

# Delaware Valley Regional Finance Authority

*Program Administrator's Report*

*May 11, 2026*

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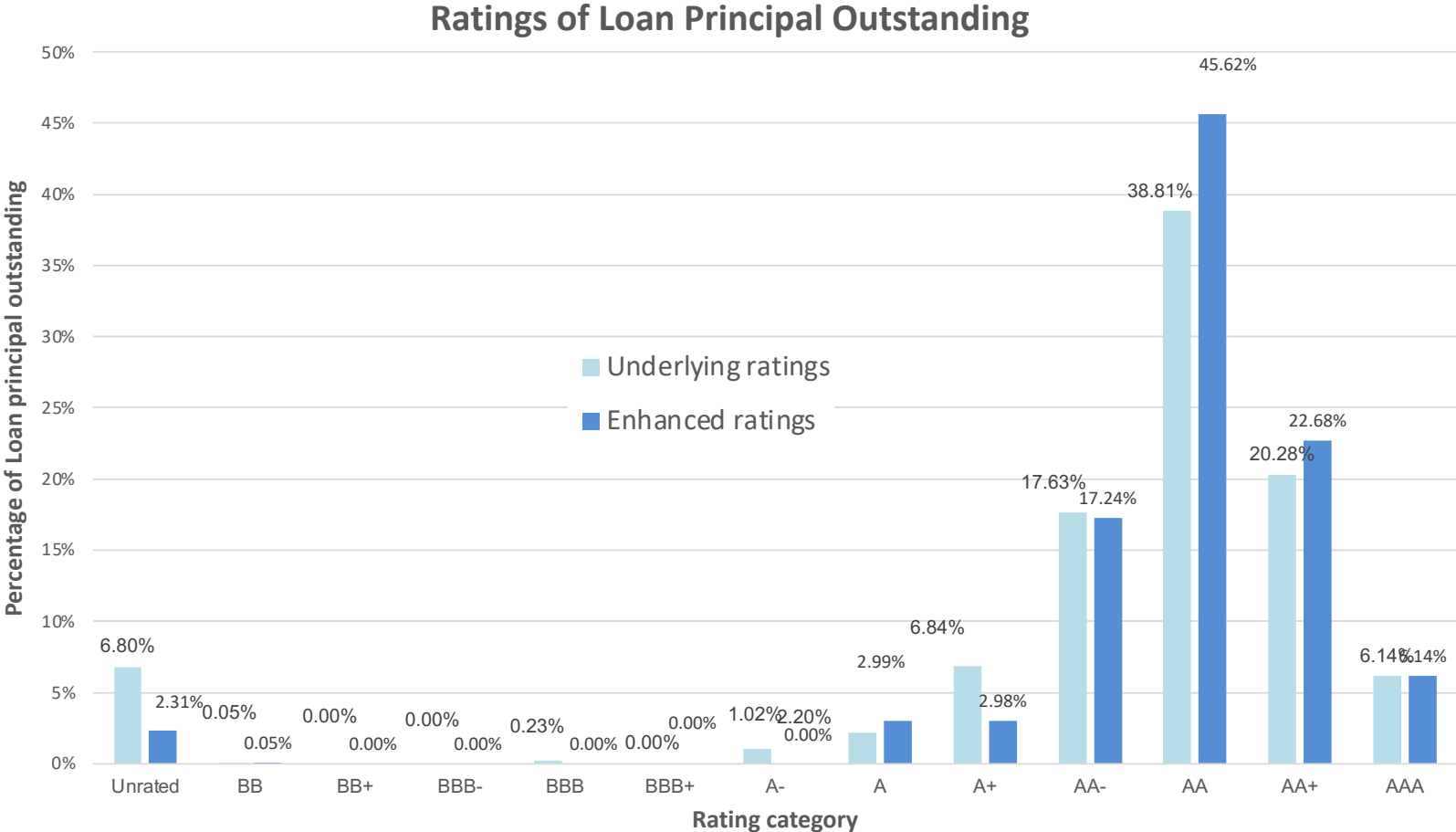


# Discussion Points

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

# Loan Portfolio – Ratings of Borrowers

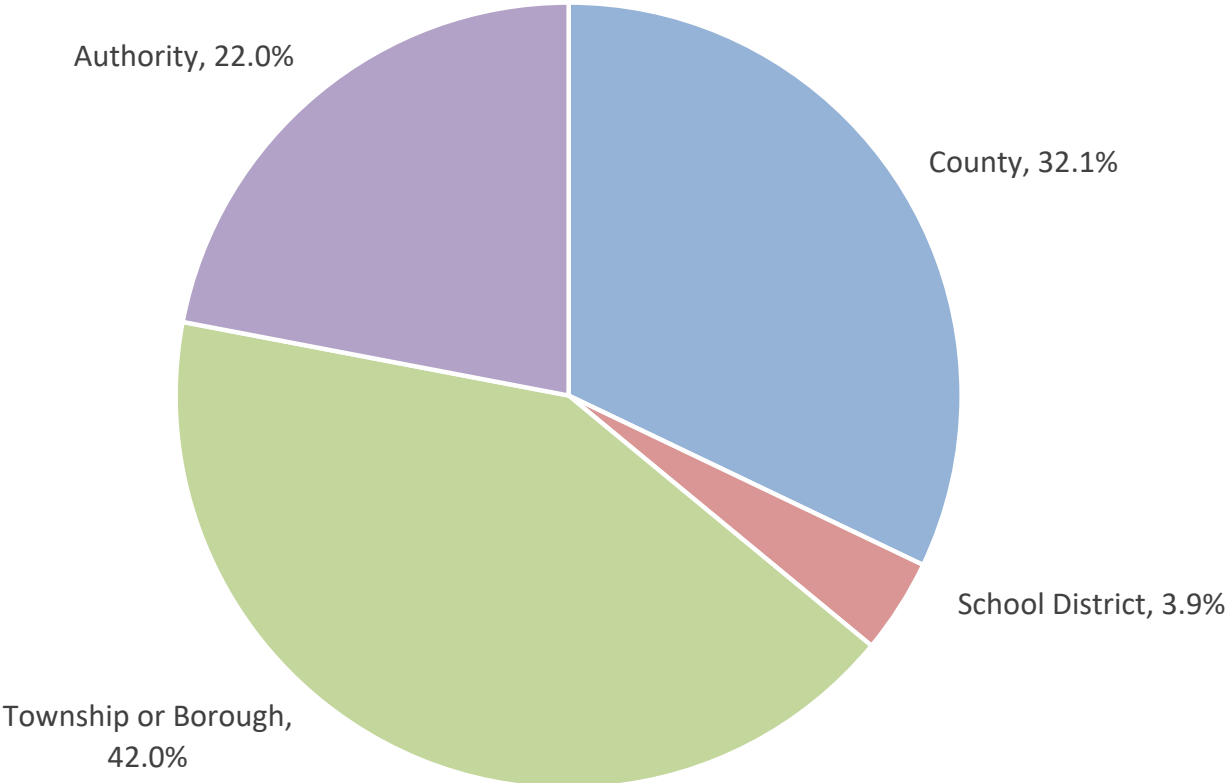


- The weighted average underlying and enhanced rating of borrowers in the DeVal Loan Program is “AA”.
- Assured Guaranty and Build America Mutual insure 14.2% of the outstanding Loans.
- 91.7% of the outstanding Loans have an enhanced rating of "AA-" or above.

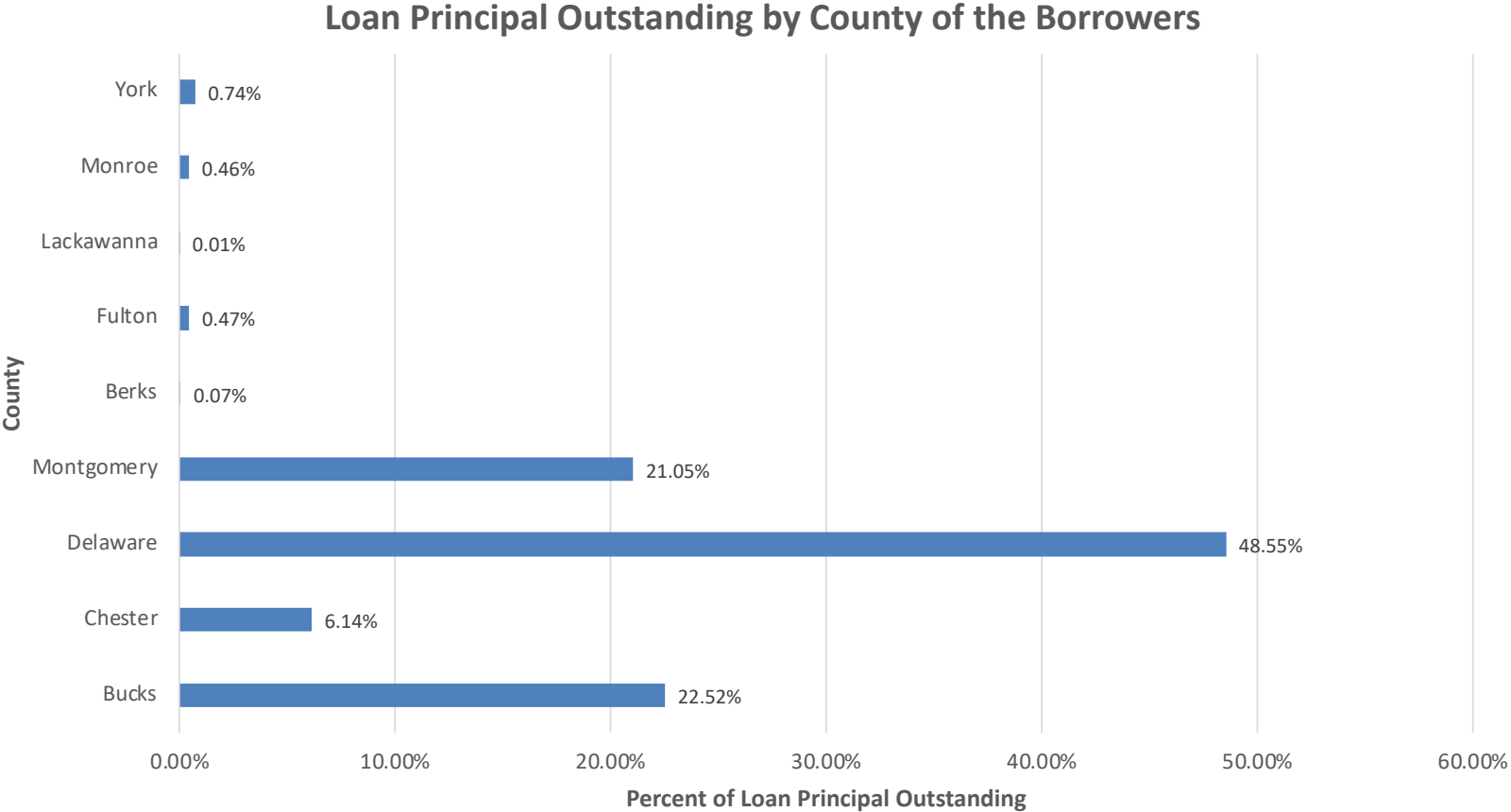
# Loan Portfolio – Type of Borrowers

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Loan Principal Outstanding by Type of Borrower



# Loan Portfolio - County of Borrower



98.3% 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 April 30, 2026

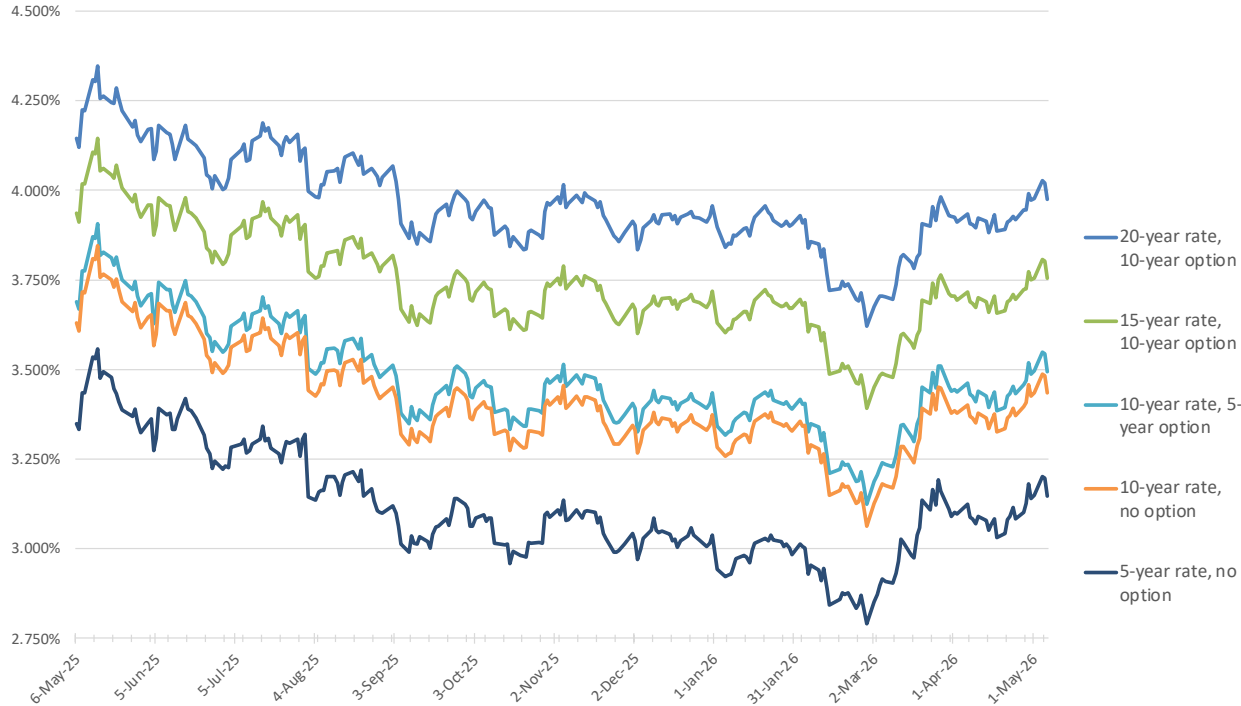
<u>No.</u>	<u>Participant</u>	<u>County</u>	<u>Underlying or Guarantor Rating</u>			<u>Amount</u>	<u>Closing</u>
			<u>Guarantor</u>	<u>Moody's</u>	<u>S&amp;P</u>		
1	Chadds Ford Township Sewer Authority	Delaware	Chadds Ford Township	--	--	300,000	17-Apr-25
2	Morrisville Borough	Bucks	BAM	--	AA	1,625,000	16-May-25
3	Chalfont Borough	Bucks	--	--	--	350,000	13-Jun-25
4	Marlborough Township	Montgomery	--	--	--	4,228,000	10-Nov-25
5	Aston Ambulance Authority	Delaware	Aston Township	--	AA-	2,000,000	18-Nov-25
6	Aston Township	Delaware	--	--	AA-	3,000,000	19-Dec-25
7	Upper Providence Township	Delaware	--	--	AA	5,000,000	11-Feb-26
8	Towamencin Township	Montgomery	--	--	AA	<u>5,000,000</u>	27-Apr-26
	Loans closed					<u>21,503,000</u>	
9	Bridgeport Borough	Montgomery	--	--	TBD	2,025,000	15-May-26 *
10	Bristol Borough School District	Bucks	TBD	--	A-	<u>2,795,000</u>	21-May-26 *
	Loans in process					<u>4,820,000</u>	
	Total					<u>\$ 26,323,000</u>	

\* Preliminary, subject to change.

"TBD" means "to be determined".

# DeVal Loan Rates

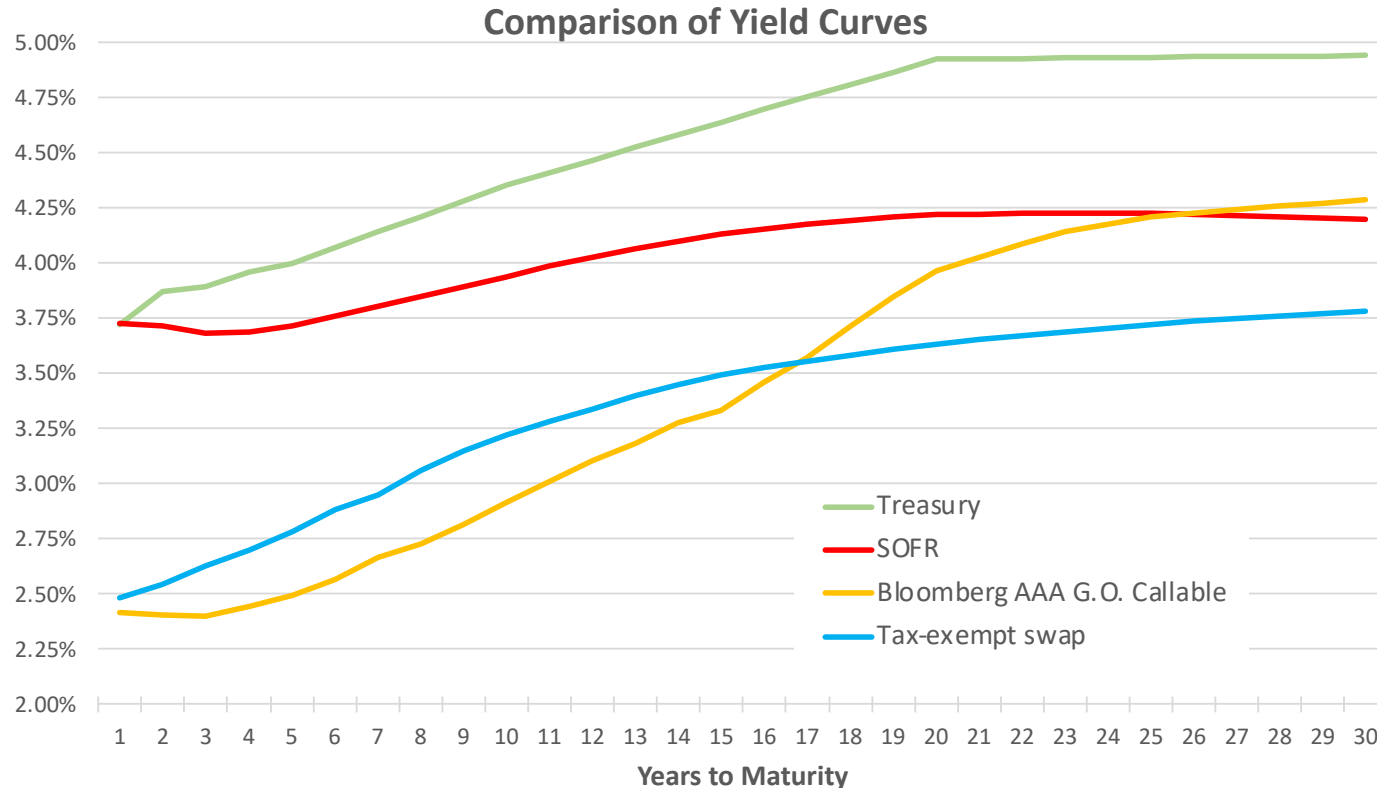
DeVal Loan Rates for the Past Year



<u>Loan Option</u>	<u>Average Loan Rate</u>			<u>Rate as of 6-May-26</u>
	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	
20-year rate, 10-year option	3.97%	3.85%	3.79%	3.98%
15-year rate, 10-year option	3.74%	3.62%	3.57%	3.76%
10-year rate, 5-year option	3.48%	3.35%	3.31%	3.50%
10-year rate, no option	3.42%	3.30%	3.25%	3.43%
5-year rate, no option	3.12%	2.99%	2.97%	3.15%

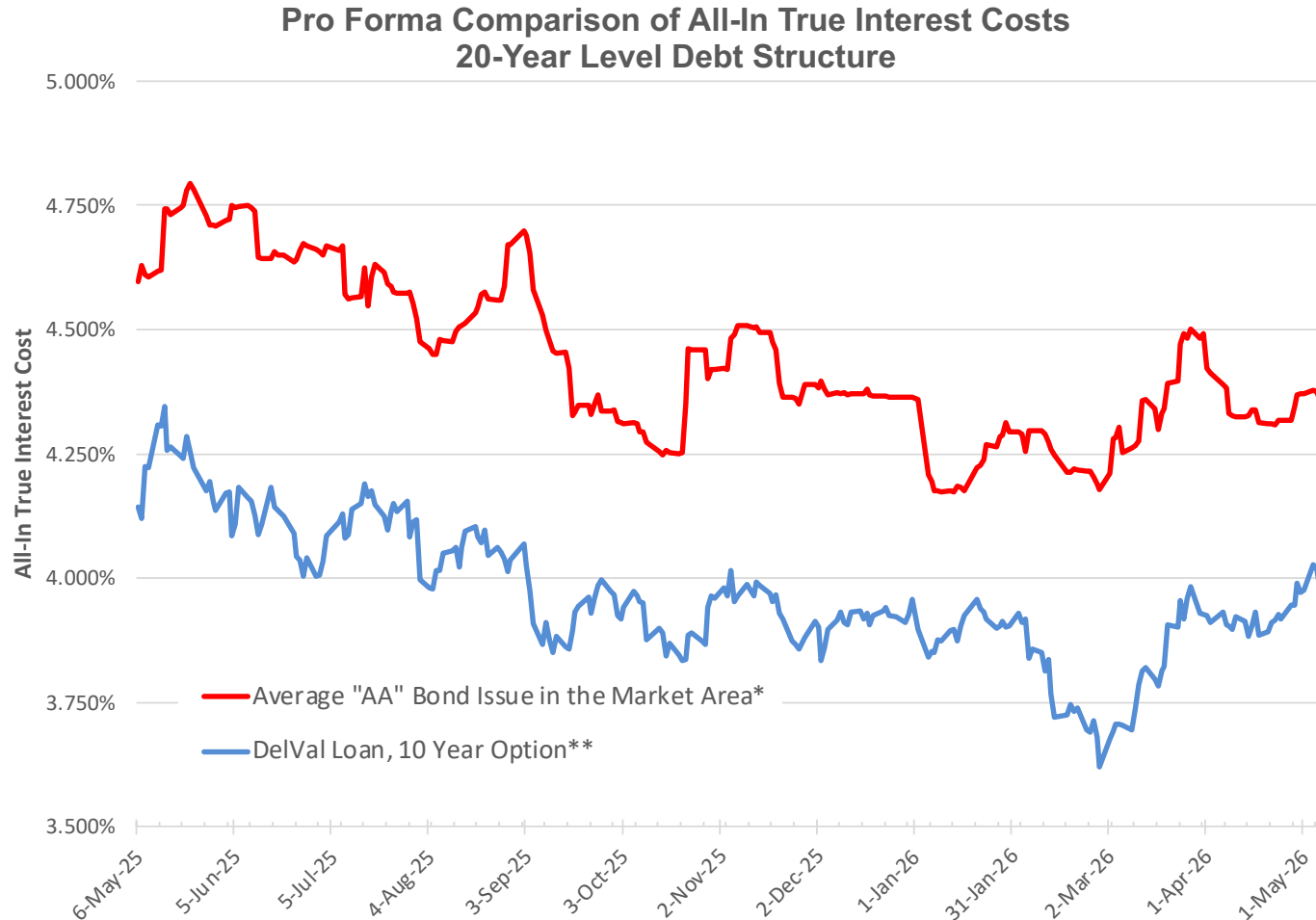
- Interest rates have returned to their levels prior to the initial positioning of US military assets in the Middle East. The market is unsure of the degree to which the oil supply shock will affect inflation in the short and mid-term. This adds to the existing uncertainty surrounding tariffs, fiscal 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 DeVal Loans



\*Based on actual weighted 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 DeVal 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. DeVal 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\*

<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-25</u>	<u>31-Oct-25</u>	<u>31-Jan-26</u>	<u>30-Apr-26</u>	
Number of issues	26	29	28	32	115
Average par amount	\$ 19,198,269	\$ 26,939,138	\$ 14,710,179	\$ 18,708,125	\$ 19,921,174
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	17.24	13.55	13.29	12.73	14.09
Weighted costs of issuance (% of par amount)					
Bond issues in Market Area	1.673%	1.262%	1.925%	1.550%	1.546%
Less Comparable DelVal Loans**	<u>0.716%</u>	<u>0.602%</u>	<u>0.573%</u>	<u>0.554%</u>	<u>0.609%</u>
Savings from comparable DelVal Loan	0.957%	0.659%	1.353%	0.996%	0.937%
Weighted average All-In True Interest Cost					
Bond issues in Market Area	4.932%	4.478%	4.255%	4.312%	4.522%
Less Comparable DelVal Loans**	<u>4.529%</u>	<u>4.226%</u>	<u>4.163%</u>	<u>4.139%</u>	<u>4.276%</u>
Savings from comparable DelVal Loan	0.403%	0.252%	0.091%	0.173%	0.246%
Average debt service costs					
Bond issues in Market Area	\$ 35,979,445	\$ 43,792,498	\$ 23,777,659	\$ 30,312,018	\$ 33,401,800
Less Comparable DelVal Loans**	<u>34,202,743</u>	<u>42,169,097</u>	<u>23,446,048</u>	<u>29,763,442</u>	<u>32,357,344</u>
Savings from comparable DelVal Loan	<u>\$ 1,776,703</u>	<u>\$ 1,623,401</u>	<u>\$ 331,611</u>	<u>\$ 548,576</u>	<u>\$ 1,044,456</u>

\* 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.**

# Bond Issue Comparison

**Centennial School District  
General Obligation Bonds, 2026 Series  
Comparison with DeVal Loan Rates on the Sale Date  
April 14, 2026**

	<u>Actual</u>	<u>DeVal Loan*</u>	<u>DeVal Loan w/ Optimization**</u>
<b>Sources of Funds</b>			
Par Amount of Bonds	\$ 9,535,000.00	\$ 10,088,000.00	\$10,088,000.00
Original Issue Premium (Discount)	719,740.30	-	-
Total sources	<u>\$ 10,254,740.30</u>	<u>\$ 10,088,000.00</u>	<u>\$10,088,000.00</u>
<b>Uses of Funds</b>			
Refunding Costs	\$ 10,036,179.96	\$ 10,036,179.96	\$10,036,179.96
Underwriting Fees	73,896.25	20,176.00	20,176.00
Other Issuance Costs	144,664.09	31,644.04	31,644.04
Total uses	<u>\$ 10,254,740.30</u>	<u>\$ 10,088,000.00</u>	<u>\$10,088,000.00</u>
Total debt service	\$ 12,687,698.61	\$ 12,391,853.15	\$12,331,314.86
<b>DeVal debt service savings (costs)</b>		<b>\$ 295,845.46</b>	<b>\$ 356,383.75</b>
All-In True Interest Cost (All-In TIC)	4.056%	3.645%	3.555%
<b>DeVal All-In TIC savings (costs)</b>		<b>0.411%</b>	<b>0.501%</b>
Weighted Average Maturity (years)	6.613	6.477	6.468
<b>Costs of Issuance</b>			
Underwriters' Fees	0.721%		
Other Costs	1.411%		
Total	2.131%		
Type of Sale:	Negotiated		
Underwriter:	PNC		
Bond counsel:	Eckert		
Advisor:	PFM		
S&P Rating:	***		
Moody's Rating:	Aa2		

- The School District **will pay \$295 thousand more debt service on its bonds** than a comparably structured DeVal Loan, assuming the issue is not refunded.
- With a DeVal 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 \$356 thousand of debt service with an optimally structured DeVal Loan.**

# Market Value of Interest Rate Swap Transactions

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

	<u>Rating</u>		<u>Notional Amount</u>	<u>Market Value 30-Apr-26</u>
	<u>Moody's</u>	<u>S&amp;P</u>		
<i>Bond Swaps</i>				
1997 Series	A1	***	\$ 6,550,000	\$ 214,944
1998 Series	A1	***	139,800,000	6,637,578
2002 Series	A1	A+	125,000,000	12,314,141
Master Series	A1	A+	<u>645,150,000</u>	<u>(5,528,218)</u>
Total Bond Swaps			<u>916,500,000</u>	<u>13,638,445</u>
<i>Loan swaps</i>				
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+	<u>689,209,700</u>	<u>48,870,652</u>
Total Loan Swaps			<u>860,723,700</u>	<u>51,413,098</u>
<i>Investment swaps</i>				
			<u>21,700,000</u>	<u>(74,387)</u>
TOTAL			<u>\$ 1,798,923,700</u>	<u>\$ 64,977,157</u>

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

	<u>Rating</u>		<u>Notional Amount</u>	<u>Market Value 30-Apr-26</u>
	<u>Moody's</u>	<u>S&amp;P</u>		
<i>Counterparty</i>				
Bank of America	Aa2/P-1	A+/A-1	\$ 880,536,000	\$ 47,653,277
Barclays Bank PLC	A1	A+/A-1	17,465,000	684,185
Citibank	Aa3/P-1	A+/A-1	110,050,000	527,438
PNC Bank	A1/P-1	A/A-1	340,246,000	12,336,426
Royal Bank of Canada	Aa1/P-1	AA-/A-1	384,256,700	5,004,135
Toronto-Dominion Bank	Aa1/P-1	A+/A-1	<u>66,370,000</u>	<u>(1,228,304)</u>
TOTAL			<u>\$ 1,798,923,700</u>	<u>\$ 64,977,157</u>