

Research Update:

Delaware Valley Regional Finance Authority, PA Series 2025A Local Government Revenue Bonds Rated 'A+'

November 25, 2025

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to the [Delaware Valley Regional Finance Authority](#) (DelVal), Pa.'s \$75 million series 2025A local government revenue bonds.
- At the same time, we assigned our 'AA+/A-1+' dual rating to DelVal's \$125 million series 2025B local government revenue bonds, reflecting the issuance of irrevocable direct-pay letter of credit (LOC) provided by Bank of America N.A. We also assigned our 'A+' underlying rating (SPUR) to the series 2025B bonds, based on our view of DelVal's pledged revenue.
- In addition, we affirmed our 'A+' underlying rating (SPUR) and long-term rating on DelVal's existing local government revenue bonds.
- We also affirmed our 'AA+/A-1' joint rating on the authority's series 2007B bonds, reflecting the application of our joint criteria that incorporate our long-term ratings on both DelVal and PNC Bank N.A., and our 'AA+/A-1' dual rating on DelVal's series 2020D, 2022E, and 2024B local government revenue bonds, reflecting the application of our joint criteria that incorporate our long-term ratings on both DelVal and TD Bank N.A. We also affirmed our 'A+' underlying rating on DelVal's bonds outstanding.
- The outlook, where applicable, is stable.

Rationale

Security

The underlying rating reflects our analysis of the security provided by loan payments remitted by borrowers and revenue from investments and swap transactions, along with funds in the established debt service reserve funds (DSRFs). Proceeds from the bonds will provide funds to originate new loans to participants and refund certain existing bonds.

Primary Contact

John Kennedy
Chicago
1-312-233-7088
john.kennedy
@spglobal.com

Secondary Contact

Autumn R Mascio
New York
1-212-438-2821
autumn.mascio
@spglobal.com

The long-term component of the dual rating reflects the joint support of the LOC provided by Bank of America N.A. and the SPUR on DelVal, the obligor, assuming a low correlation level and addresses our expectation of full and timely interest and principal payments when the bondholders have not exercised the put option. The short-term component of the rating solely reflects our short-term rating on Bank of America N.A. and addresses our expectation of full and timely interest and principal payments when the bondholders have exercised the put option. According to the terms of the bond documents, the trustee is directed to first pay principal, interest, and the redemption price from amounts received from draws made on the LOC. If the trustee has not received funds from the LOC provider to make such payments, then the trustee is directed to make such payments from funds provided by the authority. The LOC covers the entire principal amount and 45 days of interest coverage at the 15% maximum rate. The interest component on the LOC reinstates automatically on the fifth calendar day following an interest drawing. Should the trustee receive notice of an event of default under the reimbursement agreement, the bank will direct the trustee to declare an acceleration on the bonds, draw under the facility, and use the proceeds to pay the bondholders. The series 2025B bonds will be issued in the weekly rate mode. During the weekly rate mode, bondholders have the option to tender their bonds seven business days prior to the purchase date. The LOC provides credit and liquidity coverage for all optional and mandatory redemptions, tenders, and acceleration. Bond documents permit substitution of the facility and require a mandatory tender. The LOC is scheduled to expire Dec. 1, 2030, unless extended, replaced or terminated beforehand pursuant to its terms. In view of the bond structure, changes to our rating on the bonds can result from, among other things, changes to our rating on the LOC provider or obligor, revisions to our correlation assumptions, the expiration or termination of the LOC, or amendments to the transaction terms. This analysis of the series 2025B bonds reflects information as of Nov. 20, 2025. Subsequent information from now until closing could result in us changing or withdrawing the rating.

Credit highlights

The 'A+' underlying rating reflects our assessment of the authority's history of successfully managing its multiparticipant pool combined with an excess of cash flows and reserves beyond what is needed to pay debt service on authority bonds. It also incorporates our view of a marginal increase in risk presented by the program's exposure to variable-rate debt, potential acceleration of debt under certain LOC reimbursement agreements, and contingent liquidity risk due to collateral posting provisions in the swap agreement. We believe these risks are generally conservatively managed, such as using swaps to match asset and liability rates on each loan.

The rating also reflects our view of DelVal's:

- Program administration, in which a private administrator works with a governmental board to address a multicounty policy objective to provide cost-effective financing for local governments;
- Overcollateralization, which is capable of withstanding S&P Global Ratings' loss coverage scenario (LCS), based on the credit quality of the asset pool and consolidated cash flows, run at our 'AAA' category stress level;
- Strong operating performance following the resolution of the nonperforming Chester loan; and
- Adequate financial management policies and conditions.

Environmental, social, and governance

Our rating on these issues is linked to the support providers. Environmental, social, and governance (ESG) factors that affect the rating on these supporting entities could also affect the rating on these securities. Our assessment of the creditworthiness of support providers incorporates any material ESG factors regardless of any self-designation, such as green or social, the issuer might apply. In our view, exposure to ESG factors in these transactions is limited to the factors related to the support providers. (For further information on the ESG considerations relevant for bank ratings and underlying securities, refer to the U.S. and Canadian, Europe, the Middle East, and Africa, Asia-Pacific, and Latin American bank ESG industry [report cards](#) and "[Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors](#)," March 2, 2022.)

Outlook

The stable outlook on the SPUR reflects our expectation for prompt loan repayment from borrowers in the program, coupled with adherence to financial policies. Rating stability is also predicated on annual revenue from all sources providing debt service coverage as projected. Any significant deviation in the financial results could result in downward pressure on the rating. Active program management remains a key to rating stability, as loan activity will generate future revenue available to cover bullet maturity payments.

Downside scenario

Within the two-year outlook horizon, the rating or outlook could come under pressure due to several factors, including a significant increase in borrower delinquencies or defaults, acceleration of debt or collateral posting due to triggering provisions in the liquidity or swap agreements, or a mismatch between loan payments and upcoming debt service payments.

Upside scenario

We do not consider an upgrade likely due to the limited amount of overcollateralization and concentration of key program responsibilities in a small administrative team.

Credit Opinion

Enterprise risk profile: strong

We view the enterprise risk profile of the program as strong due to a combination of the low industry risk profile for municipal pools and the program's market position, which we consider adequate. DelVal is a body corporate and politic jointly formed by Bucks, Chester, Delaware, and Montgomery counties, pursuant to the provisions of the Authorities Act on Dec. 23, 1985. The counties created DelVal to provide loans for local government projects and other political subdivisions. We believe these factors reflect a moderate level of government support but with the potential for some fluctuation in new loan demand.

Financial risk profile: extremely strong

We assess the programs' LCS as extremely strong, based on our view of overcollateralization under our loss coverage test. The cash flow pattern can withstand the highest credit default stress, reflecting the diverse borrower pool with relatively high average credit quality among its

participants. The program also receives a favorable score on our largest obligor test. Overcollateralization is primarily achieved through the program's various reserve funds pledged for repayment of bonds. Certain loans carry bond insurance with BAM Mutual and Assured Guaranty. Payments will be made directly to the DelVal bond trustee in the event of an underlying participant loan default.

We view operating performance as strong, indicated by the history of very low nonperforming loans and delinquencies. We view the resolution of the 2023 City of Chester loan nonpayment favorably. Management indicates no additional defaults or delinquent payments among participating loans.

Management responsibilities are concentrated in a small number of individuals, with a single program administrator with a limited staff. The program has been managed effectively since its inception, and we do not expect this will change in the near term. However, given the complexity of the program, with the numerous interest rate swaps, the large number of borrowers, and the need to actively manage loans and investments, we view this concentrated responsibility as a credit risk. DelVal's short-term investments are generally limited to instruments with an 'A-1' or 'P-1' rating, while long-term investments (including money in the recycling fund used to make new loans) are limited to instruments rated 'AA-' or 'Aa3' or above.

Also incorporated into this analysis is the exposure to a potential acceleration of debt under the 2007B, 2020D, 2022E, and 2024B LOC reimbursement agreements. The LOC exists to provide liquidity support for these bonds, but the events of default are not necessarily remote, in our opinion. Should an event of default occur, one of the remedies is an immediate acceleration of all principal and interest due under the agreement. There is also elevated contingent liquidity risk due to collateral posting provisions in the swap agreement with Citibank; we do not consider all these necessarily remote.

Credit Snapshot

- Program description: DelVal provides loans to local governments or political subdivisions within a primary market area in eastern Pennsylvania. Each loan agreement is secured by a tax pledge of the participant or, if the participant is a political subdivision without taxing power and both are rated below 'AA-' and uninsured, a general obligation guaranty of a local government unit and/or a financial guaranty policy. A covenant agreement requires the authority to transfer excess funds from any of its bond series outstanding to cover a deficiency of funds in any other bond series.
- Flow of funds: Each DelVal bond series has a DSRF funded from proceeds, which can help absorb loan payment defaults. A covenant agreement pledges to transfer excess funds from any of its bond series outstanding to cover a deficiency of funds in any other bond series, so they are effectively crosscollateralized. DelVal uses bond, loan, and interest rate swaps to manage interest rate risk. Participants can request a fixed rate despite DelVal receiving funding from variable-rate bonds; when this occurs, DelVal uses loan swaps to hedge the fixed-rate loan. We understand there is no asset/liability mismatch given the use of swaps for each leg of the financing and investments.
- Summary statistics: While originally established to serve four primary counties in Pennsylvania, the program has expanded and now serves borrowers in nine counties. It will have approximately \$1.28 billion in debt outstanding following this issue. As of this issue, about \$883 million of loan principal repayments will be due from a diverse pool of approximately 113 borrowers. We consider the loan portfolio generally strong and diverse. Debt service reserves total \$75 million, alongside an expected average balance in the recycling fund of approximately \$250 million and the revenue fund of approximately \$10 million.

Delaware Valley Regional Finance Authority, PA Series 2025A Local Government Revenue Bonds Rated 'A+'

Ratings List

New Issue Ratings

US\$125.0 mil local govt rev bnds (VRDB) ser 2025B due 12/01/2060

Long Term Rating AA+/A-1

S&P Published Underlying Rating A+/Stable

US\$75.0 mil local govt rev bnds (fixed rate) ser 2025A due 12/01/2035

Long Term Rating A+/Stable

Ratings Affirmed

Water & Sewer

Delaware Vy Regl Fin Auth, PA State Revolving Fund DVRFA 2002 Indenture A+/Stable

Delaware Vy Regl Fin Auth, PA State Revolving Fund DVRFA 2007 Master Indenture A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.