



*Robert J. Harvie, Chairman
David E. Landau, Esq.
Anand D. Solanki
David A. Nasatir, Esq.
Gregory C. McCarthy, Esq.*

DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

Minutes of the Agenda Meeting on May 12, 2025

On May 12, 2025, at the Commissioners' Board Room, 313 W. Market Street, 6th Floor, West Chester, PA 19380, the Agenda Meeting of the Board of Directors of the Delaware Valley Regional Finance Authority was conducted as advertised.

Robert J. Harvie called the meeting to order and called the roll. The following members were also present: David E. Landau, Anand Solanki, David A. Nasatir, and Gregory C. McCarthy. Jeffrey T. Calhoun and Lucien B. Calhoun from Calhoun Baker Inc., the Administrator, and Carmen P. Belefonte, Esq., the Authority Solicitor, were also in attendance.

The Administrator discussed the Administrator's report and briefed the Board on the agenda for the public meeting.

No action was taken on the Requisitions or Resolutions.

A handwritten signature in blue ink that reads "Anand D. Solanki". The signature is written in a cursive, flowing style.

ANAND D. SOLANKI
Secretary
Delaware Valley Regional Finance Authority



*Robert J. Harvie, Chairman
David E. Landau, Esq.
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DELAWARE VALLEY REGIONAL FINANCE AUTHORITY

Agenda Meeting May 12, 2025

Call to Order and Roll Call

Requisitions to be considered

Resolutions to be considered

- a) **Resolution 25-17:** Authorizes the Extraordinary Mandatory Redemptions of the 1997 and 1998 Series
- b) **Resolution 25-18:** Authorizes the issuance of up to \$300 million par amount of New Bonds

Program Administrator's Report

- a) Loan portfolio
- b) Market conditions
- c) Swap transactions and market values
- d) Financing activities



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**DELAWARE VALLEY REGIONAL FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ON MAY 12, 2025**

The Board of Directors of the Delaware Valley Regional Finance Authority, as duly advertised, held a public meeting, on May 12, 2025, at the Commissioners' Board Room, 313 W. Market Street, 6th Floor, West Chester, PA 19380.

Robert J. Harvie called the meeting to order and called the roll. The following members were also present: David E. Landau, Anand Solanki, David A. Nasatir, and Gregory C. McCarthy. Jeffrey T. Calhoun and Lucien B. Calhoun from Calhoun Baker Inc., the Administrator, and Carmen P. Belefonte, Esq., the Authority Solicitor, were also in attendance.

The Pledge of Allegiance was recited by all present.

Upon a motion of Ms. Nasatir, seconded by Mr. Solanki, the Board unanimously approved the Minutes of the Meeting of April 14, 2025.

Upon a motion of Mr. Landau, seconded by Mr. McCarthy, the Board unanimously adopted the resolutions below.

Resolution 25-17: the Board of Directors of the Delaware Valley Regional Finance Authority hereby authorizes the Extraordinary Mandatory Redemptions of the 1997 and 1998 Series as required by their respective Trust Indentures.

Resolution 25-18: the Board of Directors of the Delaware Valley Regional Finance Authority hereby authorizes the issuance of up to \$300 million par amount of New Bonds to provide funding for the Loan Program.

Jeffrey Calhoun presented the monthly Administrator's Report. Mr. Calhoun discussed trends in the capital markets, changes in the Loan portfolio, compliance with the Covenant Agreement, and the book of swap transactions. He also discussed the Extraordinary Mandatory Redemptions of the 1997 and 1998 Series and the prospects of issuing New Bonds.

Upon a motion of Mr. Nasatir, seconded by Mr. McCarthy, the Board unanimously approved adjourning the Public Meeting.

A handwritten signature in blue ink that reads "Anand D. Solanki". The signature is written in a cursive style with a blue ink color.

ANAND D. SOLANKI
Secretary
Delaware Valley Regional Finance Authority

Delaware Valley Regional Finance Authority
Program Administrator's Report
May 12, 2025

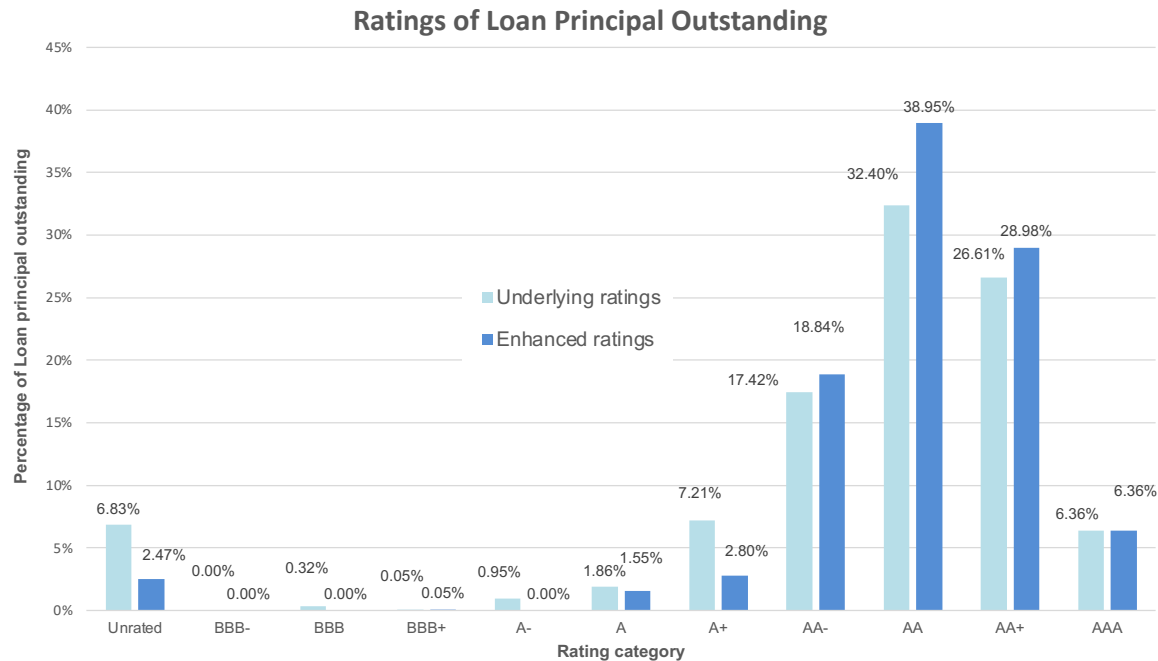


Discussion Points

- Loan portfolio
- Market conditions
- Swap transactions and market values
- Financing activities

Loan Portfolio Covenant Agreement Rating Test

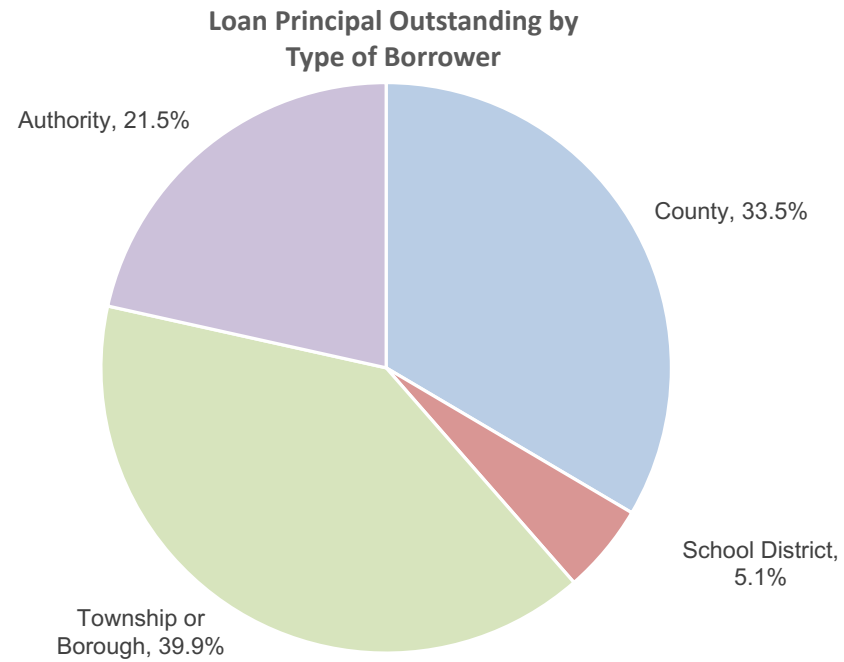
Highly Rated \$1 Billion Loan Portfolio



- Assured Guaranty and Build America Mutual insure 14.03% of the outstanding Loans.
- The weighted average, enhanced rating of borrowers in the DeVal Loan Program is “AA”.
- The DeVal Indentures require DeVal to monitor and maintain the quality of the Loan Portfolio.

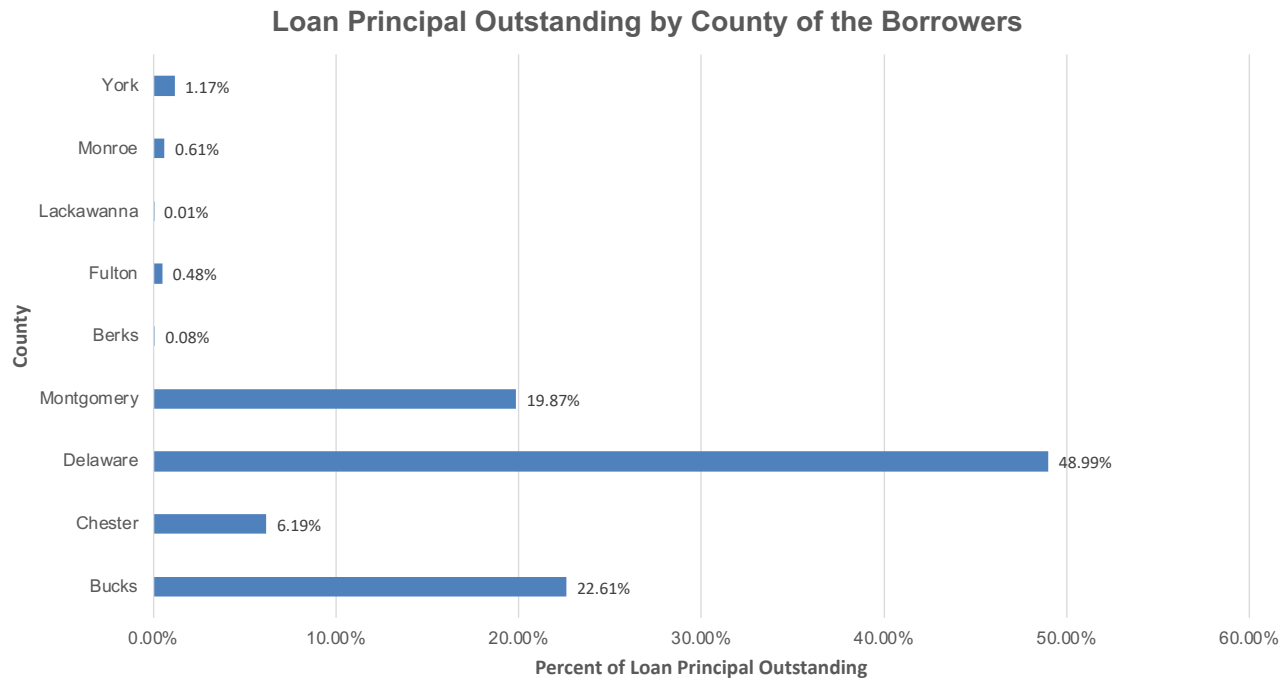
Loan Principal by Type of Local Government

DeVal Is Well Diversified by Borrower Type



Loan Principal by County of Borrower

DelVal Exposure to the Best Areas within the Commonwealth



97.7% of DelVal's Loan Portfolio is in Bucks, Chester, Delaware, and Montgomery Counties, the wealthiest, most diversified, and most stable region in the Commonwealth.

Loans Originated During the Past 12 Months

DeVal Originated \$70 Million in Loans

Loans Originated for the Year Ending April 30, 2025

<u>No.</u>	<u>Loans Closed</u>	<u>County</u>	<u>Underlying Rating</u>				<u>Amount</u>	<u>Closing</u>
			<u>Insurer</u>	<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>		
1	Upper Southampton Municipal Authority	Bucks	--	AA	--	--	\$ 3,000,000	14-Jun-24
2	Delaware County Solid Waste Authority	Delaware	--	--	Aa1	AA+	35,000,000	18-Jun-24
3	Norwood Borough	Delaware	--	--	--	--	1,450,000	20-Jun-24
4	Marcus Hook Borough	Delaware	--	--	--	--	1,000,000	10-Sep-24
5	Aldan Borough	Delaware	BAM	--	--	--	4,000,000	26-Sep-24
6	Hatfield Borough	Montgomery	--	--	--	--	2,900,000	4-Nov-24
7	Upper Dublin Township	Montgomery	--	--	Aa1	--	10,000,000	8-Nov-24
8	Brookhaven Borough	Delaware	--	--	--	AA-	1,000,000	6-Feb-25
9	Upper Dublin Township	Montgomery	--	--	Aa1	--	11,400,000	11-Apr-25
10	Chadds Ford Township Sewer Authority	Delaware	--	--	--	--	300,000	17-Apr-25
	Total						<u>\$ 70,050,000</u>	

Loan origination has declined over the past year due to:

- Higher project costs due to inflation, supply chain issues, and labor shortages,
- Higher interest rates that increase debt service burdens,
- Fewer refunding opportunities due to higher interest rates, and
- Availability of CARES and ARPA grants that displaced financings.

Applications and Loans in Process

DeIVal Has Applications for \$2.0 Million in Loans

Applications and Loans in Process as of April 30, 2025

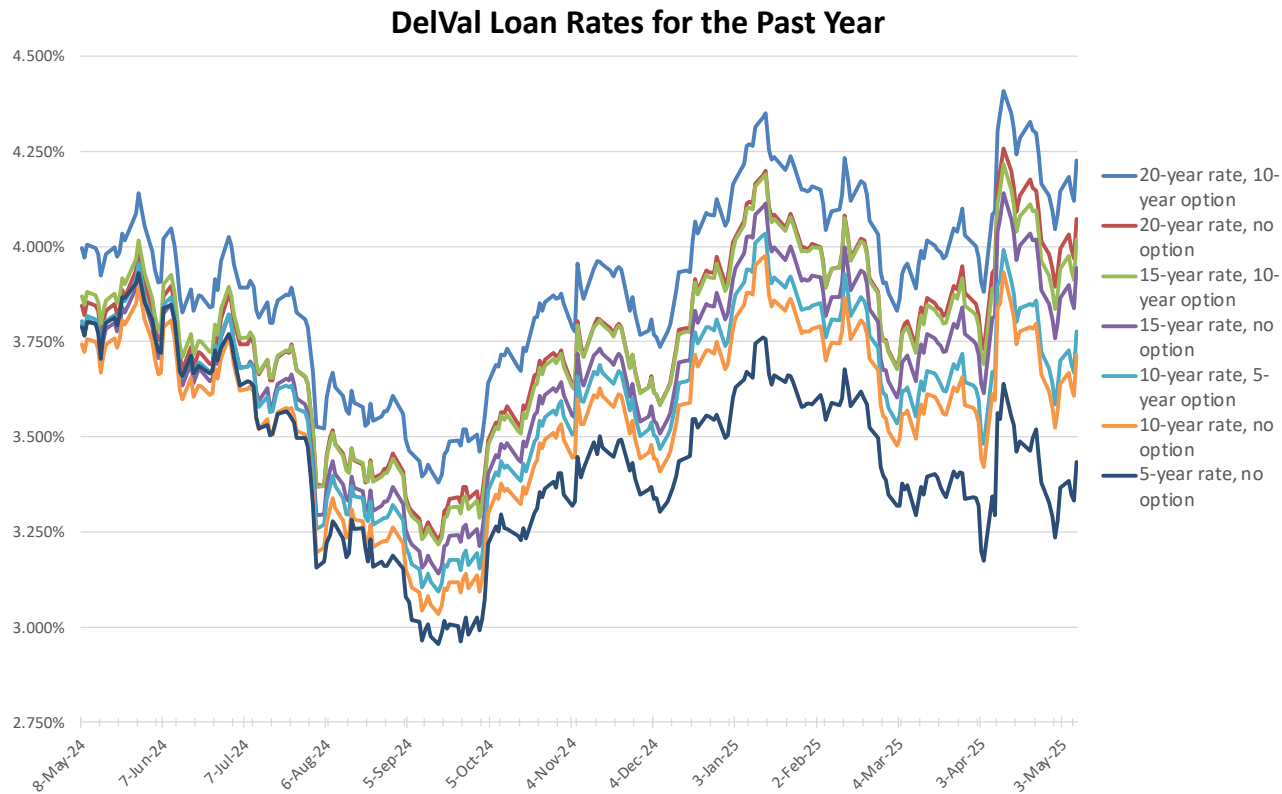
<u>No.</u>	<u>Loans in Process</u>	<u>County</u>	<u>Underlying Rating</u>				<u>Amount*</u>	<u>Scheduled Closing*</u>
			<u>Insurer</u>	<u>Kroll</u>	<u>Moody's</u>	<u>S&P</u>		
1	Morrisville Borough	Bucks	BAM	---	---	---	\$ 1,625,000	16-May-25
2	Chalfont Borough	Bucks	---	---	---	---	350,000	13-Jun-25
	Total						<u>\$ 1,975,000</u>	

* Preliminary, subject to change.

Activity is increasing as borrowers adjust to the new regime of higher costs and higher interest rates. The lingering effects of ARPA grants continue to weigh on the the volume and size of issuances in 2025.

DeVal Loan Rates for the Past Year

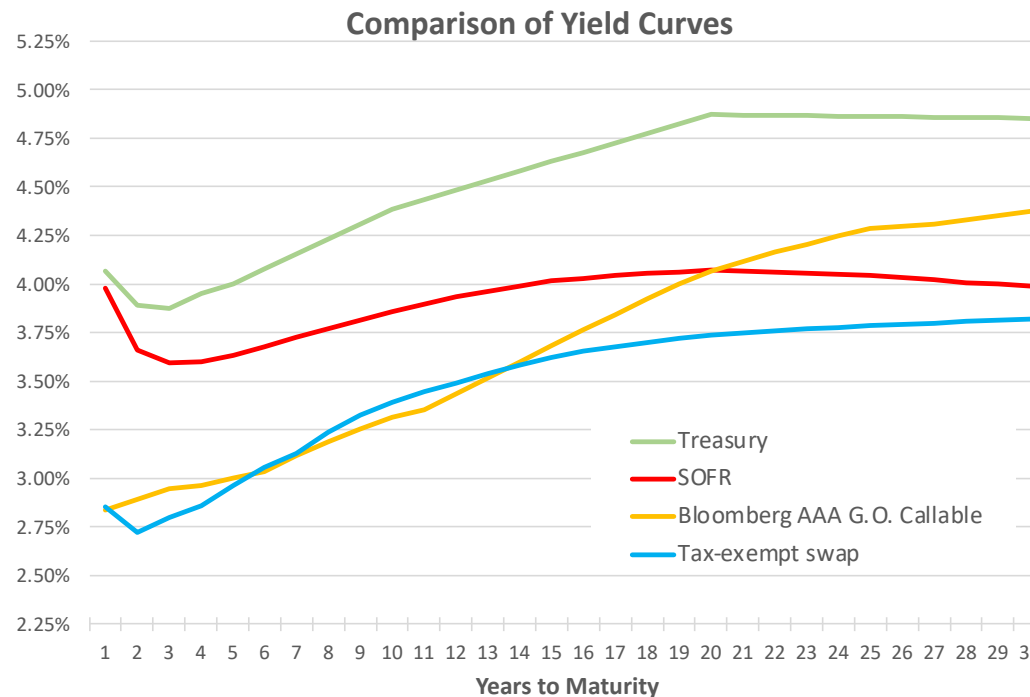
Interest Rates Have Been Volatile



Economic uncertainty surrounding the duration and extent of tariffs levied by the US has increased the expected number of 0.25% rate decreases from 2.5 to 3. Further volatility should be expected until the market receives more clarification on the status of tariffs.

Comparison of Yield Curves

Yield Curves Inversion Ends, But Slightly Steep



The Treasury and SOFR yield curves remain inverted to the 3- and 4-year maturities, respectively, because 40% of the outstanding Treasury debt must be rolled over during the next year. The tax-exempt swap curve is inverted to the 2-year maturity. All the yield curves have become steeper to the 20-year maturity.

The Average “AA” Bond Issuer over the past year paid \$914,000 more debt service on a Bond Issue than It would have paid on a comparable DeVal Loan

Bond Issues in DeVal's Market Area*

<u>Bond issues in the Market Area*</u>	<i>Bonds in the "AA" Rating Category Sold in the Quarter Ended</i>				<i>Annual Total</i>
	<u>31-Jul-24</u>	<u>31-Oct-24</u>	<u>31-Jan-25</u>	<u>30-Apr-25</u>	
Number of issues	29	33	25	35	122
Average par amount	\$ 16,397,241	\$ 19,199,848	\$ 16,897,000	\$ 24,031,000	\$ 19,447,746
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	16.89	12.66	13.55	16.33	14.97
Weighted costs of issuance (% of par amount)					
Bond issues in Market Area	1.498%	1.478%	1.652%	1.651%	1.574%
Less Comparable DeVal Loans**	<u>0.584%</u>	<u>0.570%</u>	<u>0.580%</u>	<u>0.591%</u>	<u>0.582%</u>
Savings from comparable DeVal Loan	0.914%	0.908%	1.072%	1.061%	0.992%
Weighted average All-In True Interest Cost					
Bond issues in Market Area	4.384%	4.216%	4.331%	4.582%	4.414%
Less Comparable DeVal Loans**	<u>4.171%</u>	<u>3.886%</u>	<u>4.273%</u>	<u>4.350%</u>	<u>4.192%</u>
Savings from comparable DeVal Loan	0.213%	0.330%	0.058%	0.232%	0.221%
Average debt service costs					
Bond issues in Market Area	\$ 29,602,331	\$ 30,424,703	\$ 27,339,742	\$ 42,801,269	\$ 33,147,711
Less Comparable DeVal Loans**	<u>28,797,157</u>	<u>29,418,226</u>	<u>26,987,263</u>	<u>41,480,522</u>	<u>32,232,941</u>
Savings from comparable DeVal Loan	<u>\$ 805,174</u>	<u>\$ 1,006,477</u>	<u>\$ 352,479</u>	<u>\$ 1,320,747</u>	<u>\$ 914,770</u>

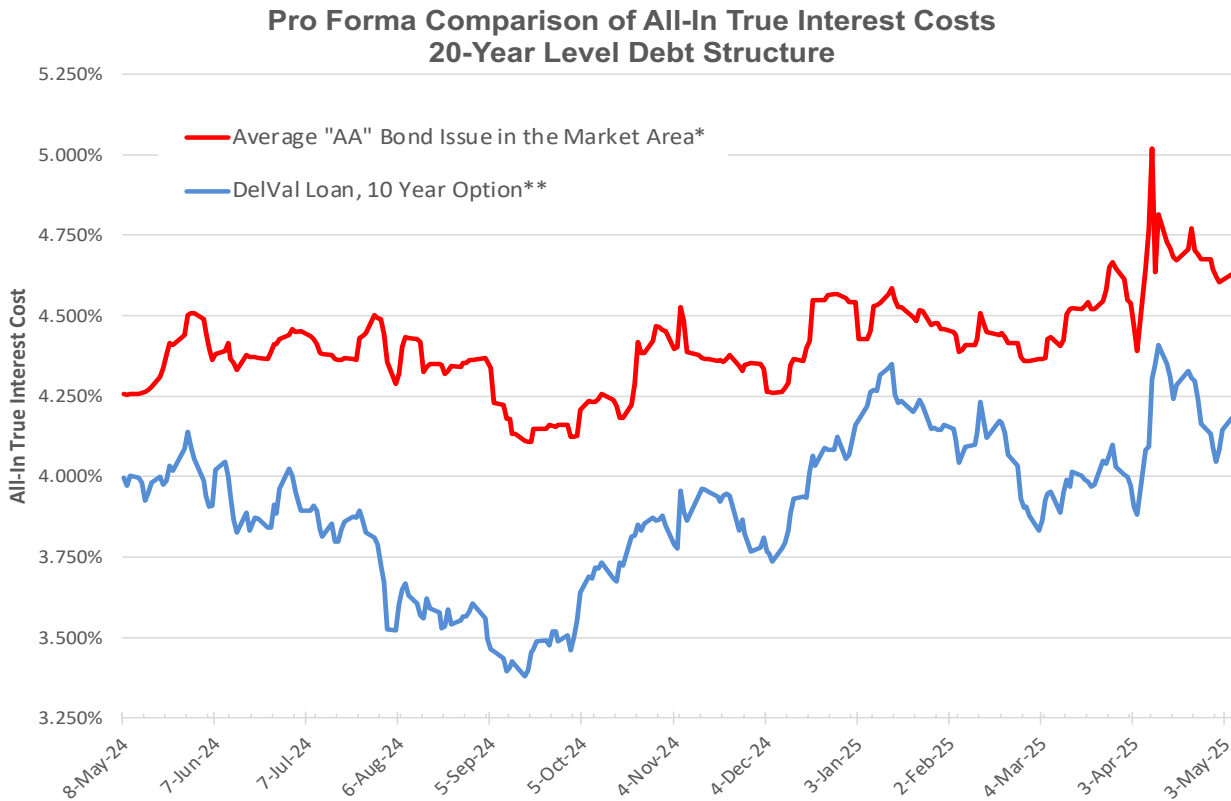
* Preliminary, some official statements may not have been posted yet or may have been missed inadvertently.

**DeVal Loan rates are based on actual end of day rates and include a comparable option and rating agency or insurance fees.

Past results are not a predictor of future spreads and costs.

Market Update: Cost-effectiveness of DeVal Loans

“AA” Bond Issuers Consistently Overpaid When Compared to DeVal Borrowers



- Bond Issuers have consistently paid a higher cost of financing than they would have with a comparable DeVal Loan.
- This comparison ignores the additional costs of issuance that the Bond Issuer would pay to refund the Bond Issue. DeVal assesses no fees to exercise an option and reset the rate.

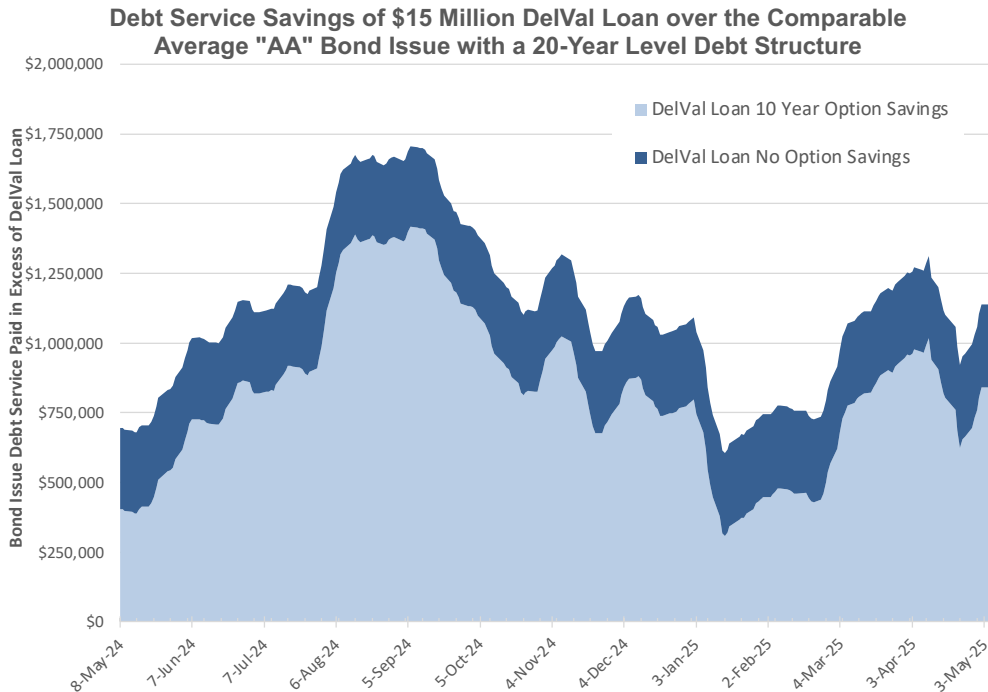
*Based on actual weighted average spreads to "AAA" indices and actual issuance costs.

**Based on actual rates and issuance costs. The option is not likely to be economic when the Loan rate is under 2.50%.

Past results are not a predictor of future spreads and costs.

Market Update: Cost-effectiveness of DeVal Loans

Bond Issuers Consistently Paid More Debt Service When Compared to DeVal Borrowers



Based on actual weighted average spreads to "AAA" indices and actual issuance costs.
 Based on actual rates and issuance costs. The option is not likely to be economic when the Loan rate is under 2.50%.
Past results are not a predictor of future spreads and costs.

- A pro forma "AA" G.O. bond issue, based on the average of actual sales, with net proceeds of \$14.9 million, calculated daily over the last year, would have **cost the issuer \$842 thousand more in debt service than a DeVal Loan with a 10-year option.**
- The **pro forma G.O. bond issuer would have paid \$1.13 million more in debt service** when compared to a DeVal Loan with no option (a proxy for an optimized DeVal Loan).
- This comparison ignores the additional refunding costs of issuance avoided with a DeVal Loan, **amounting to an additional \$200-300 thousand in avoided costs.**

Note: DeVal tracks every bond issue in its market area. DeVal compares each bond issue to the comparable DeVal Loan on the sale date. The size, liquidity, and transparency of the interest rate derivatives market allows DeVal to quote and provide Loan rates, even when issues and trades in the tax-exempt bond market are not transacted.

Bond Issues in DeVal's Market Area

All Bond Issuers Combined TTM Would Have Avoided Over \$237 Million of Debt Service with a DeVal Loan

<i>Month</i>	<i>Number of Bond Issues</i>	<i>Total Issuance</i>	<i>Total Cost of Bond Issue Over Comparable DeVal Loan</i>	<i>Total Cost of Bond Issue Over Comparable DeVal Loan and Avoided Costs</i>	<i>Total Cost of Bond Issue Over Optimized DeVal Loan</i>	<i>Total Cost of Bond Issue Over Optimized DeVal Loan and Avoided Costs</i>
April	15	\$ 305,985,000	\$ 13,441,465	\$ 17,074,080	\$ 24,123,274	\$ 27,755,889
March	13	249,040,000	17,881,522	22,179,341	30,969,643	35,267,462
February	13	408,835,000	16,479,085	21,624,048	32,838,132	37,983,095
January	10	220,475,000	1,836,055	5,274,647	9,813,018	13,251,610
December	6	94,850,000	1,489,623	2,307,062	2,855,269	3,672,707
November	11	117,095,000	4,533,889	6,221,640	7,461,039	9,148,789
October	19	269,750,000	13,358,638	17,292,360	23,429,272	27,362,995
September	15	285,395,000	6,378,184	7,809,999	10,244,729	11,676,543
August	8	199,585,000	13,395,281	15,137,162	18,370,201	20,112,083
July	6	85,970,000	3,147,032	4,328,579	4,955,259	6,136,806
June	13	212,445,000	16,820,663	18,354,419	29,711,159	31,244,915
May	12	222,480,000	4,792,915	7,229,094	10,823,784	13,259,963
Total	141	\$ 2,671,905,000	\$ 113,554,352	\$ 144,832,431	\$ 205,594,779	\$ 236,872,858

- The four comparisons of DeVal Loans to bond issues illustrate the different ways DeVal Loans save borrowers money.
- The consistent use of Original Issue Premium (OIP) in bond issuances, caused by selling bonds with higher coupons than yields, all but guarantees that refunding will occur in the future.
- A bond refunding incurs additional costs of issuance on a borrower, while a DeVal Loan rate reset does not (shown under the "... Avoided Costs" columns).

Example Market Area Bond Issue Comparison

Issuer Lost \$1.6 Million with Bond Issue When Compared to DeVal Loan

Central Bucks School District
 General Obligation Bonds, 2025 Series
 Comparison with DeVal Loan Rates on the Sale Date
 April 15, 2025

	<i>Actual</i>	<i>DeVal Loan*</i>
Sources of Funds		
Par Amount of Bonds	\$ 43,605,000.00	\$ 45,263,000.00
Original Issue Premium (Discount)	<u>1,821,870.05</u>	<u>-</u>
Total sources	<u>\$ 45,426,870.05</u>	<u>\$ 45,263,000.00</u>
Uses of Funds		
Project Costs	\$ 45,000,000.00	\$ 45,000,000.00
Underwriting Fees	261,630.00	226,315.00
Other Issuance Costs	<u>165,240.05</u>	<u>36,685.00</u>
Total uses	<u>\$ 45,426,870.05</u>	<u>\$ 45,263,000.00</u>
Total debt service	\$ 77,426,200.00	\$ 75,780,659.10
DeVal debt service savings (costs)		\$ 1,645,540.90
All-In True Interest Cost (All-In TIC)	4.691%	4.522%
DeVal All-In TIC savings (costs)		0.170%
Weighted Average Maturity (years)	15.513	15.241
Costs of Issuance		
Underwriters' Fees	0.576%	
Other Costs	<u>0.364%</u>	
Total	0.940%	
Type of Sale:	Negotiated	
Underwriter:	Raymond James, Stifel	
Bond counsel:	Saul Ewing	
Advisor:	PFM	
S&P Rating:	***	
Moody's Rating:	Aa1	

* Loan rate includes same option as the Actual.

- Central Bucks School District **paid \$1,645,541 more debt service on its bonds** than a comparable DeVal Loan.
- The School District **paid \$3.7 million more debt service on its bonds** than an optimally structured DeVal Loan
- The School District will incur **additional costs of issuance of \$340,000 if the bonds are refunded** (assuming the refunding on the call date at the same costs of issuance percentage). DeVal assesses no fees to exercise an option and reset the rate on a DeVal Loan, effectively a refunding with zero fees.
- Factoring in the assumption of one bond refunding, **the School District will pay \$2.0 million more debt service** than a comparable DeVal Loan or **\$4.1 million more debt service** than an optimized DeVal Loan
- The School District would have avoided the cost, time, effort, and risk to secure a rating, to coordinate a bond sale, to create an Official Statement, and to refund the bond issue in the future by using a DeVal Loan.

Market Value of Interest Rate Swaps

DeVal is \$89.9 Million in the Money

Market Value of Interest Rate Swaps				
	Rating		Notional Amount	Market Value 30-Apr-25
	Moody's	S&P		
<i>Bond Swaps</i>				
1997 Series	A1	***	\$ 11,660,000	\$ 688,270
1998 Series	A1	***	179,885,000	14,672,536
2002 Series	A1	A+	125,000,000	13,599,541
Master Series	A1	A+	585,150,000	(7,198,409)
Total Bond Swaps			<u>901,695,000</u>	<u>21,761,938</u>
<i>Loan swaps</i>				
1997 Series	A1	***	2,204,000	17,758
1998 Series	A1	***	99,892,000	1,802,204
2002 Series	A1	A+	104,607,000	2,814,400
Master Series	A1	A+	714,265,600	63,713,091
Total Loan Swaps			<u>920,968,600</u>	<u>68,347,453</u>
<i>Investment swaps</i>			<u>21,700,000</u>	<u>(225,162)</u>
TOTAL			<u>\$ 1,844,363,600</u>	<u>\$ 89,884,229</u>
<i>Counterparty</i>				
Bank of America	Aa1	A+	\$ 957,883,200	\$ 68,664,478
Barclays Bank PLC	A1	A+	18,452,000	926,199
Citibank	Aa3	A+	110,050,000	(586,301)
PNC Bank	A1	A	369,584,000	14,428,368
Royal Bank of Canada	Aa1	AA-	388,252,400	6,449,291
Toronto-Dominion Bank	Aa2	A+	142,000	2,194
TOTAL			<u>\$ 1,844,363,600</u>	<u>\$ 89,884,229</u>

DeVal Series Outstanding

\$1,126,645,000 Principal Amount

<u>Series</u>	<u>Par Amount</u>	<u>Over Collateralization</u>	<u>Total Funding</u>	<u>Option Date (2)</u>	<u>Purchase or Remarketing Date</u>	<u>Termination of Letter of Credit</u>	<u>Maturity Date</u>
1997 B Series	\$ 1,660,000	\$ -	\$ 1,660,000	No option	---	---	1-Jul-27
1997 C Series	10,000,000	-	10,000,000	No option	---	---	1-Jul-27
Total 1997 Series	<u>11,660,000</u>	<u>-</u>	<u>11,660,000</u>				
1998 A Series	<u>179,885,000</u>	<u>-</u>	<u>179,885,000</u>	No option	---	---	1-Aug-28
2002 Series	<u>125,000,000</u>	<u>28,159,000</u>	<u>153,159,000</u>	No option	---	---	1-Jul-32
Master Series							
2007 A Series	10,000,000	59,250	10,059,250	No option	---	---	1-Jun-37
2007 B Series	50,000,000	-	50,000,000	Any date	Weekly	19-May-26	1-Jun-42
2007 C Series	50,000,000	-	50,000,000	1-Jun-17	---	---	1-Jun-37
2018 A Series	10,000,000	343,000	10,343,000	No option	---	---	1-Sep-33
2020 D Series	75,000,000	7,538,000	82,538,000	Any date	Weekly	1-Jun-26	1-Nov-55
2021 A Series	45,000,000	1,940,000	46,940,000	No option	---	---	1-Oct-29
2022 A Series	5,000,000	50,000	5,050,000	No option	---	---	1-Mar-30
2022 B Series	75,000,000	-	75,000,000	1-Mar-25	1-Mar-26	---	1-Mar-57
2022 C Series	75,000,000	-	75,000,000	1-Mar-26	1-Mar-27	---	1-Mar-57
2022 D Series a	20,000,000	-	20,000,000	No option	---	---	1-Mar-29
2022 D Series b	2,000,000	-	2,000,000	No option	---	---	2-Mar-29
2022 E Series	75,000,000	-	75,000,000	Any date	Weekly	14-Jul-27	1-Mar-57
2023 A Series a	50,000,000	3,693,843	53,693,843	1-Sep-32	---	---	1-Mar-33
2023 A Series b	41,030,000	2,499,833	43,529,833	1-Sep-33	---	---	1-Mar-34
2023 A Series c	50,000,000	2,445,324	52,445,324	1-Sep-34	---	---	1-Mar-35
2024 A Series a	15,000,000	707,135	15,707,135	No option	---	---	1-Sep-33
2024 A Series b	27,070,000	1,276,338	28,346,338	No option	---	---	1-Sep-34
2024 A Series c	30,000,000	1,281,527	31,281,527	1-Sep-34	---	---	1-Sep-35
2024 B Series	<u>105,000,000</u>	<u>-</u>	<u>105,000,000</u>	Any date	Daily	4-Sep-29	1-Sep-59
Total Master Series	<u>810,100,000</u>	<u>21,834,250</u>	<u>831,934,250</u>				
Total	<u>\$ 1,126,645,000</u>	<u>\$ 49,993,250</u>	<u>\$ 1,176,638,250</u>				