,904,544,500</u>	<u>\$ 129,855,060</u>

*Source: Calhoun Baker Inc.*

The DeVal Board annually adopts an Interest Rate Swap Management Policy (the "Swap Policy"). Below are the principal provisions:

- 1) No person or entity representing DeVal or a Participant shall be compensated by a swap counterparty.
- 2) DeVal shall not execute any swap transactions to leverage payments.
- 3) DeVal shall not execute any swap transactions that provide an up-front receipt in return for future off-market payments or in return for an option that can be exercised by the counterparty.
- 4) DeVal shall not execute any swap transactions that produce a basis risk.
- 5) DeVal shall not execute any swap transactions with a forward commitment of more than one year.
- 6) Each Participant shall be required to adopt an interest rate swap management policy prior to the closing of a new loan.
- 7) The Program Administrator shall monitor the conditions in the interest rate swap market and the fair market value of the interest rate swap transactions executed by DeVal. The Program Administrator shall provide quarterly updates on the fair market value to the Board and shall publish the fair market values on the DeVal web site.

Any exceptions to the Interest Rate Swap Management Policy must be explicitly authorized by a Resolution of the Board.

See “Appendix I: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016” for additional information about the interest rate swap transactions.

### **EARLY TERMINATION OF INTEREST RATE SWAP AGREEMENT**

Each Swap Agreement specifies certain events of default and certain other events related to or affecting the performance or financial condition of DelVal, a Participant, a Guarantor, a Participant Credit Enhancer, or the Swap Counterparty, that could precipitate the termination of all or a portion of the Swap Agreement prior to its scheduled termination date (an “Early Termination”). In the event of an Early Termination, either DelVal or the Swap Counterparty could be obligated to make a Termination Payment, which could be substantial, based upon the replacement cost or gain of the portion of the Swap Agreement being terminated. Events that may cause Early Termination under the Swap Agreement include, but are not limited to:

- i) failure to pay or other breach of obligations by a Swap Counterparty, DelVal, or a Participant or its Guarantor;
- ii) certain events of bankruptcy, insolvency or dissolution of a Swap Counterparty, DelVal, a Participant or its Guarantor;
- iii) merger of a Swap Counterparty, DelVal, or any Participant or its Guarantor, or transfer of substantially all of the assets of such entity, where the resulting, surviving or transferee entity fails to assume the obligations of its predecessor or is of materially weaker creditworthiness;
- iv) failure by DelVal to meet rating tests of the Loans to Participants (see “SECURITY FOR THE 2007 BONDS - LOAN AGREEMENT AND PARTICIPANT NOTE - Participant Credit Enhancement and Ratings of Participants”, “SECURITY FOR THE 2007 BONDS – COVENANT AGREEMENT”, and “OPERATIONS OF DELVAL – LOAN PROGRAM.”);
- v) the withdrawal, suspension or reduction of the credit rating below certain thresholds of a Swap Counterparty or DelVal (See “Appendix I: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 – NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS;”
- vi) the failure of a Swap Counterparty or DelVal to post collateral when required; and
- vii) failure of DelVal to originate Loans.

THE FOREGOING DESCRIPTION OF EARLY TERMINATION IS NOT EXHAUSTIVE. THE SWAP AGREEMENTS ARE ON FILE AT THE OFFICES OF DELVAL AND POSTED AT [HTTP://WWW.DELVAL.US](http://www.delval.us). THE ABOVE ORDER OF EVENTS WHICH COULD CAUSE EARLY TERMINATION IS NOT INTENDED TO SUGGEST ANY LEVEL OF IMPORTANCE OF ONE EVENT OVER ANOTHER, AND NO INFERENCE SHOULD BE DRAWN TO THAT EFFECT.

### **PAYMENTS UNDER INTEREST RATE SWAP AGREEMENTS**

Under the Indenture, Swap Receipts are pledged to the payment of the 2007 Bonds and any Swap Payments (as well as the payment of any other Series of Bonds issued under the Indenture) and shall be deposited in the Revenue Fund. Any Termination Payment that is paid by a Swap Counterparty related to an Early Termination shall be deposited in the Revenue Fund. Notwithstanding the foregoing, the agreement by a Swap Counterparty under a Swap Agreement to pay certain amounts to DelVal will not affect the obligation of DelVal under the Indenture to pay the principal or purchase price of, interest on, and premium, if any, on the 2007 Bonds. Neither the holders of the 2007 Bonds nor any other person other than DelVal will have any rights under any Swap Agreement or against any Swap Counterparty.

The obligation of DelVal to make Swap Payments to a Swap Counterparty is secured by the Trust Estate on a parity basis with the 2007 Bonds and is payable from the Revenue Fund. All other payment obligations of DelVal to a Swap Counterparty, including any Termination Payment related to an Early Termination, are payable solely from moneys available in the Discretionary Fund or from Excess Funds available under the Covenant Agreement and are subject and subordinate to the payment of principal, purchase price, and redemption price of and interest on the 2007 Bonds then due and payable and Swap Payments. The obligation of DelVal to make Swap Payments will not be secured by credit enhancement.

The (i) principal, purchase price, and redemption price of and interest on the 2007 Bonds and all other Series of Bonds issued under the Master Indenture, (ii) all amounts owing to a Credit Facility Provider on the 2007 Bonds and all other Series of Bonds issued under the Master Indenture, and (iii) periodic interest rate swap payments under Swap Agreements related to the 2007 Bonds and all other Series of Bonds issued under the Master Indenture, will be equally and ratably secured under the Master Indenture by all right, title, and interest of DelVal in and under (i) the Revenues, the Participant Notes, and Loan Agreements; (ii) the Swap Agreements and the Swap Receipts; (iii) the Investment Agreements; (iv) all Participant Credit Enhancements; (v) all moneys and securities (including the investment income therefrom) and all other property of every kind and of every name and nature pledged to the Trustee as security under the Indenture (excluding the Rebate Fund and the Discretionary Fund to the extent provided in the Covenant Agreement; and (vi) all right, title, and interest of DelVal in all Credit Facilities. Termination Payments under Swap Agreements are secured by moneys in the Discretionary Fund, subject and subordinate to the payment of principal, purchase price, and redemption price of and interest on the 2007 Bonds and all other Series of Bonds issued under the Master Indenture then due and payable and Swap Payments, except as otherwise provided in connection with the issuance of any additional Series of Bonds.

IN THE EVENT OF AN EARLY TERMINATION, NO ASSURANCE CAN BE GIVEN THAT (i) DELVAL WILL RECEIVE A TERMINATION PAYMENT PAYABLE TO IT BY A SWAP COUNTERPARTY, (ii) DELVAL WILL HAVE SUFFICIENT AMOUNTS IN THE DISCRETIONARY FUND OR AVAILABLE UNDER THE COVENANT AGREEMENT TO MAKE A TERMINATION PAYMENT PAYABLE TO A SWAP COUNTERPARTY, OR (iii) DELVAL WILL BE ABLE TO OBTAIN A REPLACEMENT SWAP AGREEMENT ON COMPARABLE TERMS.

## TAXING POWERS OF LOCAL GOVERNMENT UNITS

A Local Government Unit may levy an annual ad valorem tax on all taxable real estate to pay debt service on indebtedness, such as Repayments under a Loan Agreement, incurred pursuant to the *Debt Act*. Under the *Local Tax Enabling Act*, certain Local Government Units may also assess other taxes that can be used to pay debt service. However, under the *Taxpayer Relief Act*, school districts must not increase ad valorem taxes in excess of an inflation index or impose any new tax without voter approval in a referendum. See “SECURITY FOR THE 2007 BONDS – LOAN AGREEMENT AND PARTICIPANT NOTE – Loan Agreements with School Districts.”

### LOCAL TAX ENABLING ACT

Under the *Local Tax Enabling Act*, additional taxes may be levied by cities of the second class, cities of the second class A, cities of the third class, boroughs, towns, townships of the first class, townships of the second class, school districts of the second, third and fourth classes (subject to division among political subdivisions authorized to levy similar taxes on the same person, subject, business, transactions or privilege) subject to the following limitations:

<u>Type of Tax</u>	<u>Limit</u>
Per Capita Tax	\$10.00
Wages, salaries, commissions and other earned income of individuals	1%
Sales involving the transfer of title of real property	1%
Local Services Tax	\$52.00
Flat rate occupation and occupational privilege tax	\$10.00
Admissions (1)	10%
Tax on Occupations (if millage or percentage is used as a basis)	no limit (2)

- (1) Except to motion picture theaters in cities other than of the second class.  
 (2) Subject to the overall limit set by the *Local Tax Enabling Act*.

The aggregate amount of taxes under the *Local Tax Enabling Act* shall not, in the case of any political subdivision, exceed an amount equal to the product obtained by multiplying 12 mills by the latest market value of real estate as determined by the board for the assessment and revision of taxes or any similar board established by the assessment laws which determine market values of real estate within the political subdivision, or, if no such board has determined such values, then the values as certified by the State Tax Equalization Board of the Commonwealth of Pennsylvania shall be used. The limitation for certain independent school districts is an amount equal to the product obtained by multiplying 15 mills by the latest market value of real estate determined as described above.

### TAXPAYER RELIEF ACT OF 2006

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together “The Taxpayer Relief Act” or “Act 1”), school district (other than Philadelphia, Pittsburgh and Scranton) may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by Pennsylvania Department of Education (“PDE”):

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;

2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30.

The requirement of voter approval for tax increases by school districts may adversely impact the ability of those school districts to increase taxes, irrespective of the actual level of state funding made available to that school district. School districts no longer have the power to levy taxes in an unlimited amount. However, the Taxpayer Relief Act does not alter the provisions of the Debt Act that provide remedies upon the failure of a Local Government Unit (including a school district) to meet its payment obligations under a Loan Agreement with DelVal (see "2007 Bonds – Security For The 2007 Bonds – Remedies under the *Debt Act*") or the provisions of the *Public School Code* requiring the withholding of state appropriations for payment of defaulted school district loan payments. Payments by the state to school districts under the *Taxpayer Relief Act*, like the real property taxes they replace, would not be appropriations subject to withholding under Section 6-663 of the Public School Code. See "THE 2007 BONDS – SECURITY FOR THE 2007 BONDS – Loan Agreement and Participant Note."

THE SUMMARY OF ACT 1 ABOVE IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS OF ACT 1. A PROSPECTIVE PURCHASER OF THE 2007 B BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE 2007 B BONDS.

## INVESTMENT CONSIDERATIONS

The purchase of the 2007 B Bonds involves certain investment considerations that are described in this Remarketing Circular. Each prospective purchaser of any 2007 B Bonds should read this Remarketing Circular in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the risks associated with the purchase of investments such as the 2007 B Bonds. CERTAIN OF THESE INVESTMENT CONSIDERATIONS ARE SET FORTH IN THIS SECTION FOR CONVENIENCE AND ARE NOT INTENDED TO SUBSTITUTE FOR AN INDEPENDENT EVALUATION OF THE INFORMATION PRESENTED IN THIS REMARKETING CIRCULAR.

Limited Obligations. The 2007 B Bonds are special, limited obligations of DelVal, payable from and secured solely by the trust estate pledged under the Indenture (See "SECURITY FOR THE 2007 BONDS."). DELVAL HAS NO TAXING POWER.

Loan Origination. DelVal and the Administrator reasonably expect that Loans will be originated with the proceeds of the 2007 B Bonds; however, neither DelVal nor the Administrator can give any assurance that such Loans will be originated. See "THE 2007 BONDS – REDEMPTION PROVISIONS," "INTEREST RATE SWAP AGREEMENTS," and "DELVAL - LOAN PROGRAMS."

Swap Agreements. DelVal reasonably expects to make Swap Payments and to receive Swap Receipts as provided in the Swap Agreements and other Swap Agreements that may be entered into in the future with respect to the 2007 Bonds and the Loans, until the scheduled termination date of such Swap Agreements; however, DelVal L can give no assurance that any Swap Counterparty will not default on its obligations thereunder or that the Swap Agreement or any other Swap Agreement will not be subject to Early Termination. See "INTEREST RATE SWAP AGREEMENTS."

Participant Credit Enhancement and Ratings of Participants. Under the Swap Agreements, the failure to comply with certain thresholds based upon the ratings of the Participants and Participant Credit Enhancers is a termination event. The Indenture and the Covenant Agreement require DelVal to secure Participant Credit Enhancements for Participants and replacement Participant Credit Enhancements for Participant Credit Enhancers whose ratings or rating downgrades could cause the Loan Threshold to be exceeded. No assurance can be given that DelVal will be able to secure the requisite Participant Credit Enhancements. See "SECURITY FOR THE 2007 BONDS - LOAN AGREEMENT AND PARTICIPANT NOTE - Participant Credit Enhancement and Ratings of Participants", "SECURITY FOR THE 2007 BONDS – COVENANT AGREEMENT", and "OPERATIONS OF DELVAL – LOAN PROGRAM."

Participants and Guarantors. This Remarketing Circular is not intended to, and does not contain sufficient information with respect to any Participant or Guarantor that would enable a purchaser of the 2007 B Bonds to make a judgment about the creditworthiness of any such Participant or Guarantor. DelVal reasonably expects a Participant (or Guarantor, if applicable) to make all Repayments due under its Loan Agreement and to comply with all covenants in the Loan Agreement; however, DelVal can give no assurance that a Participant (or Guarantor, if applicable) will not default or breach the covenants under the Loan Agreement (See "SECURITY FOR THE 2007 BONDS" and "OPERATIONS OF DELVAL – LOAN PROGRAM.").

The Bank and DelVal. The ratings of the 2007 B Bonds by S&P are based upon the Letter of Credit and the creditworthiness of the Bank, the creditworthiness of DelVal, and the joint correlation of a default by the Bank and DelVal. The ratings of the 2007 B Bonds by Moody's and Fitch are based solely upon the Letter of Credit and the creditworthiness of the Bank. See "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT – PNC BANK, NATIONAL ASSOCIATION," "DELVAL," and "RATINGS."

Investment Provider. DelVal reasonably expects to receive all payments of principal of and interest on its investment under an Investment Agreement; however, DelVal can give no assurance that an Investment Agreement Provider will not default on its obligations thereunder. See "INVESTMENT AGREEMENTS."

Tax Compliance. In order for the interest on the 2007 B Bonds to remain excludible from the gross income of the holders thereof under the *Code*, DelVal must comply with the relevant tax covenants in the Indenture and all of

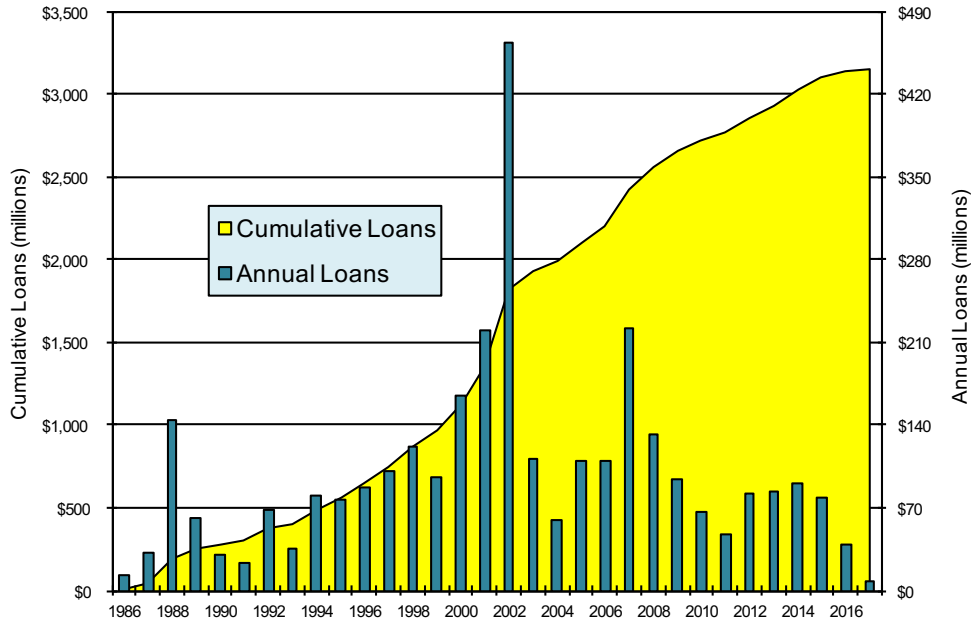
the Participants (and Guarantors, if applicable) must comply with the relevant tax covenants in their respective Participant Tax Compliance Agreements. Failure of DelVal or any one Participant (or Guarantor, if applicable) to comply with the tax covenants could jeopardize the tax exempt status on all 2007 B Bonds, possibly on a retroactive basis. See “SECURITY FOR THE 2007 BONDS – LOAN AGREEMENT AND PARTICIPANT NOTE” and “TAX MATTERS.”

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. INVESTORS MUST READ THE ENTIRE REMARKETING CIRCULAR, INCLUDING APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO THEIR MAKING OF AN INFORMED INVESTMENT DECISION. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## OPERATIONS OF DELVAL

The Delaware Valley Regional Finance Authority is a body corporate and politic jointly formed by Bucks, Chester, Delaware, and Montgomery Counties, Pennsylvania (collectively, the “Counties”) pursuant to the provisions of the *Authorities Act* on December 23, 1985. The Counties created DelVal to provide loans for Projects of Local Government Units and other political subdivisions (collectively, the “Political Subdivisions”). Since its creation in 1985, DelVal has provided 503 Loans with an aggregate principal amount of \$3.15 billion to 195 different Participants located in 16 different counties of Pennsylvania. Currently, 261 Loans, in the aggregate principal amount of \$816 million, are outstanding to 129 Participants located in 14 different counties. Each Loan is secured by the pledge of the full faith, credit, and taxing power of a Local Government Unit.

**Loans Originated by DelVal**



Source: Calhoun Baker Inc.

The governing body of DelVal consists of a Board of Directors of five members appointed by the Counties. Each year, at the first meeting in January on a rotating basis, one of the Counties appoints a new member for a five-year term to fill the vacancy created by the expiration of the term of appointment of a Board member. The current members of the Board of DelVal are set forth below.

### DelVal Board of Directors

<u>Member</u>	<u>Office</u>	<u>Appointed by:</u>	<u>Term Expires*</u>
Robert G. Loughery	Chairman	Bucks County	2018
John P. McBlain, Esq.	Vice Chairman	Delaware County	2019
Joseph E. Brion, Esq.	Secretary	Chester County	2020
James H. Shacklett, III	Treasurer	Montgomery County	2021
Patricia K. Poprik	Secretary/Treasurer	Bucks County	2022

\*Terms expire on the second Monday of January.

DelVal has no employees. The operations of DelVal are conducted by the Administrator, the Solicitor, and the trustees of the bonds issued by DelVal. The Administrator, Calhoun, Baker Inc., is responsible for operations, including the marketing of the loan programs, credit review of applicants, investment of funds, and administration of the loan portfolio. Calhoun Baker Inc. has served as the Administrator since January 1989. DelVal’s Solicitor, Carmen P. Belefonte, Esq., is responsible for the preparation of loan documents, resolutions, and contracts. Mr. Belefonte has served as Solicitor since the creation of DelVal. TD Bank, N.A. and Wells Fargo Bank, N.A serve as co-trustees (collectively, the “Trustees”) for DelVal’s bond issues. The Trustees hold all of the funds and assets of DelVal. The Trustees prepare bills to the Participants and collect the Repayments. Most of the Participants make Repayments through

Automated Clearing House transactions. The Trustees make all payments for debt service on bonds, interest rate swap transactions, and administrative expenses pursuant to the indenture of the bond series or pursuant to the authorization of a requisition approved by the DelVal Board.

## **PROGRAMMATIC OBJECTIVES**

DelVal's primary objectives for its loan programs are to:

- 1) provide funding with a lower all-in true interest cost (taking into consideration costs of issuance, interest costs, and administrative costs) than the Participants could achieve on their own,
- 2) provide variable rate and fixed rate funding options that would not ordinarily be available to Participants, and
- 3) improve the ability and flexibility of Participants to manage their liabilities.

DelVal seeks to accomplish these objectives by realizing economies of scale, utilizing a revolving loan pool structure, issuing bonds in modes to minimize interest costs and to diversify exposure in future markets, and entering into interest rate swap agreements. DelVal generally issues bonds in an aggregate principal amount sufficient to fund 20 to 50 loans to Participants. By issuing in large principal amounts, DelVal realizes lower costs of issuance than would have been realized if each of the Participants issued a separate bond issue. DelVal uses a revolving loan structure to further reduce the effect of the costs of issuance. When loans are repaid, the repayments are used to originate new loans. This structure spreads the costs of issuance over a larger base of loans. DelVal issues bonds in different types of fixed rate and variable rate modes to reduce interest costs and to create loan programs that can be competitive in the future under rising and falling interest rate conditions. DelVal enters into interest rate swap agreements to minimize costs and to provide both fixed and variable rate loan options to Participants.

## **LOAN PROGRAM**

Loans from DelVal are limited to Projects permitted under the *Debt Act*. Loans from DelVal are subject to the following additional limitations:

- 1) DelVal may not provide a loan that would constitute a "Tax and Revenue Anticipation Note" under the Debt Act.
- 2) DelVal may not provide any loans to institutions of health or higher education.
- 3) Loans from DelVal must be secured or guaranteed by the full faith, credit and taxing power of a Local Government Unit.

Loans must receive approvals from (i) the Administrator, (ii) the Board of DelVal, and, if applicable, (iii) the credit enhancer for the Loan. Each Loan must be secured by the pledge of the full faith, credit, and taxing power of a Local Government Unit.

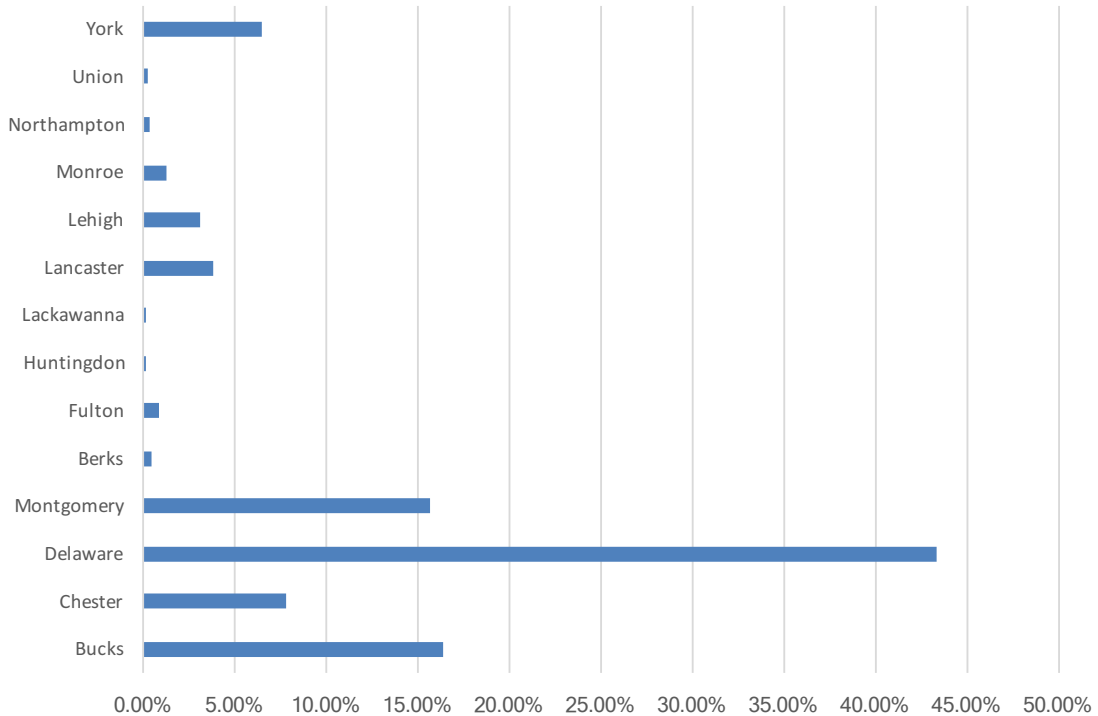
DelVal provides funds for the Loan Program from the proceeds of its bond issues (the "DelVal Bonds"). All of the outstanding bond issues employ a revolving loan structure. When Participants repay the principal of their Loans, the funds become available to be used to provide new loans. Currently, \$1.005 billion of DelVal Bonds are outstanding:

- 1) \$70,000,000 Local Government Revenue Bonds, 1997 Series B and C (the "1997 Bonds"),
- 2) \$300,000,000 Local Government Revenue Bonds, 1998 Series A, B and C (the "1998 Bonds"),
- 3) \$250,000,000 Local Government Revenue Bonds, 2002 Series (the "2002 Bonds"),
- 4) \$160,000,000 Local Government Revenue Bonds, 2007 Series A, B and C (the "2007 Bonds"), and
- 5) \$225,000,000 Local Government Revenue Bonds, 2014 Series (the "2014 Bonds").

Each bond issue is a special limited obligation of DelVal. Under the terms of the Covenant Agreement, in the event of a deficiency in the funds of any series of bonds, Excess Funds held under any outstanding bonds would be transferred to the bond issue that was experiencing the deficiency. Any series of bonds issued after 2007, has been or will be issued under the Master Indenture. All bonds under the Master Indenture, currently the 2007 Bonds and the 2014 Bonds, are equally and ratably secured by all of the assets under the Master Indenture. See "SECURITY FOR THE 2007 BONDS – COVENANT AGREEMENT" and "Appendix II: COVENANT AGREEMENT" for further discussion.

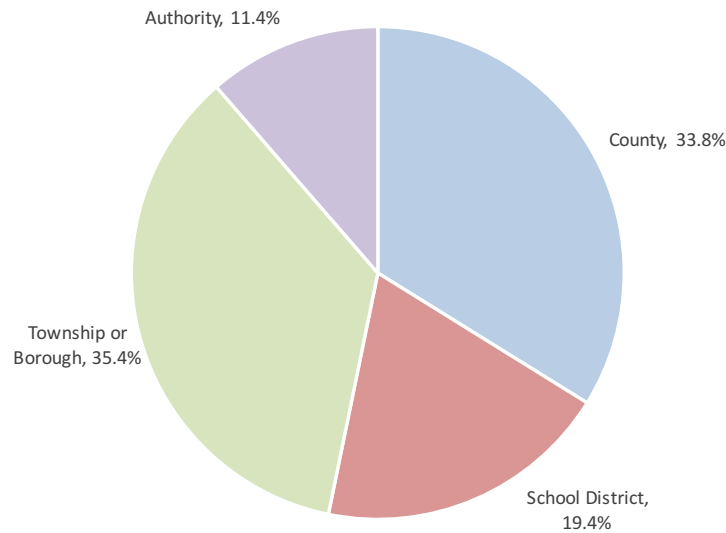
The primary market area of DelVal is in the Counties. The Counties encompass an area of approximately 2,060 square miles and a population of more than 2.5 million people. The Counties contain more than 420 Political Subdivisions. DelVal initially restricted its lending activities to Political Subdivisions located in the Counties. In 2002, in order to provide geographic diversification to its loan portfolio, DelVal began lending to Political Subdivisions in Pennsylvania located outside the Counties. Currently, 83.12% of the Loans outstanding have been originated to Participants in the Counties. Charts of the Loan principal outstanding by county and type of political subdivision are shown below.

**Loan Principal Outstanding by County of the Participant**



Source: Calhoun Baker Inc.

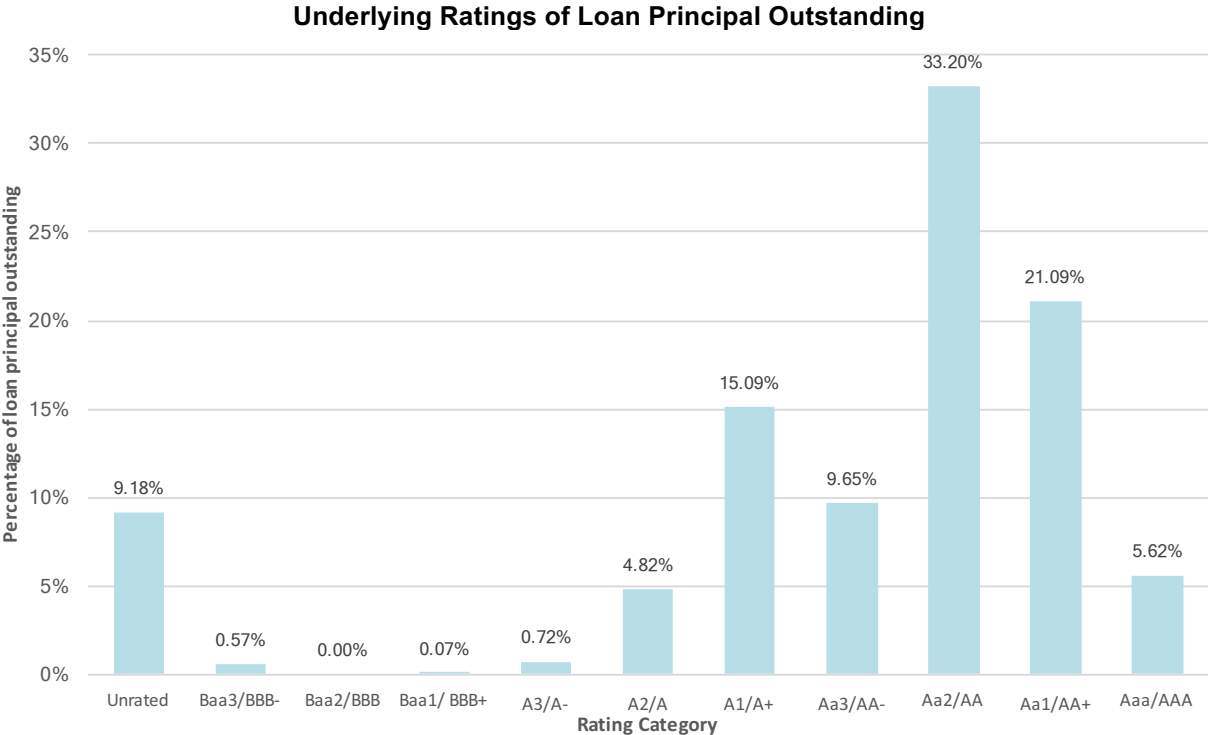
**Loan Principal Outstanding by Type of Political Subdivision**



Source: Calhoun Baker Inc.

Loans to school districts also benefit from the provisions of Section 6-633 of the *Public School Code* and Section 8283(c) of the *Debt Act*. Under Section 6-633 of the *Public School Code*, if any school district fails to make its required debt service payments on the loans on the date such payments are due under a Loan Agreement, the Secretary of Education of the Commonwealth is required to withhold, subject to compliance by the subject school district with Act No. 85 of 2016 (P.L. 664, No. 85), from any subsidy payment of any type due the school district by the Commonwealth, an amount equal to such debt service payments owed by the school district. Under Section 8283(c) of the *Debt Act*, if a school district fails to pay or provide for the payment of periodic scheduled payments, not including any termination payments, due pursuant to a qualified interest rate management agreement (which would include Repayments due under the Loan Agreement), DelVal as a party to the Loan Agreement must notify the Secretary of Education (the “Secretary”) of such failure and, upon such notice, the Secretary will notify the Department of Community and Economic Development and the offending board of school directors, and if the Secretary finds that the amount due and payable by the school district has not been paid, the Secretary shall withhold out of any state appropriation due the school district an amount equal to the amount due and will pay over the amount so withheld to DelVal. The foregoing withholding provisions are not part of any contract with DelVal, or with the holders of the 2007 B Bonds, and future legislation may amend or repeal the provisions for the withholding of debt service payments. Other withholding provisions of the *Public School Code* or the *Debt Act* may limit the effectiveness of the withholding provisions for debt service and periodic scheduled payments, and enforcement may also be limited by bankruptcy, insolvency, or other laws of equitable principles affecting the enforcement of creditors’ rights generally. No assurance can be given that any debt service payments subject to the *Public School Code* and the *Debt Act* withholding provisions, respectively, will be received on the date that the debt service payments or periodic scheduled payments are due. See “SECURITY FOR THE 2007 BONDS – LOAN AGREEMENTS – Loan Agreements with School Districts” for further discussion.

Below is a chart that shows the underlying ratings of the Loan principal outstanding as of March 31, 2017. The analysis gives equal weight to the published ratings of the rating agencies. If the Participant or Guarantor has only one published rating, the analysis gives full weight to that published rating. The Participant or Guarantor of 69.55% of the Loan principal outstanding held a published rating of “Aa3”, “AA-”, or higher.



Source: Calhoun Baker Inc.

DelVal is also the beneficiary of financial guaranty policies issued by Assured Guaranty Municipal Corp. (“AGM”) and its affiliate Municipal Assurance Corp. (“MAC”) that secure loans equal to 20.97% of the Loan principal

outstanding as of March 31, 2017. AGM is rated “A2” with a stable outlook by Moody’s, “AA” with a stable outlook by S&P, and “AA+” with a stable outlook by Kroll Bond Rating Agency (“Kroll”). MAC was rated “AA+” by Kroll and “AA” by S&P.

Loans are amortized over a period that approximates the useful life of the projects. The amortization period of a Loan cannot exceed the maturity of the DelVal’s Bonds that fund the Loan. A schedule of the projected annual amortization of Loans Outstanding as of March 31, 2017, is set forth below.

**Annual Amortization of Loans Outstanding  
as of March 31, 2017**

<u>Year</u>	<u>1997 Bonds</u>	<u>1998 Bonds</u>	<u>2002 Bonds</u>	<u>2007 Bonds</u>	<u>2014 Bonds</u>	<u>Total</u>
2017	\$ 5,750,000	\$ 11,494,000	\$ 7,361,000	\$ 8,127,000	\$ 19,132,000	\$ 51,864,000
2018	5,188,000	18,291,000	8,005,000	6,421,000	23,479,500	61,384,500
2019	7,183,000	20,706,000	8,100,000	6,454,000	19,973,500	62,416,500
2020	7,748,000	23,151,000	10,950,000	6,267,000	17,495,500	65,611,500
2021	2,141,000	28,635,000	13,097,000	6,479,000	9,592,000	59,944,000
2022	1,998,000	38,696,000	18,527,000	6,229,000	9,910,000	75,360,000
2023	1,998,000	22,658,000	13,894,000	6,202,000	21,479,000	66,231,000
2024	1,369,000	22,209,000	13,907,000	5,872,000	21,532,000	64,889,000
2025	1,263,000	22,110,000	13,057,000	6,031,000	21,929,000	64,390,000
2026	1,016,000	19,089,000	12,230,000	7,521,000	6,884,000	46,740,000
2027	939,000	17,758,000	11,023,000	7,642,000	7,053,000	44,415,000
2028	-	15,069,000	9,867,000	7,855,000	6,258,000	39,049,000
2029	-	-	6,336,000	10,927,000	5,948,000	23,211,000
2030	-	-	5,993,000	10,943,000	6,181,000	23,117,000
2031	-	-	4,681,000	11,264,000	3,693,000	19,638,000
2032	-	-	4,340,000	8,669,000	3,800,000	16,809,000
2033	-	-	-	7,332,000	2,324,000	9,656,000
2034	-	-	-	3,998,000	2,388,000	6,386,000
2035	-	-	-	3,694,000	2,377,000	6,071,000
2036	-	-	-	874,000	1,010,000	1,884,000
2037	-	-	-	903,000	593,000	1,496,000
2038	-	-	-	933,000	283,000	1,216,000
2039	-	-	-	962,000	291,000	1,253,000
2040	-	-	-	789,000	299,000	1,088,000
2041	-	-	-	704,000	307,000	1,011,000
2042	-	-	-	349,000	314,000	663,000
2043	-	-	-	-	188,000	188,000
2044	-	-	-	-	193,000	193,000
2045	-	-	-	-	199,000	199,000
<b>Total</b>	<b><u>\$36,593,000</u></b>	<b><u>\$259,866,000</u></b>	<b><u>\$161,368,000</u></b>	<b><u>\$143,441,000</u></b>	<b><u>\$215,105,500</u></b>	<b><u>\$816,373,500</u></b>
Weighted Average						
Maturity (years):	3.30	5.70	7.05	9.99	6.41	6.80

*Source: Calhoun Baker Inc.*

A schedule of the Loans outstanding is shown below.

**Loans Outstanding as of March 31, 2017**  
(continued on the next page)

No.	Borrower	County	Participant or Guarantor Rating		Loans Outstanding					Total Outstanding	Insured Loan	Concentration	
			Moody's	S&P	1997 Series	1998 Series	2002 Series	2007 Series	2014 Series	31-Mar-17	Principal	Borrower	Cumulative
1	Delaware County	Delaware	Aa1	AA	\$ -	\$ 55,361,000	\$ 56,955,000	\$ 51,325,000	\$ 46,305,000	\$ 209,946,000	\$ 14,692,000	25.717%	25.717%
2	Bensalem Township	Bucks	Aa2	---	-	20,253,000	-	-	9,193,000	29,446,000	-	3.607%	29.324%
3	Allentown School District	Lehigh	---	A	-	14,555,000	-	11,175,000	-	25,730,000	11,175,000	3.152%	32.476%
4	Lancaster County	Lancaster	A1	---	-	-	-	-	24,222,000	24,222,000	24,222,000	2.967%	35.443%
5	Bucks County	Bucks	Aaa	AAA	-	-	-	-	18,222,000	18,222,000	-	2.232%	37.675%
6	Garnet Valley School District	Delaware	Aa2	AA	-	8,557,000	-	1,250,000	7,732,000	17,539,000	8,557,000	2.148%	39.823%
7	Lower Perkiomen Valley Regional Sewer Authority	Montgomery	Aa1	AA-	-	16,425,000	-	-	-	16,425,000	-	2.012%	41.835%
8	Radnor Township School District	Delaware	Aa1	---	-	15,000,000	-	-	-	15,000,000	-	1.837%	43.672%
9	Rose Tree Media School District	Delaware	Aa2	AA	6,565,000	7,890,000	-	-	-	14,455,000	-	1.771%	45.443%
10	Northeastern York County Sewer Authority	York	---	A+	-	-	771,000	4,344,000	9,168,000	14,283,000	4,344,000	1.750%	47.193%
11	Dover Area School District	York	A1	---	-	14,015,000	-	-	-	14,015,000	-	1.717%	48.909%
12	Upper Providence Township Sewer Authority	Delaware	---	AA-	-	2,715,000	-	-	9,996,000	12,711,000	-	1.557%	50.466%
13	Bristol Township	Bucks	Aa3	---	-	-	2,341,000	7,937,000	1,034,000	11,312,000	-	1.386%	51.852%
14	Upper Dublin Township	Montgomery	Aa2	---	803,000	6,012,000	427,000	-	4,000,000	11,242,000	427,000	1.377%	53.229%
15	Whitemarsh Township	Montgomery	---	---	220,000	5,374,000	-	-	5,477,000	11,071,000	5,477,000	1.356%	54.585%
16	Towamencin Township	Montgomery	---	AA+	-	2,201,000	-	8,586,000	-	10,787,000	3,725,000	1.321%	55.907%
17	Stroudsburg Area School District	Monroe	A1	A+	-	7,689,000	-	-	3,029,000	10,718,000	10,718,000	1.313%	57.219%
18	Upper Southampton Municipal Authority	Bucks	Aa3	---	-	1,012,000	6,692,000	-	2,883,000	10,587,000	-	1.297%	58.516%
19	Lower Makefield Township	Bucks	Aa1	---	-	6,931,000	-	3,470,000	-	10,401,000	3,470,000	1.274%	59.790%
20	Pottstown School District	Montgomery	A1	A+	-	9,185,000	-	757,000	-	9,942,000	757,000	1.218%	61.008%
21	East Goshen Municipal Authority	Chester	---	---	193,000	-	7,260,000	2,218,000	-	9,671,000	7,260,000	1.185%	62.193%
22	York City School District	York	Baa3	A-	6,947,000	-	-	2,290,000	-	9,237,000	9,237,000	1.131%	63.324%
23	Marple Township	Delaware	---	AA	-	-	1,783,000	-	7,205,000	8,988,000	-	1.101%	64.425%
24	Quakertown Community School District	Bucks	Aa3	A+	330,000	4,743,000	-	-	3,820,000	8,893,000	-	1.089%	65.514%
25	Lower Pottsgrove Township Authority	Montgomery	---	AA	-	-	7,292,000	-	1,282,000	8,574,000	-	1.050%	66.565%
26	Delaware County Solid Waste Authority	Delaware	Aa1	AA	-	-	8,564,000	-	-	8,564,000	1,632,000	1.049%	67.614%
27	Ridley Township	Delaware	Aa3	A+	905,000	-	-	-	7,598,000	8,503,000	-	1.042%	68.655%
28	Montgomery County	Montgomery	Aa1	---	-	-	-	-	7,792,500	7,792,500	-	0.955%	69.610%
29	Bristol Borough	Bucks	---	---	-	877,000	-	6,406,000	-	7,283,000	-	0.892%	70.502%
30	Tinicum Township (Bucks)	Bucks	---	---	-	-	-	4,211,000	2,578,000	6,789,000	-	0.832%	71.334%
31	Forbes Road School District	Fulton	---	A+	-	-	-	6,722,000	-	6,722,000	6,722,000	0.823%	72.157%
32	Springfield Township, York County, Sewer Authority	York	---	---	-	-	6,682,000	-	-	6,682,000	6,682,000	0.818%	72.975%
33	Bridgeport Borough	Montgomery	A2	---	502,000	-	5,878,000	-	-	6,380,000	5,878,000	0.782%	73.757%
34	London Grove Township Municipal Authority	Chester	---	AA	-	-	3,293,000	2,796,000	-	6,089,000	-	0.746%	74.503%
35	London Grove Township	Chester	---	AA	266,000	-	-	1,671,000	4,000,000	5,937,000	-	0.727%	75.230%
36	Upper Darby Township	Delaware	---	A+	-	3,460,000	-	-	2,342,000	5,802,000	2,342,000	0.711%	75.941%
37	Hatfield Township	Montgomery	---	---	-	2,835,000	1,485,000	1,471,000	-	5,791,000	-	0.709%	76.650%
38	Franconia Township	Montgomery	---	AA-	4,319,000	-	1,119,000	-	-	5,438,000	1,669,000	0.666%	77.316%
39	West Goshen Township	Chester	---	---	-	-	5,435,000	-	-	5,435,000	-	0.666%	77.982%
40	Bucks County Community College	Bucks	Aaa	AAA	-	5,321,000	-	-	-	5,321,000	-	0.652%	78.634%
41	Northeastern York School District	York	---	A+	-	-	5,281,000	-	-	5,281,000	-	0.647%	79.281%
42	Lampeter-Strasburg School District	Lancaster	---	AA	-	2,516,000	-	1,156,000	1,545,000	5,217,000	5,217,000	0.639%	79.920%
43	Lower Providence Township	Montgomery	Aa2	AA	-	-	4,175,000	-	699,000	4,874,000	3,349,000	0.597%	80.517%
44	Chester City	Delaware	---	---	-	-	2,585,000	-	2,084,000	4,669,000	-	0.572%	81.089%
45	Perkasie Borough	Bucks	---	---	-	3,985,000	-	476,000	86,000	4,547,000	562,000	0.557%	81.646%

**Loans Outstanding as of March 31, 2017**  
(continued on the next page)

No.	Borrower	County	Participant or Guarantor Rating		Loans Outstanding					Total Outstanding	Insured Loan	Concentration	
			Moody's	S&P	1997 Series	1998 Series	2002 Series	2007 Series	2014 Series	31-Mar-17	Principal	Borrower	Cumulative
46	Lower Salford Township	Montgomery	Aa2	---	-	4,365,000	-	-	-	4,365,000	-	0.535%	82.180%
47	Concord Township	Delaware	Aa1	---	-	-	-	-	4,341,000	4,341,000	-	0.532%	82.712%
48	Lower Providence Township Sewer Authority	Montgomery	Aa2	AA	-	-	-	-	4,245,000	4,245,000	-	0.520%	83.232%
49	Whitpain Township	Montgomery	Aaa	---	391,000	3,425,000	-	-	336,000	4,152,000	336,000	0.509%	83.741%
50	Solebury Township	Bucks	Aa2	---	-	4,112,000	-	-	-	4,112,000	-	0.504%	84.244%
51	Nether Providence Township	Delaware	---	---	255,000	-	3,401,000	-	296,000	3,952,000	3,041,000	0.484%	84.728%
52	Tinicum Township (Delaware)	Delaware	---	---	55,000	1,524,000	2,359,000	-	-	3,938,000	2,359,000	0.482%	85.211%
53	Pennsbury Township	Chester	---	---	238,000	-	-	3,689,000	-	3,927,000	-	0.481%	85.692%
54	New Hanover Township	Montgomery	---	---	-	3,844,000	-	-	-	3,844,000	-	0.471%	86.163%
55	Newtown Township	Delaware	Aa2	---	-	-	2,223,000	1,527,000	-	3,750,000	-	0.459%	86.622%
56	Aston Township	Delaware	---	AA	-	-	3,650,000	65,000	-	3,715,000	-	0.455%	87.077%
57	Limerick Township	Montgomery	---	AAA	-	3,701,000	-	-	-	3,701,000	-	0.453%	87.530%
58	South Eastern School District	York	---	AA	-	3,600,000	-	-	-	3,600,000	3,600,000	0.441%	87.971%
59	Springfield Township	Delaware	---	---	3,416,000	-	-	-	-	3,416,000	-	0.418%	88.390%
60	Upper Southampton Township	Bucks	Aa3	---	-	1,832,000	307,000	443,000	816,000	3,398,000	750,000	0.416%	88.806%
61	Brandywine Heights Area School District	Berks	---	AA-	-	-	-	-	3,375,000	3,375,000	3,375,000	0.413%	89.220%
62	East Goshen Township	Chester	---	---	108,000	3,096,000	-	-	-	3,204,000	-	0.392%	89.612%
63	Bristol Borough Water & Sewer Authority	Bucks	---	---	-	-	-	-	3,082,000	3,082,000	-	0.378%	89.990%
64	Yeadon Borough	Delaware	---	---	-	-	2,763,000	288,000	-	3,051,000	-	0.374%	90.363%
65	Franklin Township	Chester	Aa3	---	108,000	-	-	2,916,000	-	3,024,000	-	0.370%	90.734%
66	Royersford Borough	Montgomery	---	---	-	-	2,960,000	-	-	2,960,000	2,960,000	0.363%	91.096%
67	Lansdowne Borough	Delaware	---	---	-	563,000	-	723,000	1,655,000	2,941,000	-	0.360%	91.456%
68	Eddystone Borough	Delaware	---	---	-	-	2,498,000	366,000	-	2,864,000	-	0.351%	91.807%
69	Doylestown Borough	Bucks	---	---	-	-	-	1,249,000	1,510,000	2,759,000	-	0.338%	92.145%
70	Sadsbury Township	Chester	---	---	623,000	543,000	-	1,579,000	-	2,745,000	1,579,000	0.336%	92.482%
71	Pocopson Township	Chester	Aa2	---	-	-	1,603,000	1,100,000	-	2,703,000	1,100,000	0.331%	92.813%
72	Brookhaven Borough	Delaware	---	AA-	-	-	2,666,000	-	-	2,666,000	-	0.327%	93.139%
73	Easton Area School District	Northampton	Aa3	---	-	-	-	1,348,000	1,299,000	2,647,000	2,647,000	0.324%	93.463%
74	North Coventry Township	Chester	---	AA	-	1,887,000	-	-	723,000	2,610,000	723,000	0.320%	93.783%
75	East Bradford Township	Chester	---	AA-	-	-	2,555,000	-	-	2,555,000	2,555,000	0.313%	94.096%
76	Union County	Union	---	A+	-	-	2,195,000	-	-	2,195,000	-	0.269%	94.365%
77	Millersville Borough	Lancaster	A1	---	-	-	-	2,193,000	-	2,193,000	-	0.269%	94.634%
78	Swarthmore Borough	Delaware	---	---	224,000	1,141,000	-	432,000	-	1,797,000	525,000	0.220%	94.854%
79	Lower Oxford Township	Chester	---	AA	640,000	-	-	1,127,000	-	1,767,000	-	0.216%	95.070%
80	New Britain Township	Bucks	---	---	1,679,000	-	-	-	-	1,679,000	-	0.206%	95.276%
81	Ridley School District	Delaware	---	AA-	-	-	-	-	1,638,000	1,638,000	-	0.201%	95.476%
82	Mount Union Area School District	Huntingdon	---	A	-	-	-	-	1,598,000	1,598,000	-	0.196%	95.672%
83	Bucks County Airport Authority	Bucks	Aaa	AAA	123,000	-	372,000	588,000	505,000	1,588,000	-	0.195%	95.867%
84	Bethel Township Sewer Authority	Delaware	---	---	-	-	-	1,578,000	-	1,578,000	-	0.193%	96.060%
85	Malvern Borough	Chester	Aa3	---	-	-	1,380,000	-	186,000	1,566,000	1,380,000	0.192%	96.252%
86	Hatfield Borough	Montgomery	---	---	-	1,520,000	-	-	-	1,520,000	-	0.186%	96.438%
87	Uwchlan Township	Chester	---	---	-	863,000	103,000	-	513,000	1,479,000	616,000	0.181%	96.619%
88	Prospect Park Borough	Delaware	---	---	-	-	-	413,000	975,000	1,388,000	-	0.170%	96.789%
89	Upper Pottsgrove Township	Montgomery	A2	---	-	1,376,000	-	-	-	1,376,000	-	0.169%	96.958%
90	Marcus Hook Borough	Delaware	---	---	1,089,000	-	-	-	250,000	1,339,000	-	0.164%	97.122%

### Loans Outstanding as of March 31, 2017

No.	Borrower	County	Participant or Guarantor Rating		Loans Outstanding					Total Outstanding	Insured Loan	Concentration	
			Moody's	S&P	1997 Series	1998 Series	2002 Series	2007 Series	2014 Series	31-Mar-17	Principal	Borrower	Cumulative
91	New Garden Township Sewer Authority	Chester	---	---	-	656,000	117,000	-	476,000	1,249,000	593,000	0.153%	97.275%
92	London Britain Township	Chester	---	---	487,000	-	-	644,000	-	1,131,000	-	0.139%	97.413%
93	Penndel Borough	Bucks	---	---	632,000	-	-	-	435,000	1,067,000	-	0.131%	97.544%
94	Upper Salford Township	Montgomery	---	AA	-	-	354,000	185,000	495,000	1,034,000	-	0.127%	97.671%
95	New Hanover Township Authority	Montgomery	---	---	-	-	-	1,032,000	-	1,032,000	1,032,000	0.126%	97.797%
96	South Coventry Township	Chester	---	---	1,014,000	-	-	-	-	1,014,000	-	0.124%	97.921%
97	East Vincent Township	Chester	---	AA	-	-	971,000	-	-	971,000	971,000	0.119%	98.040%
98	North Coventry Water Authority	Chester	---	AA	-	-	-	-	944,000	944,000	944,000	0.116%	98.156%
99	West Goshen Sewer Authority	Chester	---	---	918,000	-	-	-	-	918,000	-	0.112%	98.268%
100	Glenolden Borough	Delaware	---	AA-	-	528,000	355,000	-	-	883,000	355,000	0.108%	98.376%
101	Upland Borough	Delaware	---	---	-	-	-	834,000	-	834,000	-	0.102%	98.479%
102	Wallingford-Swarthmore School District	Delaware	---	AA	-	-	-	-	834,000	834,000	-	0.102%	98.581%
103	Morrisville Borough School District	Bucks	---	A	698,000	-	133,000	-	-	831,000	-	0.102%	98.683%
104	Parquesburg Borough	Chester	---	---	-	-	-	-	770,000	770,000	770,000	0.094%	98.777%
105	Highland Township	Chester	---	---	-	768,000	-	-	-	768,000	-	0.094%	98.871%
106	East Rockhill Township	Bucks	---	---	-	660,000	-	-	-	660,000	-	0.081%	98.952%
107	Upper Providence Township (Delaware)	Delaware	---	AA-	85,000	573,000	-	-	-	658,000	-	0.081%	99.032%
108	West Sadsbury Township	Chester	---	---	-	646,000	-	-	-	646,000	-	0.079%	99.112%
109	West Grove Borough	Chester	---	---	180,000	464,000	-	-	-	644,000	-	0.079%	99.190%
110	Kennett Square Borough	Chester	Baa1	---	-	605,000	-	-	-	605,000	-	0.074%	99.265%
111	Upper Chichester Township	Delaware	---	AA-	-	148,000	-	457,000	-	605,000	457,000	0.074%	99.339%
112	West Fallowfield Township	Chester	---	---	-	514,000	-	-	-	514,000	-	0.063%	99.402%
113	Southeast Delco School District	Delaware	---	A	499,000	-	-	-	-	499,000	-	0.061%	99.463%
114	Rockledge Borough	Montgomery	---	---	377,000	-	-	-	88,000	465,000	-	0.057%	99.520%
115	Collegetown Borough	Montgomery	---	---	-	-	-	-	450,000	450,000	-	0.055%	99.575%
116	Bristol Township School District	Bucks	A3	---	441,000	-	-	-	-	441,000	-	0.054%	99.629%
117	Milford Township	Bucks	---	AA	-	-	-	-	419,000	419,000	-	0.051%	99.680%
118	Southern Delaware County Authority	Delaware	---	---	414,000	-	-	-	-	414,000	-	0.051%	99.731%
119	Bethel Township	Delaware	---	---	-	-	-	-	373,000	373,000	-	0.046%	99.777%
120	West Chester Borough	Chester	---	AA	346,000	-	-	-	-	346,000	-	0.042%	99.819%
121	Doylestown Township	Bucks	Aa2	---	-	-	330,000	-	-	330,000	330,000	0.040%	99.859%
122	Chalfont Borough	Bucks	---	---	33,000	-	-	278,000	-	311,000	-	0.038%	99.897%
123	Birmingham Township	Chester	---	---	188,000	-	-	-	-	188,000	-	0.023%	99.921%
124	Morton Borough	Delaware	---	---	162,000	-	-	-	-	162,000	-	0.020%	99.940%
125	Benton Township	Lackawanna	---	---	-	-	-	126,000	-	126,000	-	0.015%	99.956%
126	Rutledge Borough	Delaware	---	---	-	-	-	-	125,000	125,000	-	0.015%	99.971%
127	Chadds Ford Township Sewer Authority	Delaware	---	---	120,000	-	-	-	-	120,000	-	0.015%	99.986%
128	North Wales Borough	Montgomery	---	---	-	-	-	-	61,000	61,000	61,000	0.007%	99.993%
129	Schwenksville Borough	Montgomery	---	---	-	-	55,000	-	-	55,000	-	0.007%	100.000%
Total Loans Outstanding					<u>\$ 36,593,000</u>	<u>\$ 259,866,000</u>	<u>\$ 161,368,000</u>	<u>\$ 143,441,000</u>	<u>\$ 215,105,500</u>	<u>\$ 816,373,500</u>	<u>\$ 171,173,000</u>	100.000%	

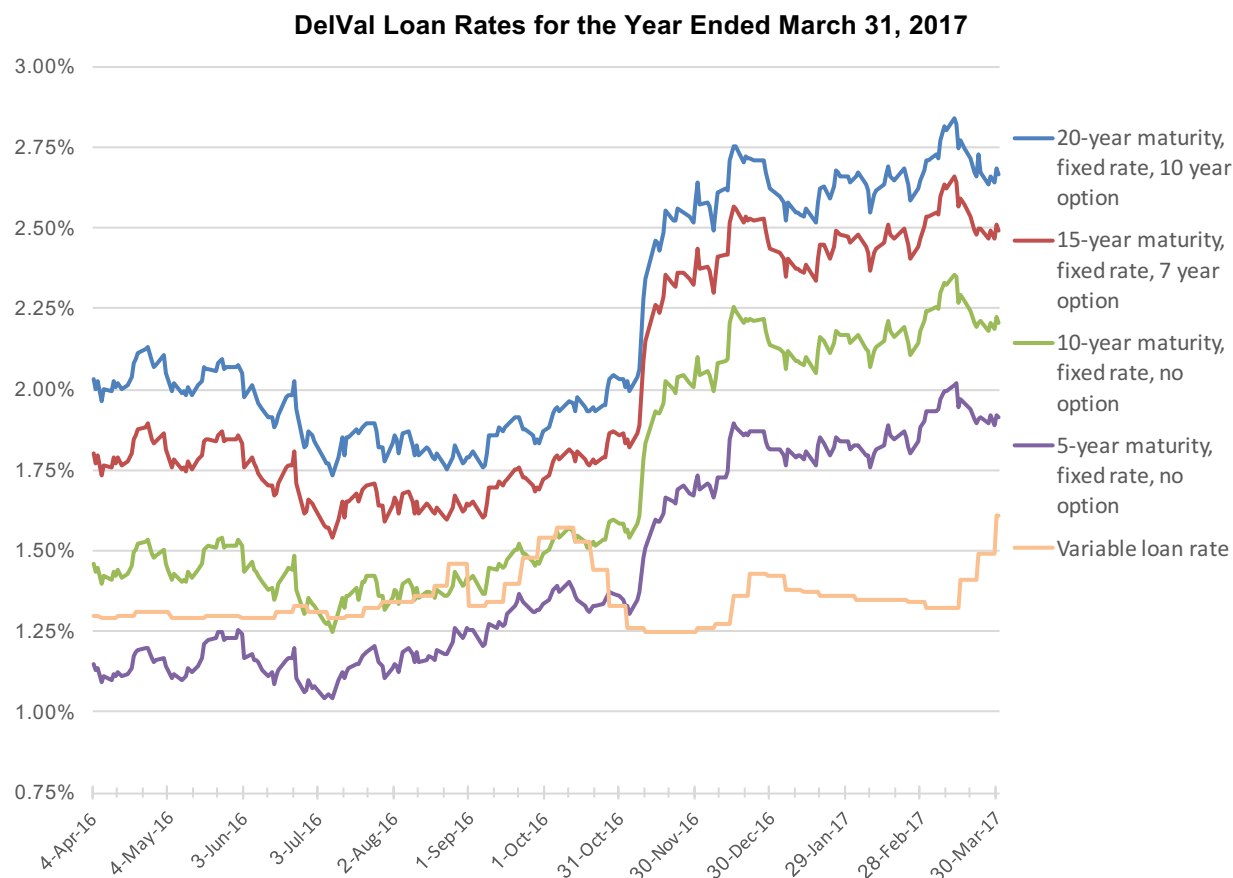
## Competitive Advantages of DeVal's Loans

DeVal believes that its Loan Program has been successful due to the low issuance costs, administrative fees, and interest rates of the Loans. Currently, DeVal assesses an origination fee equal to 0.50% of the principal amount of the Loan. The additional costs that Participants presently incur are the fees for their solicitors or advisors to review documents, advertising costs, and application fees to the Commonwealth of Pennsylvania for approval of the debt of the Participant or its Guarantor. If required for approval of the Loan by the Administrator, the Participant would also be responsible for any rating fees or premiums for a financial guaranty policy.

The rate on each Loan is set monthly by the Administrator to provide funds sufficient to pay:

- 1) The allocable debt service on DeVal's Bonds,
- 2) The allocable interest rate swap payment, and
- 3) The allocable administrative costs and liquidity requirements to operate the Loan Program.

Below is a chart of certain Loan rates over the year ended March 31, 2017.

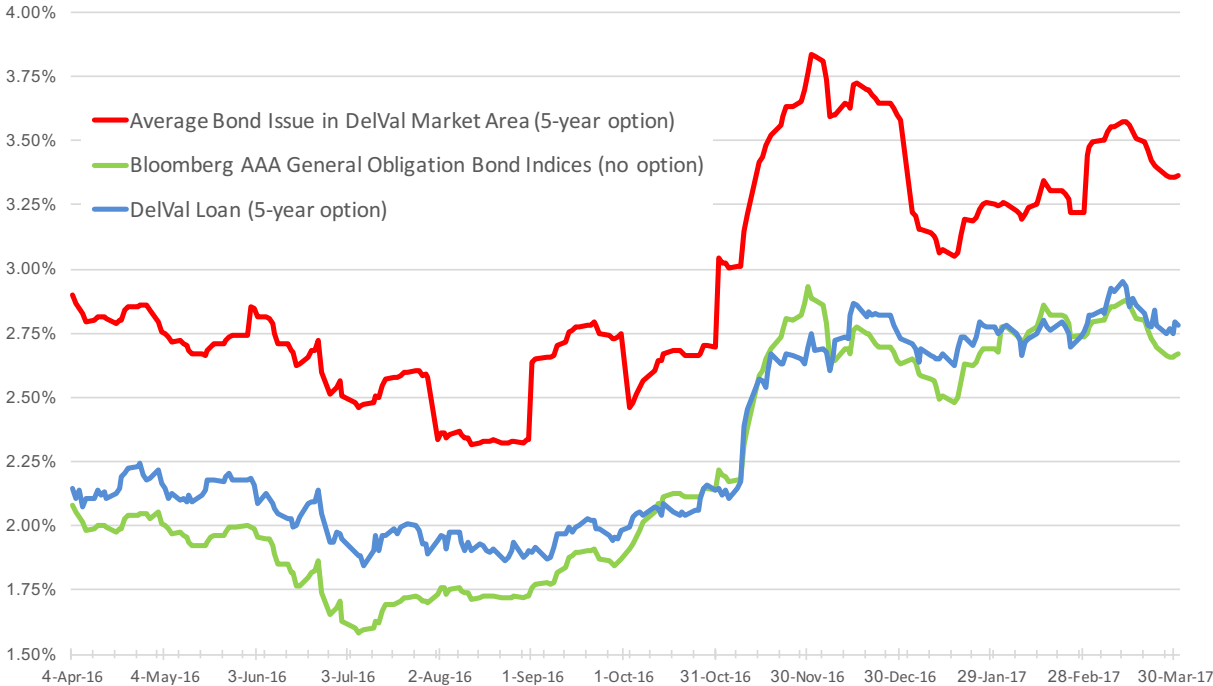


<u>Loan Option</u>	<u>Average Rate</u>			<u>Rate as of 31-Mar-17</u>
	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	
20-year maturity, fixed rate, 10 year option	2.20%	2.48%	2.66%	2.669%
15-year maturity, fixed rate, 7 year option	2.01%	2.30%	2.47%	2.495%
10-year maturity, fixed rate, no option	1.71%	2.01%	2.18%	2.208%
5-year maturity, fixed rate, no option	1.44%	1.71%	1.86%	1.911%
Variable rate loan	1.35%	1.37%	1.38%	1.610%

Source: Calhoun Baker Inc.

The Administrator tracks the tax-exempt bond issues sold in DelVal’s primary market area. The market area encompasses (i) all transactions in Bucks, Chester, Delaware, and Montgomery Counties, (ii) all tax-exempt issues of counties in eastern Pennsylvania, and (iii) all tax-exempt issues of any current or former Participant in the Loan Program. A pro forma comparison for the year ended March 31, 2017, of the All-In True Interest Costs (the “All-In TIC”) of (i) the Average Bond Issue in the DelVal market area, (ii) AAA General Obligation Bonds, and (iii) a DelVal Loan is shown below. The interest rates of the AAA General Obligation Bonds are based on the Bloomberg AAA General Obligation Bond Indices. The interest rates of the Average Bond Issue are based on the actual spreads to the Bloomberg indices of bonds issued in the DelVal market area on their sale dates, calculated monthly. The costs of issuance of the bond issues are based on the actual costs of issuance of bonds sold in the DelVal market area, calculated monthly. The DelVal loan rates and costs of issuance are based on the actual daily rates and costs. Over this period, DelVal’s All-In TIC averaged 0.624% lower than the Average Bond Issue.

**Pro Forma All-In True Interest Costs for a 20-Year Maturity, Level Debt Structure for the Year Ended March 31, 2017**



<u>Bond Issues in DelVal's Market Area</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Past Year</u>
Number of issues	10	5	12	108
Average par amount	\$ 19,725,500	\$ 8,970,000	\$ 21,869,583	\$ 16,660,370
Weighted average rating	AA	AA	AA	AA
Weighted average maturity (years)	7.97	12.49	12.09	10.58
Weighted average underwriting fee	0.701%	0.883%	0.853%	0.670%
Weighted average other costs of issuance	0.464%	1.030%	0.552%	0.609%
Weighted average All-In True Interest Cost over (under):				
Bloomberg AAA General Obligation Bond indices	0.559%	0.472%	0.687%	0.749%
Comparable DelVal Loan	0.400%	0.481%	0.600%	0.624%

Source: Calhoun Baker Inc.

**Demand for Loans**

Based upon the applications for new loans, written loan commitments, expressions of interest in new loans, analysis of financings during the last three years, and DelVal’s history of loan origination, the Administrator reasonably expects that the demand for the Loan Program will be sufficient to utilize the proceeds of the 2007 Bonds and other DelVal Bonds to originate new Loans. As of April 10, 2017, DelVal has written loan commitments in the aggregate amount of approximately \$78 million. Loan origination in 2016 was constrained due to the lack of available funds. On May 1, 2017, DelVal expects to issue one or more new series of Bonds in to provide funds for new Loans. See “OPERATIONS OF DELVAL - FINANCING ACTIVITIES.”

**Loans Closed and Loans in Process  
Year Ended March 31, 2017**

<u>No.</u>		<u>Moody's</u>	<u>S&amp;P</u>	<u>Amount</u>	<u>Closing</u>
<i>Loans Closed</i>					
1	Lower Pottsgrove Township Authority	***	AA	\$ 7,456,000	15-Apr-16
2	Upper Dublin Township	Aa2	***	4,000,000	25-Apr-16
3	Lower Providence Township Sewer Authority	Aa2	AA	4,245,000	29-Apr-15
4	Newtown Township	Aa2	***	3,750,000	24-Jun-16
5	Collegeville Borough	***	***	450,000	26-Sep-16
6	Bridgeport Borough*	A2	***	2,840,000	30-Sep-16
7	Rutledge Borough	***	***	125,000	25-Oct-16
8	Garnet Valley School District	Aa2	AA	1,250,000	16-Dec-16
9	Bensalem Township	Aa2	---	5,000,000	27-Feb-17
	Total closings			<u>\$ 29,116,000</u>	
<i>Loans in Process</i>					
1	Bucks County Community College Authority	Aaa	AAA	7,500,000	10-May-17
2	Delaware County	Aa1	AA	30,000,000	
3	Bucks County	Aaa	AAA	40,000,000	
4	Norwood Borough	---	---	430,000	
	Total loans in process			<u>77,930,000</u>	
	Total			<u>\$ 107,046,000</u>	

\* The loan has been insured, with DeIVal as the beneficiary, by Municipal Assurance Corp.  
*Source: Calhoun Baker Inc.*

DeIVal expects to continue to be successful in originating new loans. However, DeIVal can give no assurance that it will continue to enjoy the competitive advantages of origination costs, administrative costs, and interest rates that have made DeIVal's loan programs an attractive financing option.

## FINANCIAL OPERATIONS

DeIVal's principal sources of revenues are (i) interest payments and origination fees on Loans, (ii) investment earnings, and (iii) receipts from interest rate swap transactions. DeIVal's principal expenses are (i) interest on DeIVal's Bonds, (ii) payments on interest rate swap transactions, and (iii) administrative costs, including credit facility fees and remarketing fees.

DeIVal has utilized available unrestricted fund balances to pay a portion of the issuance costs of new DeIVal Bonds and to provide liquidity for the Loan Program. DeIVal expects to continue this practice in the future.

See "Appendix I: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016" for additional information.

## FINANCING ACTIVITIES

Principal payments of \$42 million of the 1997 Series and \$125 million of the 2002 Series are due on July 1, 2017. DeIVal has provided for these payments from principal repayments of Loans and other available funds. DeIVal expects to issue a new \$175 million Series, a direct placement of loans from Bank of America, N.A. and TD Bank, N.A., on or about May 1, 2017. DeIVal expects to redeem \$100 million of the 2014 Series at the same time. A principal payment of \$50 million of the 1998 Series is due on August 1, 2018. DeIVal expects to issue additional new series of DeIVal Bonds in 2018 to replenish funding of the Loan Program.

The estimated total debt service payments of DeIVal are set forth in the schedule below. See "Appendix I: FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016" for additional information.

### Estimated Debt Service Payments

Year	1997 Series		1998 Series		2002 Series		2007 Series		2014 Series (7)		2017 Series		Total Debt Service		
	Principal (1)	Interest	Principal (2)	Interest	Principal (1)	Interest	Principal (3)	Interest (4)	Principal (5)	Interest (6)	Principal (8)	Interest (6)	Principal	Interest	Total
2017	\$42,000,000	\$ 4,153,000	\$ -	\$ 16,500,000	\$125,000,000	\$ 14,375,000	\$ -	\$ 1,997,000	\$100,000,000	\$ 1,046,000	\$ -	\$ 1,458,000	\$ 267,000,000	\$ 39,529,000	\$ 306,529,000
2018	-	1,801,000	50,000,000	16,500,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	50,000,000	31,306,500	81,306,500
2019	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2020	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2021	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2022	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2023	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2024	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2025	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2026	-	1,801,000	-	13,750,000	-	7,187,500	-	1,997,000	-	1,633,000	-	2,188,000	-	28,556,500	28,556,500
2027	28,000,000	1,801,000	-	13,750,000	-	7,187,500	50,000,000	1,997,000	-	1,633,000	-	2,188,000	78,000,000	28,556,500	106,556,500
2028	-	-	250,000,000	13,750,000	-	7,187,500	-	1,360,000	-	1,633,000	-	2,188,000	250,000,000	26,118,500	276,118,500
2029	-	-	-	-	-	7,187,500	-	1,360,000	-	1,633,000	-	2,188,000	-	12,368,500	12,368,500
2030	-	-	-	-	-	7,187,500	-	1,360,000	-	1,633,000	-	2,188,000	-	12,368,500	12,368,500
2031	-	-	-	-	-	7,187,500	-	1,360,000	-	1,633,000	-	2,188,000	-	12,368,500	12,368,500
2032	-	-	-	-	125,000,000	7,187,500	-	1,360,000	-	1,633,000	-	2,188,000	125,000,000	12,368,500	137,368,500
2033	-	-	-	-	-	-	-	1,360,000	-	1,633,000	-	2,188,000	-	5,181,000	5,181,000
2034	-	-	-	-	-	-	-	1,360,000	-	1,633,000	-	2,188,000	-	5,181,000	5,181,000
2035	-	-	-	-	-	-	-	1,360,000	-	1,633,000	-	2,188,000	-	5,181,000	5,181,000
2036	-	-	-	-	-	-	-	1,360,000	-	1,633,000	-	2,188,000	-	5,181,000	5,181,000
2037	-	-	-	-	-	-	60,000,000	1,360,000	-	1,633,000	-	2,188,000	60,000,000	5,181,000	65,181,000
2038	-	-	-	-	-	-	-	398,000	-	1,633,000	-	2,188,000	-	4,219,000	4,219,000
2039	-	-	-	-	-	-	-	398,000	-	1,633,000	-	2,188,000	-	4,219,000	4,219,000
2040	-	-	-	-	-	-	-	398,000	-	1,633,000	-	2,188,000	-	4,219,000	4,219,000
2041	-	-	-	-	-	-	-	398,000	-	1,633,000	-	2,188,000	-	4,219,000	4,219,000
2042	-	-	-	-	-	-	50,000,000	398,000	-	1,633,000	-	2,188,000	50,000,000	4,219,000	54,219,000
2043	-	-	-	-	-	-	-	-	-	1,633,000	-	2,188,000	-	3,821,000	3,821,000
2044	-	-	-	-	-	-	-	-	-	1,633,000	-	2,188,000	-	3,821,000	3,821,000
2045	-	-	-	-	-	-	-	-	-	1,633,000	-	2,188,000	-	3,821,000	3,821,000
2046	-	-	-	-	-	-	-	-	-	1,633,000	-	2,188,000	-	3,821,000	3,821,000
2047	-	-	-	-	-	-	-	-	-	1,633,000	-	2,188,000	-	3,821,000	3,821,000
2048	-	-	-	-	-	-	-	-	-	1,633,000	-	2,188,000	-	3,821,000	3,821,000
2049	-	-	-	-	-	-	-	-	125,000,000	1,521,000	-	2,188,000	125,000,000	3,709,000	128,709,000
2050	-	-	-	-	-	-	-	-	-	-	-	2,188,000	-	2,188,000	2,188,000
2051	-	-	-	-	-	-	-	-	-	-	-	2,188,000	-	2,188,000	2,188,000
2052	-	-	-	-	-	-	-	-	-	-	175,000,000	729,000	175,000,000	729,000	175,729,000
<b>Total</b>	<b>\$70,000,000</b>	<b>\$22,163,000</b>	<b>\$300,000,000</b>	<b>\$170,500,000</b>	<b>\$250,000,000</b>	<b>\$122,187,500</b>	<b>\$160,000,000</b>	<b>\$37,557,000</b>	<b>\$225,000,000</b>	<b>\$53,190,000</b>	<b>\$175,000,000</b>	<b>\$ 76,579,000</b>	<b>\$1,180,000,000</b>	<b>\$482,176,500</b>	<b>\$1,662,176,500</b>

(1) Due on July 1.

(2) Due on August 1.

(3) Due on June 1.

(4) The \$50 million 2007 Series B, maturing on June 1, 2042, are 7-day variable rate demand bonds, and the \$100 million

2007 Series C, maturing on June 1, 2027, and June 1, 2037, are indexed to 3-Month LIBOR. The 2007 B Series and

2007 C Series rates are based on the last resets in 2016.

(5) Due on December 1.

(6) Interest rates are indexed to 1-Month LIBOR. The interest rates

are based on the last resets in 2016.

(7) To be redeemed on May 1, 2017, from the acquisition of loans by the 2017 Series and other available funds.

(8) Due on May 1.

Source: Callhoun Baker Inc.

## TAX MATTERS

### 2007 BOND OPINION

#### Exclusion of Interest from Gross Income

On June 28, 2007, Blank Rome LLP, Philadelphia, Pennsylvania, then Bond Counsel for the 2007 Bonds, delivered its opinion (“2007 Bond Opinion”), that under existing statutes, regulations, rulings and court decisions, interest on the 2007 Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, on the assumption that DelVal and the Participants comply with their covenants relating to certain requirements of the *Internal Revenue Code of 1986*, as amended (the “Code”), and interest on the 2007 Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations; provided however, interest on the 2007 Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit).

The 2007 Bond Opinion also stated that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed on the date hereof, interest on the 2007 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax and the 2007 Bonds are exempt from personal property taxes in Pennsylvania. However, under the laws of the Commonwealth of Pennsylvania, as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of the 2007 Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth. The 2007 Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth of Pennsylvania under applicable state and local tax laws. See “Appendix III: 2007 BOND OPINION.” **THE 2007 BOND OPINION SPEAKS ONLY AS OF ITS DATE AND HAS NOT BEEN REAFFIRMED. PURCHASERS OF THE 2007 B BONDS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH REGARD TO ALL STATE AND LOCAL TAX MATTERS.**

### 2017 BOND OPINION

On the May 1, 2017, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Bond Counsel, will deliver its opinion to the effect that the substitution of the existing letter of credit will not, in and of itself, adversely affect the exclusion of interest on the 2007 B Bonds from gross income of the holders thereof for federal income tax purposes. Bond Counsel is not rendering any opinion as to any other matters relating to the 2007 B Bonds, and does not reaffirm or update the 2007 Bond Opinion. See “Appendix IV: FORM OF 2017 BOND OPINION.”

## LEGAL MATTERS

The remarketing of the 2007 B Bonds will subject to approval of legality by Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters were passed upon for DelVal by Carmen P. Belefonte, Esq., Media, Pennsylvania, Solicitor to DelVal and for the Remarketing Agent by Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania.

### LEGALITY FOR INVESTMENT

Applicable laws of the Commonwealth of Pennsylvania provide that the 2007 Bonds are legal investments for funds held by, among others, banks, savings banks, trust companies, insurance companies or associations and fiduciaries. The 2007 Bonds are authorized security for deposits of funds of the Commonwealth of Pennsylvania and any political subdivision thereof.

## **LIMITATION OF REMEDIES UNDER THE FEDERAL BANKRUPTCY LAWS**

Enforcement of the rights of the holders of the 2007 B Bonds may be limited by and subject to the provisions of Federal bankruptcy laws, as now or hereafter enacted, or to other laws or equitable principles which may affect enforcement of creditors' rights.

## **NO LITIGATION AFFECTING THE 2007 B BONDS**

No litigation or legal proceeding of any nature is now pending or, to the knowledge of DelVal, threatened that (i) seeks to restrain or enjoin the remarketing of the 2007 B Bonds, (ii) contests the validity of the 2007 B Bonds or any actions of DelVal with respect to the remarketing of the 2007 B Bonds, (iii) contests the pledge or application of any moneys or security provided for the payment of the 2007 B Bonds, or (iv) contests the existence of DelVal or the powers of DelVal to accomplish the purposes for which the 2007 B Bonds are being remarketed.

## **FINANCIAL STATEMENTS OF DELVAL**

Appendix I hereto contains the audited financial statements of DelVal for the year ended December 31, 2016, together with a report thereon by Baker Tilly Virchow Krause, LLP, independent accountants. Such financial statements and report are included herein with the consent of Baker Tilly Virchow Krause, LLP.

## **ADDITIONAL INFORMATION**

Additional information concerning DelVal may be found by accessing DelVal's website at [www.DelVal.US](http://www.DelVal.US) or by contacting DelVal's Program Administrator:

Calhoun Baker Inc.  
Program Administrator  
Delaware Valley Regional Finance Authority  
1811 Bethlehem Pike  
Flourtown Commons, Suite 350  
Flourtown, PA 19031  
Telephone: (215) 402-0270  
LCalhoun@DelVal.US

## **RELATIONSHIPS AMONG THE PARTIES**

Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, is serving as Bond Counsel to DelVal in connection with the remarketing of the 2007 B Bonds. Obermayer Rebmann Maxwell & Hoppel LLP, Philadelphia, Pennsylvania, is serving as counsel to the Remarketing Agent in connection with the remarketing of the 2007 B Bonds. Chapman and Cutler LLP, Chicago, Illinois, is serving as counsel to the Bank. Each firm has represented and may again represent PNC Capital Markets LLC and/or their respective affiliates on various matters unrelated to the 2007 Bonds. PNC Bank, National Association currently has, and from time to time in the future may have, banking or other credit relationships with the DelVal. PNC Capital Markets LLC and PNC Bank, National Association are both wholly owned subsidiaries of The PNC Financial Services Group, Inc.

## **REMARKETING**

PNC Capital Markets LLC will serve as the Remarketing Agent for the 2007 B Bonds while bearing interest at a Weekly Interest Rate commencing as of May 1, 2017.

## **RATINGS**

Moody's has assigned a rating of "A1/VMIG 1", S&P a rating of "AA+/A-1", and Fitch a rating of "A+/F1" to the 2007 B Bonds as of May 1, 2017. The S&P short-term rating of "A-1" is based solely upon the Letter of Credit and the evaluation of the creditworthiness of the Bank; the S&P long-term rating of "AA+" is based upon the "jointly

supported obligation” criteria that evaluates the creditworthiness of the Bank and DeIVal. The Moody’s and Fitch ratings are based solely upon the Letter of Credit issued by the Bank and the evaluation of the creditworthiness of the Bank.

Any explanation of these ratings may only be obtained from the rating agencies. Generally, rating agencies base their ratings on such information and on their own investigations, studies and assumptions. No assurance can be given that such ratings will be maintained for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the remarketing of the 2007 B Bonds.

## CONTINUING DISCLOSURE

DeIVal executed a Continuing Disclosure Agreement (the “CDA”) dated as of June 28, 2007, to provide annual financial information to the municipal markets in accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated under the *Securities and Exchange Commission Act of 1934*, as amended and supplemented from time to time. DeIVal covenanted, for the benefit of the beneficial owners of the 2007 Bonds, to provide to Municipal Securities Rulemaking Board (“MSRB”) annual audited financial statements presented in conformity with generally accepted accounting principles, together with updates of material financial and operational data. Such financial statements and tabular information are to be provided within 180 days following the end of each fiscal year. If such financial statements are not audited, DeIVal must also provide audited financial statements when and if available.

DeIVal also covenanted, for the benefit of the beneficial owners of the 2007 Bonds, to provide to the MSRB (A) prompt notice of a failure to provide the required financial statements or tabular information in a timely manner and (B) prompt notice of any of the following events with respect to the 2007 Bonds, if material:

- i) Principal and interest payment delinquencies of the 2007 Bonds;
- ii) Non-payment related defaults with respect to the 2007 Bonds;
- iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv) Unscheduled draws on credit facility enhancements reflecting financial difficulties;
- v) Substitution of credit or liquidity providers, or their failure to perform;
- vi) Adverse tax opinions or events affecting the tax-exempt status of the 2007 Bonds;
- vii) Modifications to rights of holders of the 2007 Bonds;
- viii) Bond calls;
- ix) Defeasances;
- x) Release, substitution, or sale of property securing repayment of the 2007 Bonds; and
- xi) Rating changes.

These covenants, or any part thereof, may be revised from time to time as permitted or required by applicable law, without the consent of the Bondholders, and may be terminated upon the defeasance of all outstanding 2007 Bonds, or other arrangement, whereby DeIVal is released from any further obligation with respect to the 2007 Bonds. These covenants may also be terminated, without the consent of the Bondholders, at such time as continuing disclosure is no longer required by applicable law. DeIVal shall promptly notify the MSRB of any revision or termination of the disclosure covenants. The sole remedy for a breach by DeIVal of its covenants to provide financial statements, tabular information and notices of material events shall be an action to compel performance of such covenants. Under no circumstances may monetary damage be assessed or recovered, nor shall any such breach constitute an Event of

Default with respect to the 2007 Bonds or a failure to comply with any provision of the 2007 Bonds for purposes of the *Authorities Act*.

The Authorized Officers of DelVal are authorized to revise or terminate, in whole or in part, any covenants described herein, provided that any such action is permitted or required by applicable law.

In addition, DelVal covenanted, to the extent required by the Rule, to cause each 2007 Series Participant that has entered into or will enter into a Loan Agreement with DelVal to enter into a Participant Continuing Disclosure Agreement (each a “Participant CDA”) containing terms and conditions substantially the same as described herein.

## **FILING HISTORY**

During the previous five years, DelVal failed to provide annual financial statements and the updates of financial and operational data for the 2011 and 2012 fiscal years within 180 days as required by the CDA. DelVal subsequently posted the annual financial statements and the related financial and operational data on EMMA and filed an event notice that it had failed to post the information in a timely manner as required by the CDA. The annual financial and operational data is contained in the Management’s Discussion and Analysis section of the annual financial statements. DelVal also failed to post notices of rating upgrades of the Adjustable Rate Local Government Revenue Bonds, 1985 Series and the 2007 B Bonds in 2014 and 2015 following upgrades of the related credit facility provider, BayernLB, within 5 days as required by the CDA. DelVal subsequently posted notices of the upgrades and failures to provide notices of the upgrades on EMMA.

Participants have failed from time to time to provide annual financial statements and notices of rating changes as required by the Participant CDAs. DelVal has posted an event notice on EMMA of the failure of the Participants to provide the information, and DelVal has or will contact Participants regarding any failures, of which it is aware, to provide such information.

## **UNDERLYING DOCUMENTS**

The descriptions and summaries of various documents set forth in this Remarketing Circular do not purport to be comprehensive or definitive and reference should be made to each document for complete details of all terms and conditions. Copies of such documents are available for inspection during normal business hours at the principal corporate trust office or the Trustee in Cherry Hill, New Jersey. All statements herein are qualified in their entirety by the terms of each such document.

## **MISCELLANEOUS**

The Bank has furnished only the information included herein under the caption “THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT – PNC BANK, NATIONAL ASSOCIATION.”

All estimates and assumptions in this Remarketing Circular have been made on the best information available and are believed to be reasonable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. Any statements in this Remarketing Circular involving matters of opinion, whether or not expressly so stated, are intended merely as such and not representations of fact.

The Board of Directors of DelVal has duly authorized the execution, delivery, and distribution of this Remarketing Circular.

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY



By:  
ROBERT G. LOUGHERY  
CHAIRMAN

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**Appendix I:**  
**FINANCIAL STATEMENTS OF THE DELAWARE VALLEY REGIONAL  
FINANCE AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Appendix II:**  
**COVENANT AGREEMENT**

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**Appendix III:  
2007 BOND OPINION**

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**Appendix IV:**  
**FORM OF THE 2017 BOND OPINION**

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