# Delaware Valley Regional Finance Authority

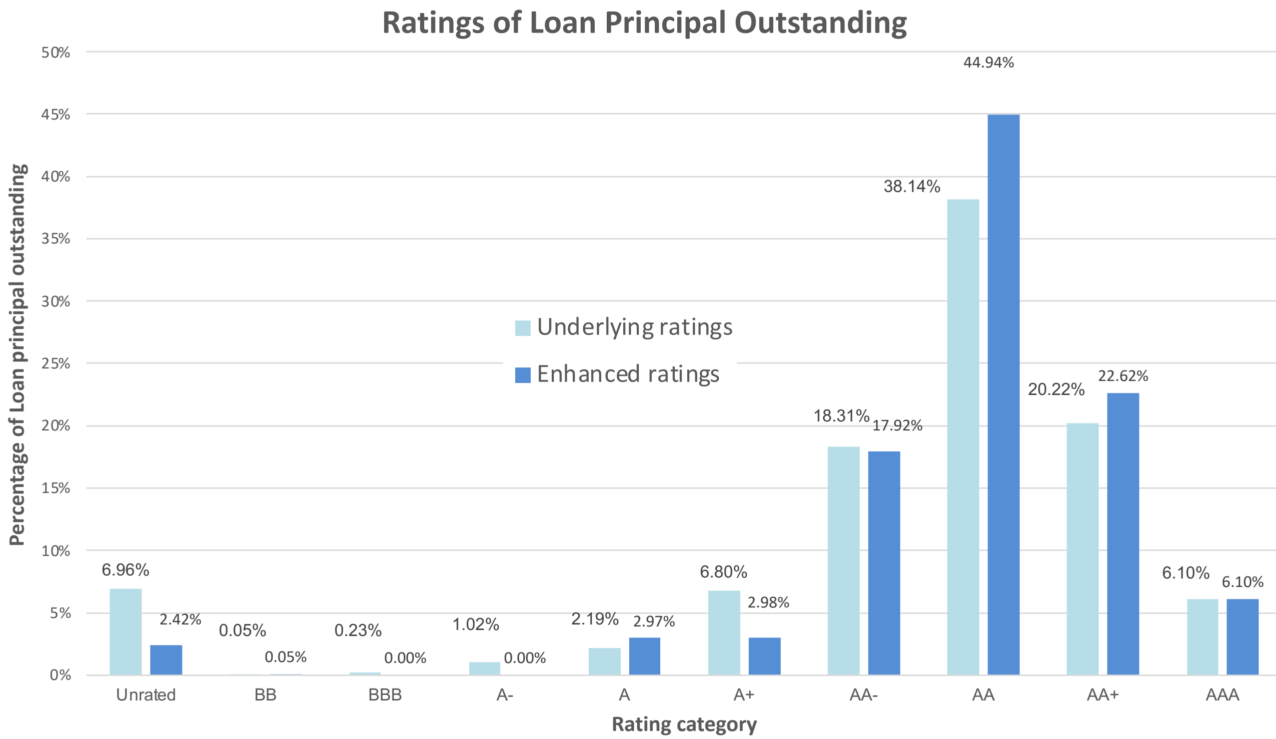
***Program Administrator's Report***

***April 13, 2026***

## Discussion Points

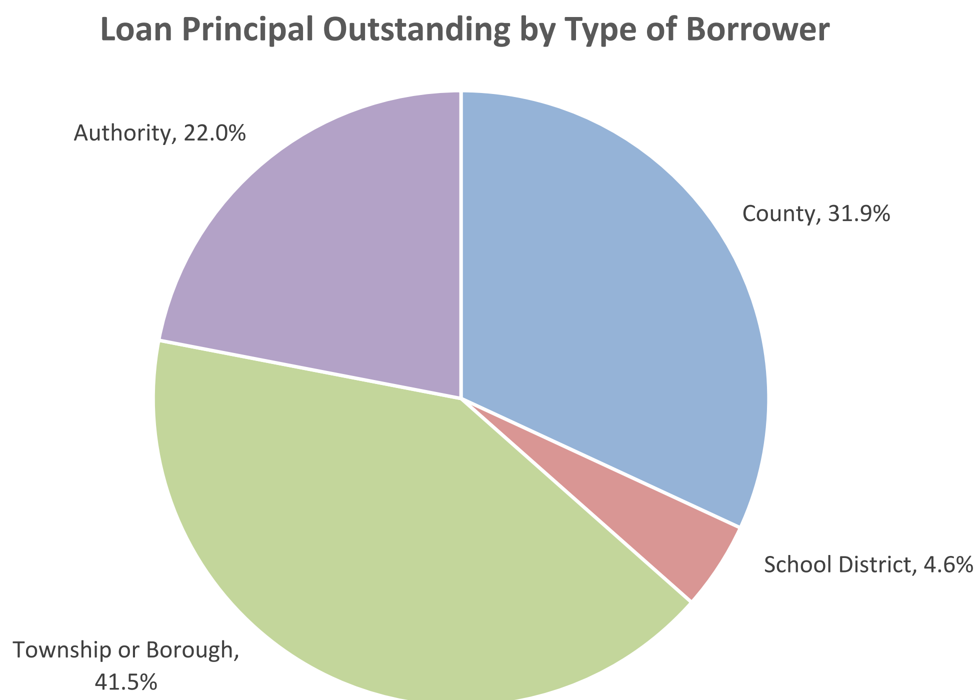
- Loan portfolio
- Market conditions
- Swap transactions and market values
- DelVal structure
- Guaranteed Investment Contracts

## Loan Portfolio – Ratings of Borrowers

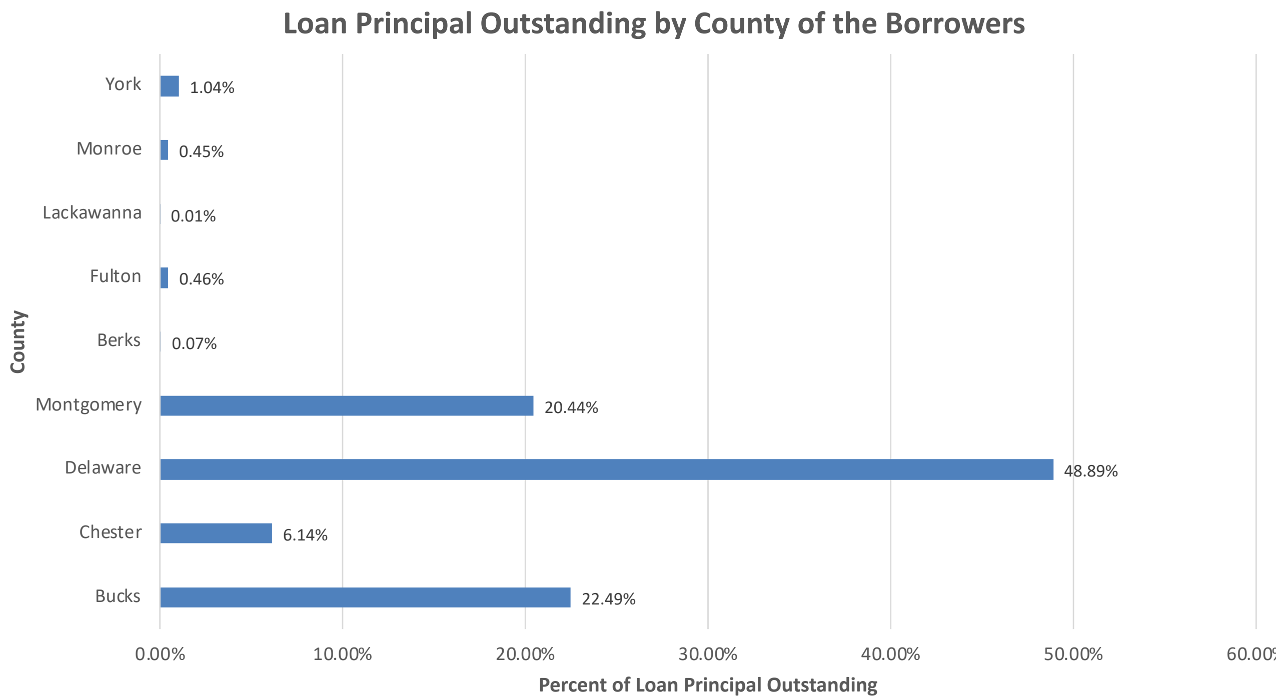



- The weighted average underlying and enhanced rating of borrowers in the DelVal Loan Program is “AA”.
- Assured Guaranty and Build America Mutual insure 14.2% of the outstanding Loans.
- 91.6% of the outstanding Loans have an enhanced rating of "AA-” or above.

# Loan Portfolio – Type of Borrowers



# Loan Portfolio - County of Borrower




98.0% of Loans are to borrowers in Bucks, Chester, Delaware, and Montgomery Counties, the wealthiest, most diversified, and most stable region in the Commonwealth.

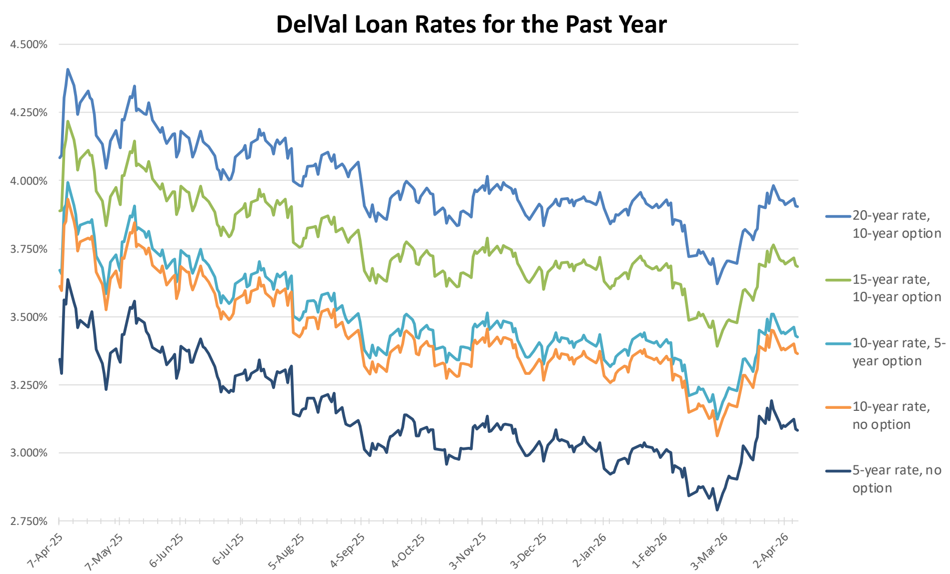
# Loan Origination

**Delaware Valley Regional Finance Authority**
**Loans Originated and Loans in Process for the Year Ending**
**March 31, 2026**

| | | | *Underlying or Guarantor Rating* | | | | | |
|---|---|---|---|---|---|---|---|---|
| *No.* | *Participant* | *County* | *Guarantor* | *Moody's* | *S&P* | *Amount* | *Closing* | |
| 1 | Upper Dublin Township | Montgomery | --- | Aa2 | --- | $ 11,400,000 | 11-Apr-25 | |
| 2 | Chadds Ford Township Sewer Authority | Delaware | Chadds Ford Township | --- | --- | 300,000 | 17-Apr-25 | |
| 3 | Morrisville Borough | Bucks | BAM | --- | AA | 1,625,000 | 16-May-25 | |
| 4 | Chalfont Borough | Bucks | --- | --- | --- | 350,000 | 13-Jun-25 | |
| 5 | Marlborough Township | Montgomery | --- | --- | --- | 4,228,000 | 10-Nov-25 | |
| 6 | Aston Ambulance Authority | Delaware | Aston Township | --- | AA- | 2,000,000 | 18-Nov-25 | |
| 7 | Aston Township | Delaware | --- | --- | AA- | 3,000,000 | 19-Dec-25 | |
| 8 | Upper Providence Township | Delaware | --- | --- | AA | 5,000,000 | 11-Feb-26 | |
| | Loans closed | | | | | 27,903,000 | | |
| 9 | Towamencin Township | Montgomery | --- | --- | AA | 5,000,000 | 27-Apr-26 | |
| 10 | Bridgeport Borough | Montgomery | --- | --- | TBD | 2,025,000 | 15-May-26 | * |
| 11 | Bristol Borough School District | Bucks | TBD | --- | A- | 2,795,000 | 21-May-26 | * |
| | Loans in process | | | | | 9,820,000 | | |
| | Total | | | | | $ 37,723,000 | | |

* Preliminary, subject to change.
"TBD" means "to be determined".

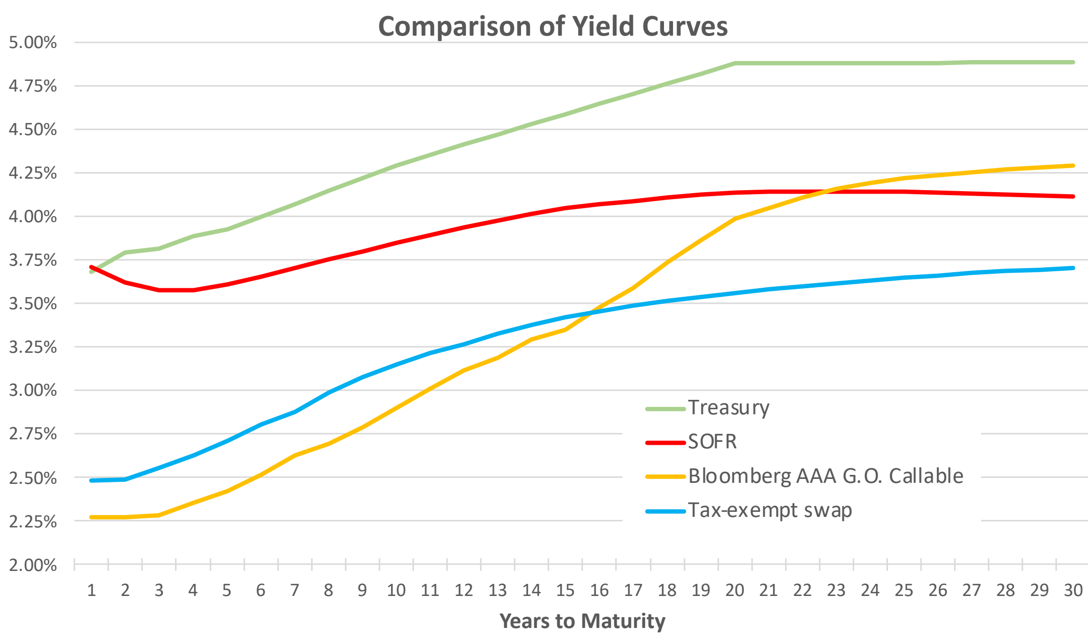
# DelVal Loan Rates




| | *Average Loan Rate* | | | |
|---|---|---|---|---|
| *Loan Option* | *Past Year* | *Past 6-Months* | *Past 3-Months* | *Rate as of 8-Apr-26* |
| 20-year rate, 10-year option | 3.99% | 3.84% | 3.77% | 3.91% |
| 15-year rate, 10-year option | 3.77% | 3.62% | 3.55% | 3.68% |
| 10-year rate, 5-year option | 3.50% | 3.35% | 3.29% | 3.43% |
| 10-year rate, no option | 3.44% | 3.29% | 3.23% | 3.37% |
| 5-year rate, no option | 3.14% | 2.98% | 2.94% | 3.08% |

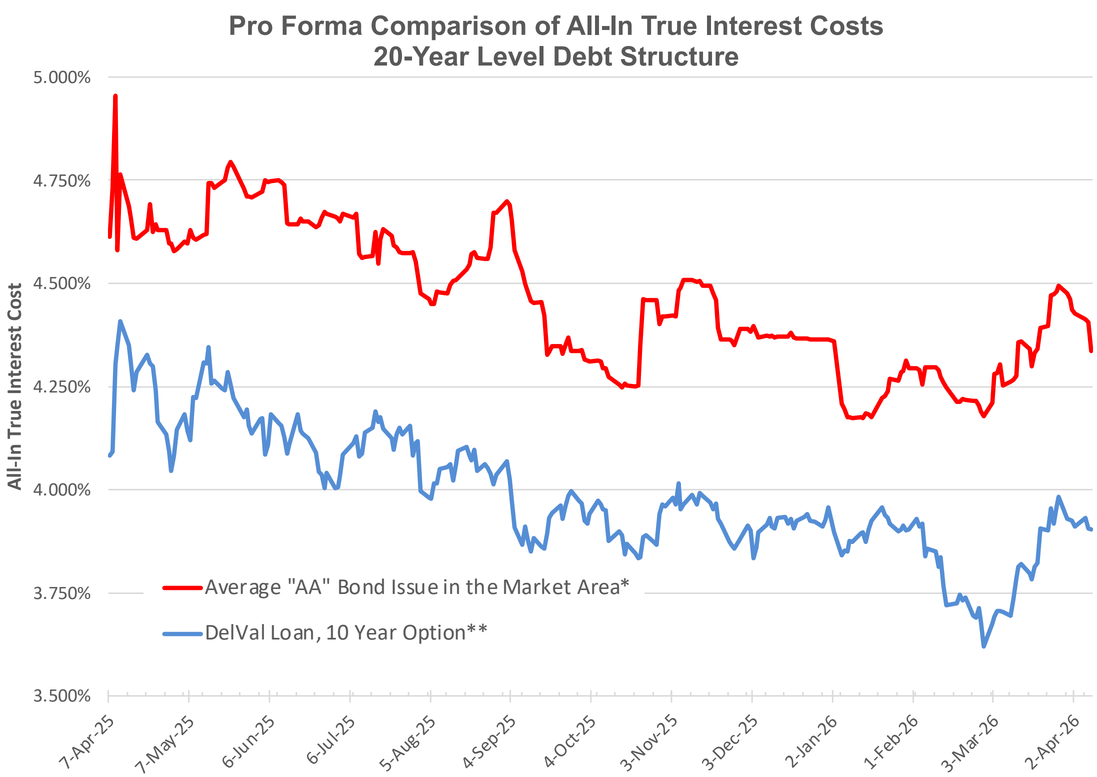
- Interest rates have returned to their levels prior to the initial positioning of US military assets in the Middle East. The market is unsure of the degree to which the oil supply shock will affect inflation in the short and mid-term. This adds to the existing uncertainty surrounding tariffs, fiscal deficits, and the Federal Reserve Bank's monetary policy. The Fed has no tools to combat energy driven inflation.
- The FOMC will continue to be cautious with future rate cuts, even if cost and energy inflation remains modest. While the issue does not earn many headlines, asset inflation has been a major concern of the FOMC since 2008, and particularly since 2020, following the bail-out of the repo and corporate debt markets. The interest rate reductions encourage riskier investments, greater leverage, and expanding asset bubbles. The popping of those asset bubbles has the potential to create bank failures and financial crises.

# Comparison of Yield Curves




- The Treasury rates have become upward sloping as the expectations of interest rate cuts in the latter half of 2026 have waned, pushing up the 6-month T-Bill and 2-year Note. The Treasury's reliance on the funding the US Federal Government with T-Bills and the interest rate that the Fed pays to banks for their reserves held in their "Fed accounts" effectively sets a floor for short-term rates. The uncertainty of future FOMC policy, tariff policy, and the perceived inability to address multi-trillion Federal deficits remains a headwind for the interest rate markets. Demand for the 20 and 30-year maturities remain thin.
- The other yield curves are derivatives of the Treasury yields. The SOFR curve reflects a more jaundiced view of future Federal deficits and economic growth. The Bloomberg AAA General Obligation Index is not a par yield, and it is not strictly comparable to the other curves. The Bloomberg Index is based on a 5% coupon, and the index understates the effect of the cash flow for interest payments; the cash flow is more comparable to a term bond.

# Market Update: Cost-effectiveness of DelVal Loans




*Based on actual weigted average spreads to "AAA" indices and actual issuance costs.
**Based on actual rates and issuance costs.
**Past results are not a predictor of future spreads and costs.**

- Bond Issuers have consistently paid a higher cost of financing than they would have with a comparable DelVal Loan.
- This comparison ignores the additional costs of issuance that the Bond Issuer would pay to refund the Bond Issue if exercising an option is economic. DelVal assesses no fees to exercise an option and reset the rate.
- As a result, Bond Issuers pay more in debt service (higher All-In True Interest Costs) and will pay avoidable future costs of issuance for refundings.

# Bond Issues in the Market Area

**"AA" Bond Issues in DelVal's Market Area***

| *Bond issues in the Market Area** | *Bonds in the "AA" Rating Category Sold in the Quarter Ended* 30-Jun-25 | 30-Sep-25 | 31-Dec-25 | 31-Mar-26 | *Annual Total* |
|---|---|---|---|---|---|
| Number of issues | 32 | 21 | 32 | 33 | 118 |
| Average par amount | $ 18,633,750 | $ 20,949,048 | $ 21,422,031 | $ 17,579,697 | $ 19,507,161 |
| Weighted average rating | AA | AA | AA | AA | AA |
| Weighted average maturity (years) | 15.86 | 15.81 | 12.77 | 12.91 | 14.19 |
| Weighted costs of issuance (% of par amount) | | | | | |
| Bond issues in Market Area | 1.695% | 1.506% | 1.381% | 1.720% | 1.572% |
| Less Comparable DelVal Loans** | 0.702% | 0.601% | 0.604% | 0.541% | 0.612% |
| Savings from comparable DelVal Loan | 0.993% | 0.906% | 0.777% | 1.179% | 0.959% |
| Weighted average All-In True Interest Cost | | | | | |
| Bond issues in Market Area | 4.836% | 4.768% | 4.349% | 4.205% | 4.546% |
| Less Comparable DelVal Loans** | 4.479% | 4.375% | 4.169% | 4.119% | 4.292% |
| Savings from comparable DelVal Loan | 0.357% | 0.393% | 0.180% | 0.086% | 0.254% |
| Average debt service costs | | | | | |
| Bond issues in Market Area | $ 33,398,325 | $ 37,653,139 | $ 33,604,715 | $ 28,323,295 | $ 32,792,220 |
| Less Comparable DelVal Loans** | 31,981,567 | 35,998,403 | 32,545,963 | 28,000,179 | 31,736,045 |
| Savings from comparable DelVal Loan | $ 1,416,759 | $ 1,654,736 | $ 1,058,752 | $ 323,116 | $ 1,056,175 |

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

**DelVal 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.**

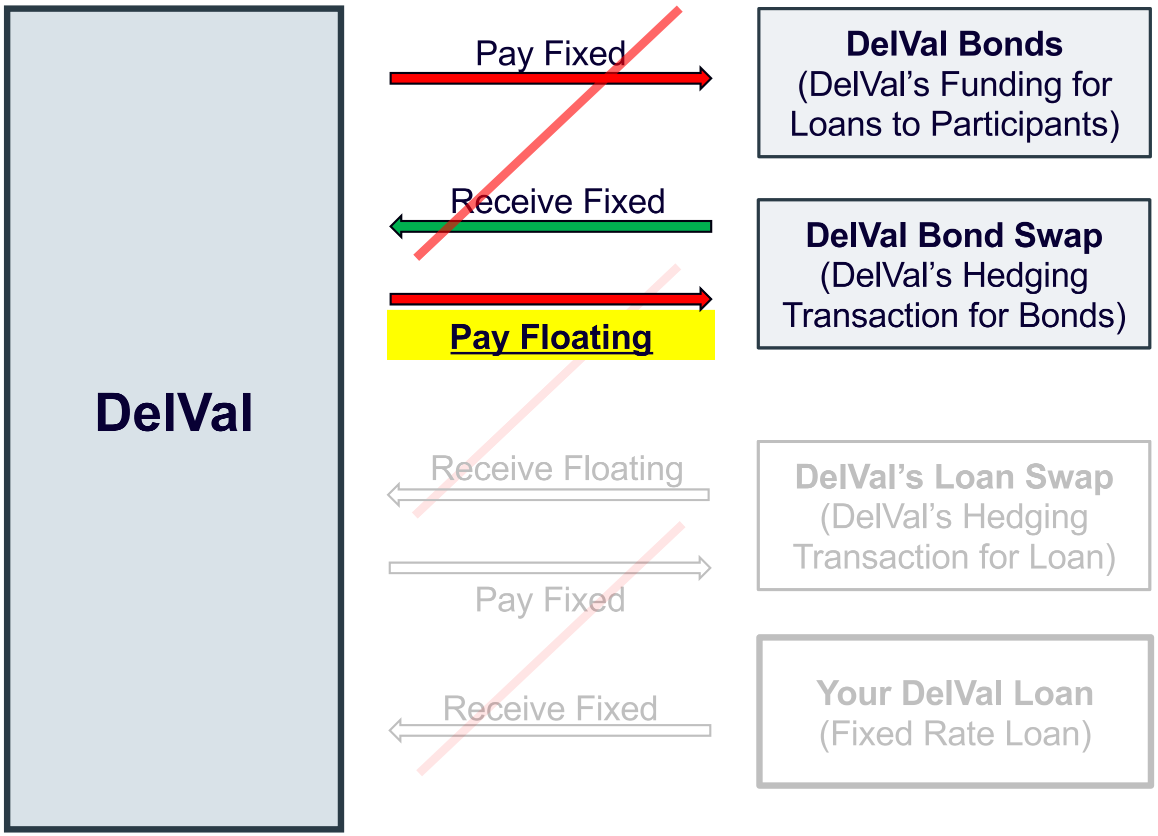
## DelVal Structure: Lower Cost of Funds

- DelVal's goal is to minimize its cost of funds and interest rate risk to fulfill its mission to provide the most cost-effective funding to the Participants in the Loan Program. **Participants receive all the benefits of DelVal's minimized cost of funds because DelVal is essentially a non-profit, co-op bank.**
- To accomplish this, DelVal's approach is that of any well managed bank.
  - ***Scale*: **DelVal realizes economies of scale that municipalities, school districts, authorities, and other political subdivisions within the Commonwealth are unable to replicate. DelVal consistently issues hundreds of millions of dollars of bonds to fund the program. Therefore, DelVal has a large, dedicated following of the most capitalized municipal debt investors, which drives DelVal's cost of funds lower.
  - ***Floating Cost of Funds*: **DelVal structures its cost of funds to be a floating rate by executing effective hedges on its Bonds. This allows DelVal to provide the best possible financing option to borrowers regardless of the current or future interest rate environment.
  - ***Flexibility*: **DelVal is able to adapt its debt issuances to the lowest cost funding option available in any given market environment. DelVal is not limited to fixed rate debt, as most other potential Participants are, and can issue Floating Rate Notes, Variable Rate Demand Bonds, etc. This flexibility allows DelVal to fund itself at a lower cost of capital than Participants can achieve on their own.

## DelVal Structure: Cost-Effectiveness of Loans

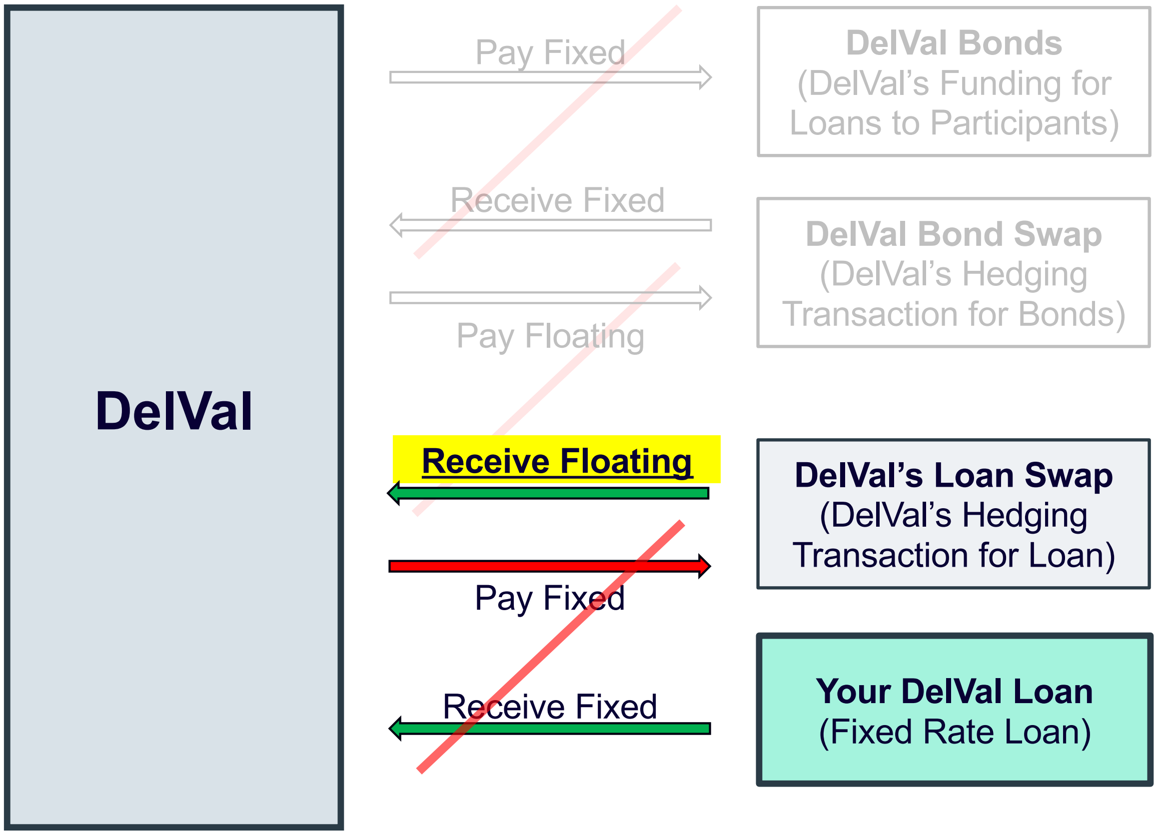
- Participants receive cost-effective funding from all the advantages listed below, and others not mentioned.
  - ***Lower Interest Rates*:** Participants in the DelVal Loan Program have interest rates that are generally lower than bank loans and bonds issues because DelVal has a low cost of funds.
  - ***Lower Cost of Issuance*:** Participants' costs of issuance on DelVal Loans are minimized because DelVal standardizes the Loan documents.
  - ***DelVal's Use of Hedges*:** The effective, efficient, and safe use of hedges in DelVal's hedging strategy allows DelVal to provide the lowest possible fixed rate Loans to Participants. Participants are not party to these hedging transactions. However, Participants benefit because the hedges allow DelVal to eliminate its interest rate risk (by exactly matching DelVal's assets and liabilities), thereby enabling DelVal to pass through all the benefit of its low cost of funds to Participants in the form of a lower interest rates on their DelVal Loans.
    - The market for the hedges, the $450 trillion interest rate swap market, is over 100 times larger than the entire tax-exempt bond market, and the hedging market is far more liquid, efficient, and transparent than the tax-exempt bond market. Therefore, Participants know the interest rate anytime until the interest rate is fixed.
    - DelVal's hedges provide stability when interest rates rise or fall and resilience during market shocks, such as 9-11, the Great Financial Crisis, Covid-19, and Silicon Valley Bank's implosion, which froze the bank and bond markets. Participants benefit because this stability and resilience allows DelVal to provide the full benefit of its low cost of funds to the Participants.
  - ***Flexible DelVal Loan Structures*:** Participants can structure the DelVal Loan to their exact specifications to meet their goals. The use of the hedges allows DelVal to provide fixed and floating rate options that would not be available with bank loans or bond issues.

## DelVal Structure: Participant's and DelVal's Interests Align Because of DelVal's Hedging



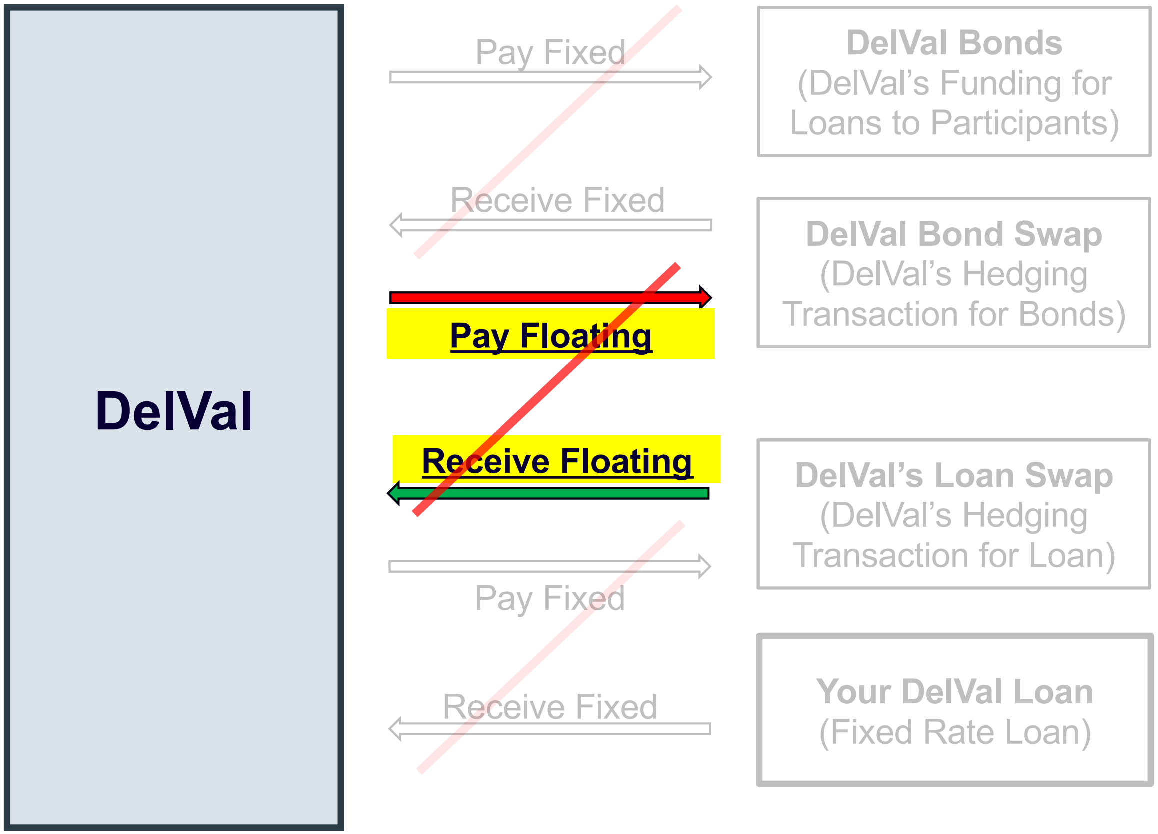

- DelVal operates similarly to a "non-profit, co-op bank". DelVal needs to maintain a floating rate cost of funds that will be competitive in rising or falling interest rate markets.
- DelVal issues all types of floating rate and fixed rate debt to diversify its funding. DelVal issues the type of debt instrument that will minimize its costs.
- DelVal executes hedging transactions to eliminate the interest rate risk of fixed rate debt or floating rate debt based on taxable indices.
- The net payments after the hedging interest rate swap transactions (the "Bond Swaps") produce the desired floating rate cost of funds.

## DelVal Structure: Participant's and DelVal's Interests Align Because of DelVal's Hedging



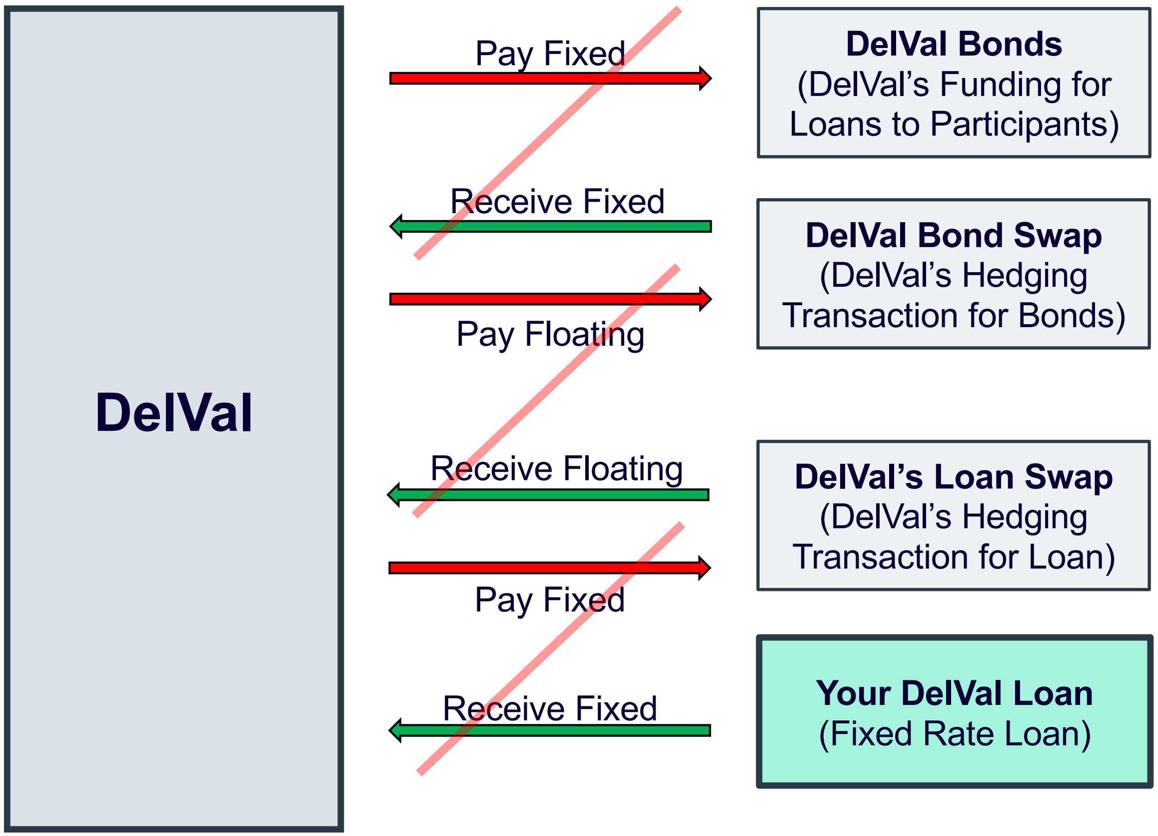

- DelVal also executes hedges to eliminate the interest rate risk of providing fixed rate Loans, the risk that the Loan rates will be less than DelVal's floating rate cost of funds in the future.
- The hedging interest rate swap transactions (the "Loan Swaps") produce a net receipt to DelVal that is based on the same floating rate as DelVal's cost of funds.

## DelVal Structure: Participant's and DelVal's Interests Align Because of DelVal's Hedging



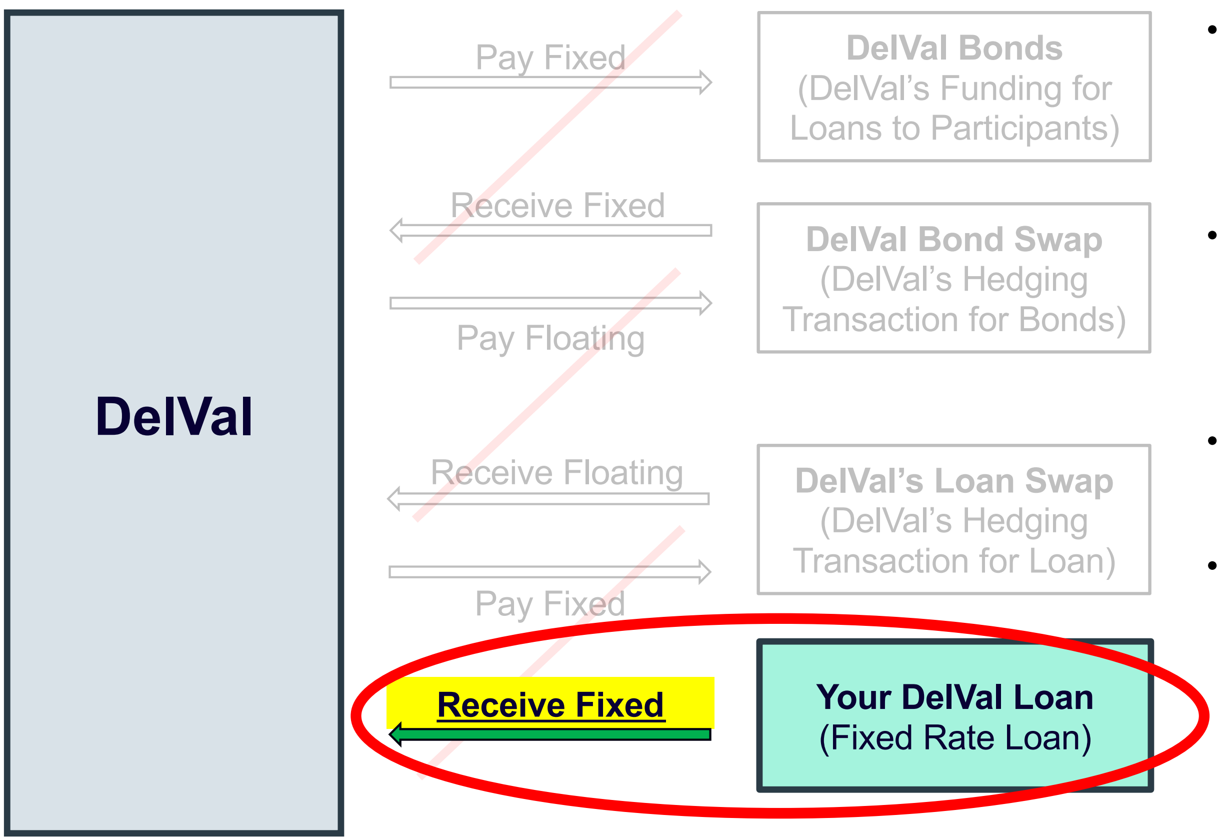

- The net receipts after the Loan Swaps match and offset the net payments after the Bond Swaps.
- The Loan Swaps and Bond Swaps are executed in most liquid and transparent capital market, the $450 trillion interest rate derivative market.

## DelVal Structure: Participant's and DelVal's Interests Align Because of DelVal's Hedging




- DelVal's hedging strategy eliminates DelVal's interest rate risks.
- DelVal's costs are determined in a market that is more than 100 times larger, more efficient, and more transparent than the tax-exempt bond market.
- This structure allows DelVal to provide Loan rates that have been consistently lower than bank loans and public bond issues.

## DelVal Structure: Participant's and DelVal's Interests Align Because of DelVal's Hedging




- Every Participant in DelVal's Loan Program is an "Obligated Person" under the rules of the Municipal Security Rulemaking Board ("MSRB").
- DelVal's Administrator, as a "Municipal Advisor" registered with Securities and Exchange Commission and MSRB, has a "duty of care" to each Participant.
- Bond underwriters and bank lenders do not have this regulatory obligation.
- The "duty of care" means that DelVal's Administrator has an obligation to analyze and understand the objectives of the Participants and to minimize their costs.

## Bond Issue Comparison

**Tredyffrin Easttown School District**
**General Obligation Bonds, 2026 Series**
**Comparison with DelVal Loan Rates on the Sale Date**
**March 31, 2026**

| | Actual | DelVal Loan* | DelVal Loan w/ Optimization** |
|---|---|---|---|
| Sources of Funds | | | |
| Par Amount of Bonds | $ 19,630,000.00 | $ 20,102,000.00 | $20,102,000.00 |
| Original Issue Premium (Discount) | 630,662.55 | - | - |
| Total sources | $ 20,260,662.55 | $ 20,102,000.00 | $20,102,000.00 |
| Uses of Funds | | | |
| Project Costs | $ 20,000,000.00 | $ 20,000,000.00 | $20,000,000.00 |
| Underwriting Fees | 127,595.00 | 40,204.00 | 40,204.00 |
| Other Issuance Costs | 133,067.55 | 61,796.00 | 61,796.00 |
| Total uses | $ 20,260,662.55 | $ 20,102,000.00 | $20,102,000.00 |
| *Total debt service* | $ 40,034,387.78 | $ 38,789,000.81 | $38,111,420.38 |
| ***DelVal debt service savings (costs)*** | | **$ 1,245,386.97** | **$ 1,922,967.40** |
| *All-In True Interest Cost (All-In TIC)* | *4.854%* | *4.607%* | *4.443%* |
| ***DelVal All-In TIC savings (costs)*** | | ***0.247%*** | ***0.412%*** |
| *Weighted Average Maturity (years)* | 20.793 | 20.542 | |

| | |
|---|---|
| Costs of Issuance | |
| Underwriters' Fees | 0.630% |
| Other Costs | 0.657% |
| Total | 1.287% |

| | |
|---|---|
| *Type of Sale:* | *Negotiated* |
| *Underwriter:* | *Raymond James* |
| *Bond counsel:* | *Lamb McErlane* |
| *Advisor:* | *PFM* |
| *Moody's Rating:* | *Aaa* |

- The School District **will pay $1.2 million more debt service on its bonds** than a comparably structured DelVal Loan, assuming the issue is not refunded.
- With a DelVal Loan, the rate can be reset on the option date with no costs of issuance. A refunding would not be required.
- The School District **would have avoided paying $1.9 million of debt service with an optimally structured DelVal Loan**.
- The School District **would have avoided paying $3.0 million in debt service with an alternatively structured DelVal Loan**.

# Market Value of Interest Rate Swap Transactions

**Delaware Valley Regional Finance Authority**
**Market Value of Interest Rate Swaps**

| | Rating | | Notional | Market Value |
|---|---|---|---|---|
| | *Moody's* | *S&P* | *Amount* | *31-Mar-26* |
| *Bond Swaps* | | | | |
| 1997 Series | A1 | *** | $ 6,550,000 | $ 230,693 |
| 1998 Series | A1 | *** | 139,800,000 | 7,018,303 |
| 2002 Series | A1 | A+ | 125,000,000 | 12,799,350 |
| Master Series | A1 | A+ | 645,150,000 | (4,515,112) |
| Total Bond Swaps | | | 916,500,000 | 15,533,234 |
| *Loan swaps* | | | | |
| 1997 Series | A1 | *** | 1,515,000 | 6,408 |
| 1998 Series | A1 | *** | 70,196,000 | 862,484 |
| 2002 Series | A1 | A+ | 99,803,000 | 1,673,554 |
| Master Series | A1 | A+ | 689,209,700 | 48,870,652 |
| Total Loan Swaps | | | 860,723,700 | 51,413,098 |
| *Investment swaps* | | | 21,700,000 | (548,192) |
| TOTAL | | | $ 1,798,923,700 | $ 66,398,141 |

**Delaware Valley Regional Finance Authority**
**Market Value of Interest Rate Swaps**

| | Rating | | Notional | Market Value |
|---|---|---|---|---|
| | *Moody's* | *S&P* | *Amount* | *31-Mar-26* |
| *Counterparty* | | | | |
| Bank of America | Aa2/P-1 | A+/A-1 | $ 880,536,000 | $ 48,089,670 |
| Barclays Bank PLC | A1/P-1 | A+/A-1 | 17,465,000 | 684,185 |
| Citibank | Aa3/P-1 | A+/A-1 | 110,050,000 | 506,573 |
| PNC Bank | A1/P-1 | A/A-1 | 340,246,000 | 12,453,238 |
| Royal Bank of Canada | Aa1/P-1 | AA-/A-1 | 384,256,700 | 5,674,122 |
| Toronto-Dominion Bank | Aa1/P-1 | A+/A-1 | 66,370,000 | (1,009,648) |
| TOTAL | | | $ 1,798,923,700 | $ 66,398,141 |