

Delaware Valley Regional Finance Authority

Program Administrator's Report

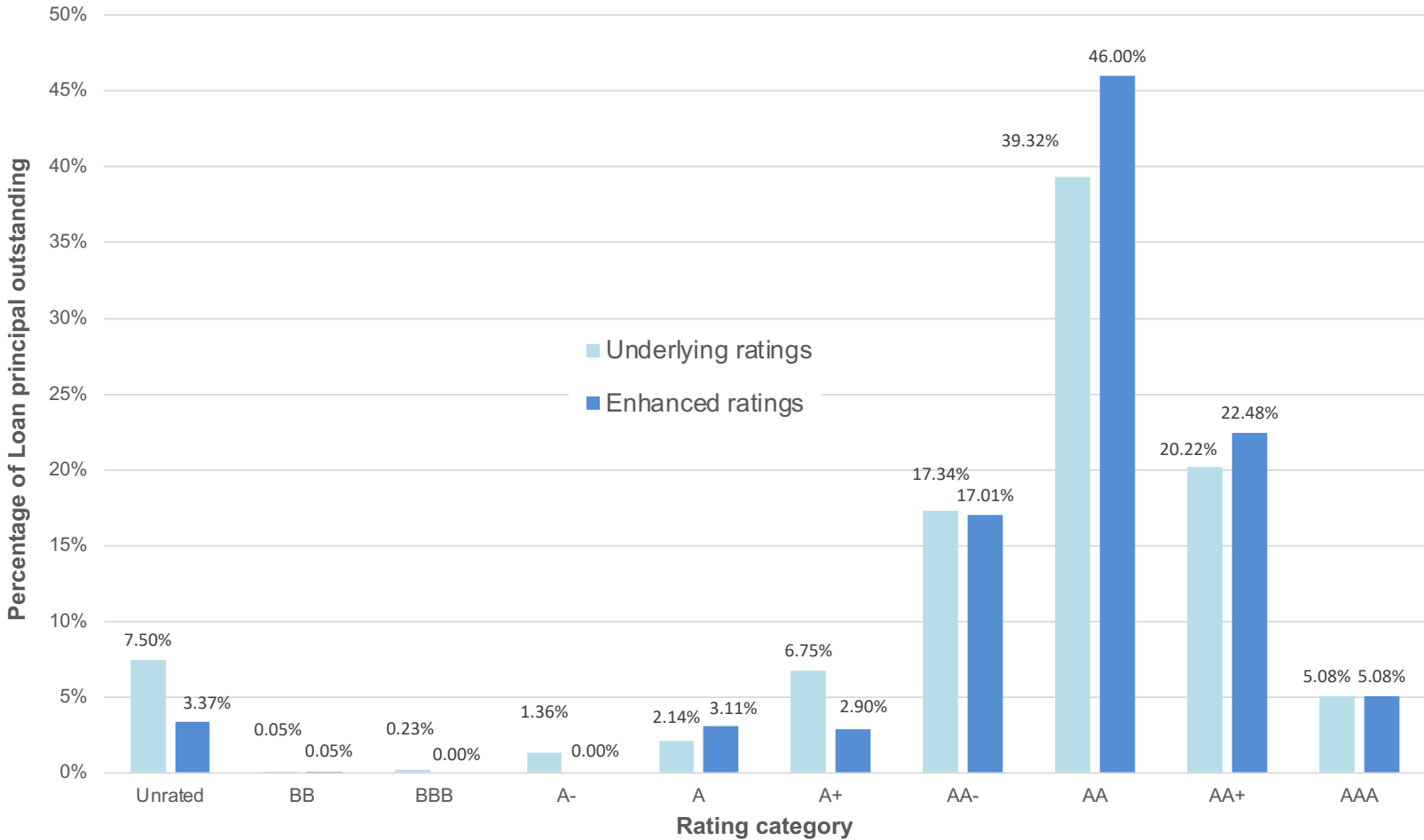
June 8, 2026



Discussion Points

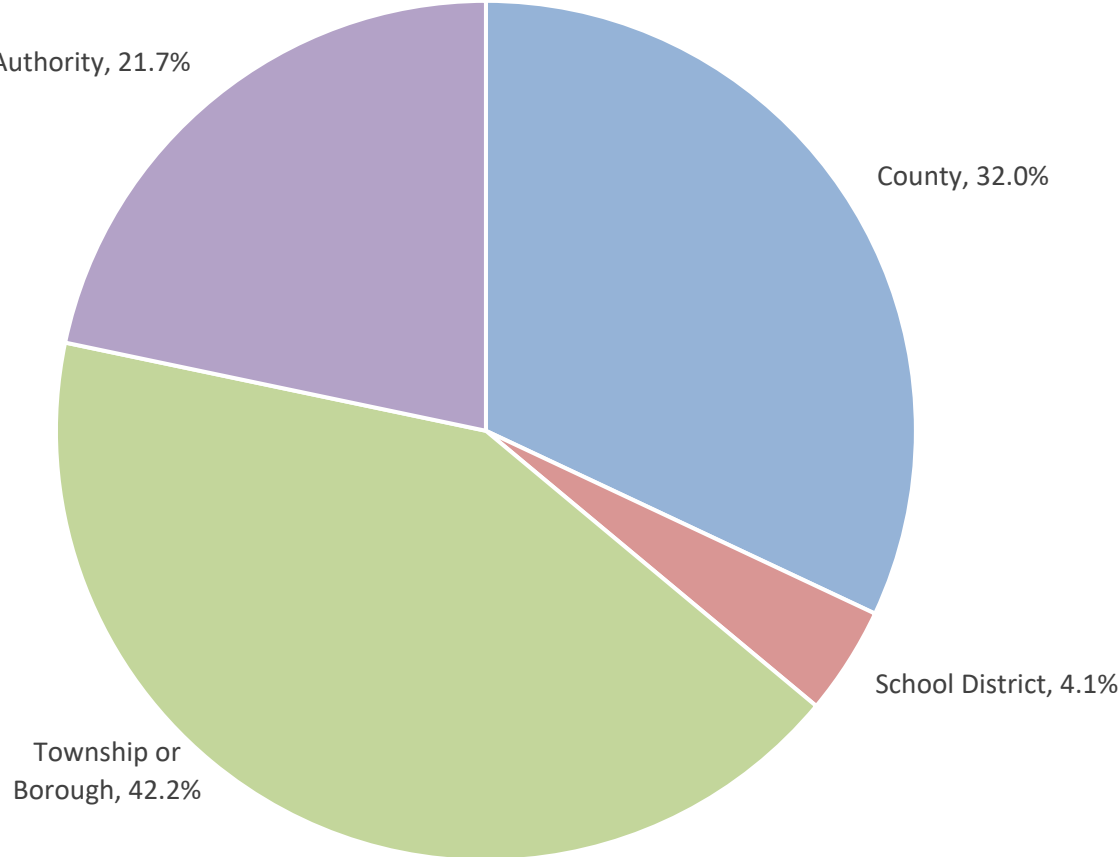
- Loan portfolio
- Market conditions
- Swap transactions and market values
- Debt Service Reserve Fund Guaranteed Investment Contract

Loan Portfolio – Ratings of Borrowers

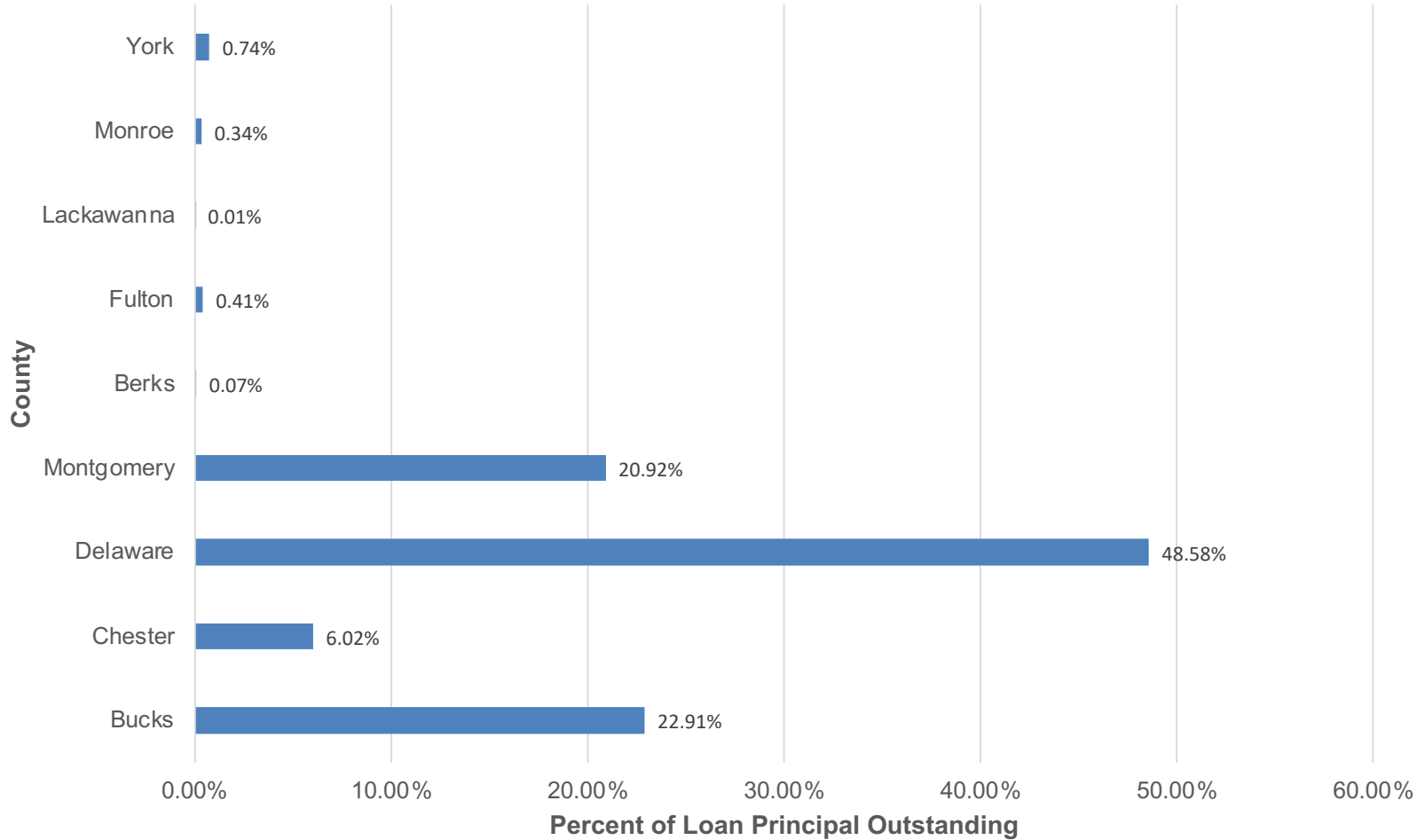


- The weighted average underlying and enhanced rating of borrowers in the DeVal Loan Program is “AA”.
- Assured Guaranty and Build America Mutual insure 14.2% of the outstanding Loans.
- 90.6% of the outstanding Loans have an enhanced rating of "AA-" or above.

Loan Portfolio – Type of Borrowers



Loan Portfolio - County of Borrower



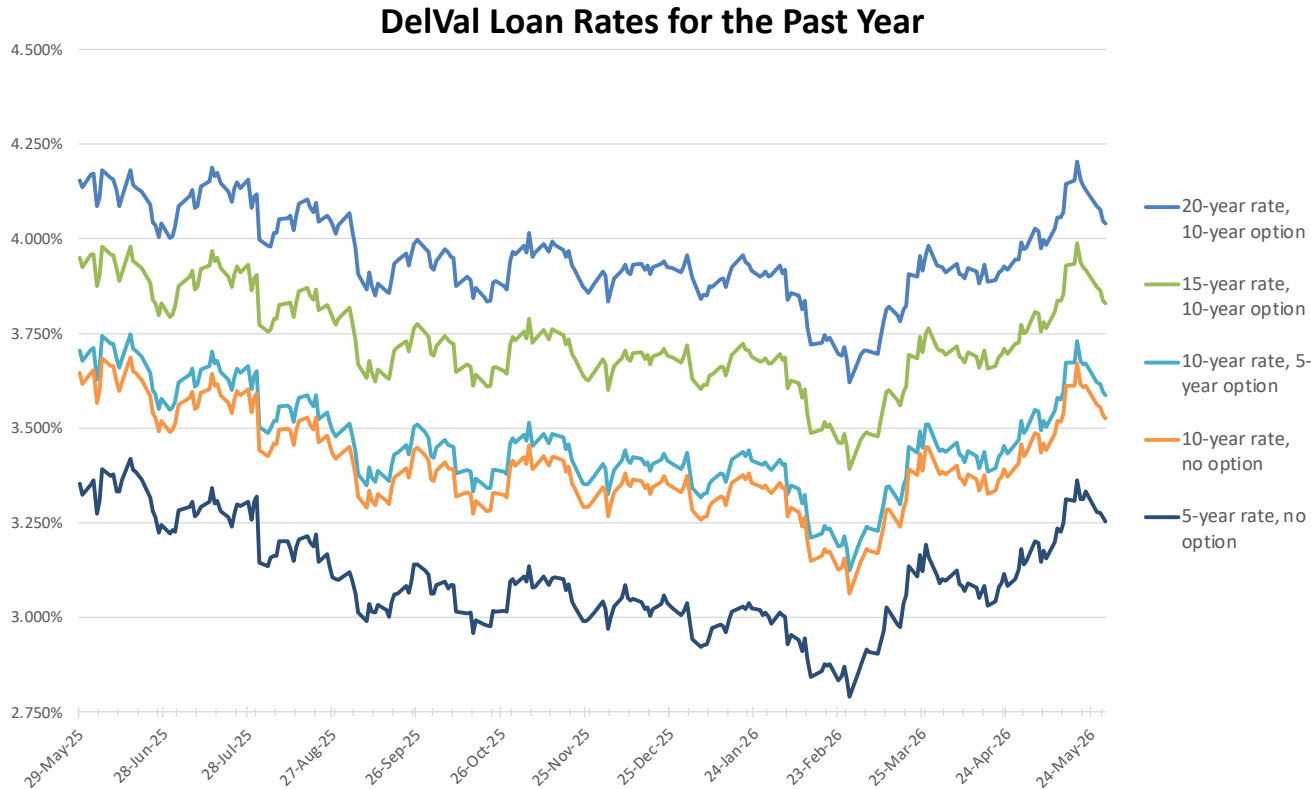
98.4% of Loans are to borrowers in Bucks, Chester, Delaware, and Montgomery Counties, the wealthiest, most diversified, and most stable region in the Commonwealth.

Loan Origination

Loans Originated and Loans in Process for the Year Ending May 31, 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&P</u>		
1	Chalfont Borough	Bucks	---	---	---	\$ 350,000	13-Jun-25
2	Marlborough Township	Montgomery	---	---	---	4,228,000	10-Nov-25
3	Aston Ambulance Authority	Delaware	Aston Township	---	AA-	2,000,000	18-Nov-25
4	Aston Township	Delaware	---	---	AA-	3,000,000	19-Dec-25
5	Upper Providence Township	Delaware	---	---	AA	5,000,000	11-Feb-26
6	Towamencin Township	Montgomery	---	---	AA	5,000,000	27-Apr-26
7	Bridgeport Borough	Montgomery	---	---	TBD	2,025,000	15-May-26
8	Bristol Borough School District	Bucks	BAM	---	A-	<u>2,795,000</u>	21-May-26
	Loans closed					<u>24,398,000</u>	
9	Bucks County	Bucks	---	Aa1	AAA	<u>10,625,000</u>	22-Jun-26
	Loans in process					<u>10,625,000</u>	
	Total					<u>\$ 35,023,000</u>	

DeVal Loan Rates

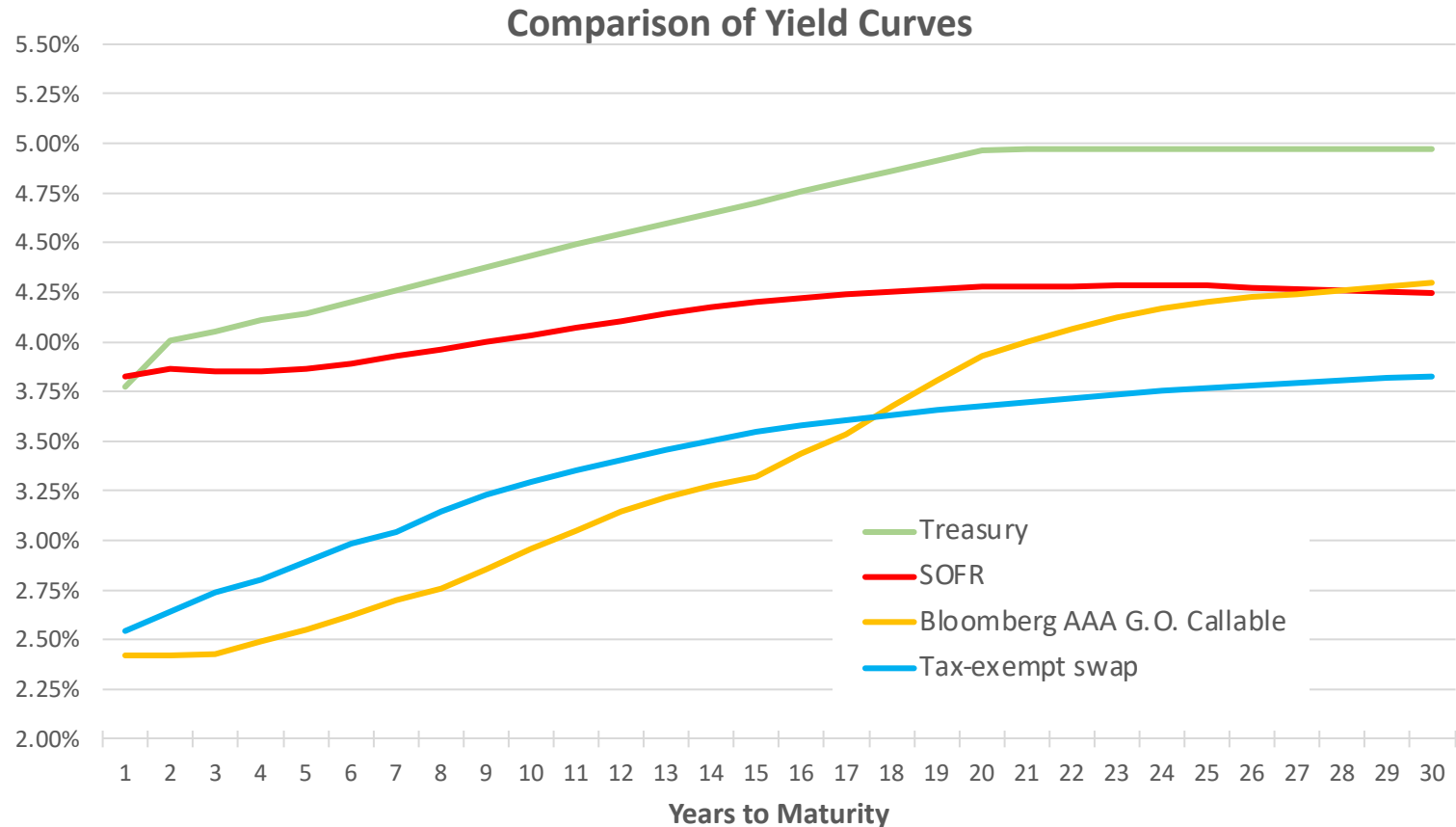


Average Loan Rate

<u>Loan Option</u>	<u>Past Year</u>	<u>Past 6-Months</u>	<u>Past 3-Months</u>	<u>Rate as of 29-May-26</u>
20-year rate, 10-year option	3.96%	3.90%	3.96%	4.04%
15-year rate, 10-year option	3.73%	3.67%	3.74%	3.83%
10-year rate, 5-year option	3.46%	3.41%	3.48%	3.59%
10-year rate, no option	3.40%	3.35%	3.42%	3.53%
5-year rate, no option	3.10%	3.05%	3.14%	3.25%

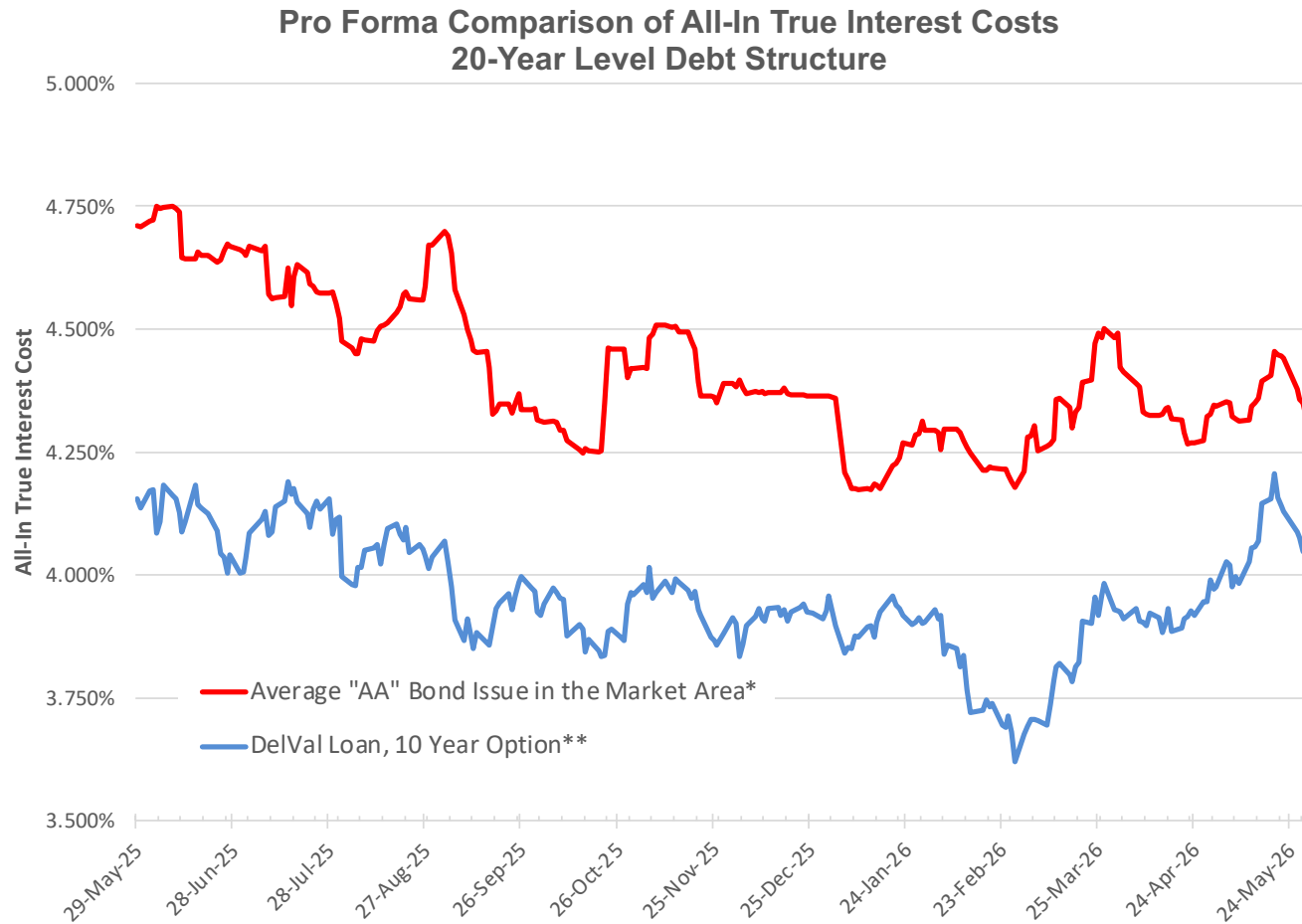
- Interest rates have returned to their levels prior to the initial positioning of US military assets in the Middle East. The market is unsure of the degree to which the oil supply shock will affect inflation in the short and mid-term. This adds to the existing uncertainty surrounding tariffs, fiscal deficits, and the Federal Reserve Bank’s monetary policy. The Fed has no tools to combat energy driven inflation.
- 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 the potential for a new financial crisis when the bubble bursts.
- The new Basel III guidelines for minimum capital requirements of banks will free \$1.5 trillion of bank reserves of American banks. This will also encourage riskier investments, greater leverage, and the the heightened risk of asset bubbles.
- The FOMC will continue to be cautious with future rate changes and asset sales or purchases.

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 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 understates the effect of the cash flow for interest payments, and it 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-Aug-25</u>	<u>30-Nov-25</u>	<u>28-Feb-26</u>	<u>31-May-26</u>	
Number of issues	22	33	33	31	119
Average par amount	\$ 17,528,409	\$ 22,844,545	\$ 17,254,242	\$ 23,862,258	\$ 20,576,597
Weighted average rating	AA	AA	AA	AA	AA
Weighted average maturity (years)	17.91	13.04	13.43	12.75	13.81
Weighted costs of issuance (% of par amount)					
Bond issues in Market Area	1.600%	1.352%	1.720%	1.391%	1.488%
Less Comparable DelVal Loans**	<u>0.601%</u>	<u>0.608%</u>	<u>0.559%</u>	<u>0.552%</u>	<u>0.578%</u>
Savings from comparable DelVal Loan	0.999%	0.743%	1.161%	0.839%	0.910%
Weighted average All-In True Interest Cost					
Bond issues in Market Area	4.936%	4.418%	4.229%	4.388%	4.473%
Less Comparable DelVal Loans**	<u>4.531%</u>	<u>4.185%</u>	<u>4.115%</u>	<u>4.275%</u>	<u>4.266%</u>
Savings from comparable DelVal Loan	0.405%	0.233%	0.115%	0.113%	0.207%
Average debt service costs					
Bond issues in Market Area	\$ 33,381,792	\$ 36,358,035	\$ 28,185,829	\$ 38,938,528	\$ 34,213,792
Less Comparable DelVal Loans**	<u>31,728,014</u>	<u>35,079,257</u>	<u>27,758,955</u>	<u>38,436,072</u>	<u>33,304,164</u>
Savings from comparable DelVal Loan	<u>\$ 1,653,778</u>	<u>\$ 1,278,778</u>	<u>\$ 426,873</u>	<u>\$ 502,455</u>	<u>\$ 909,628</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

**Williams Valley School District
General Obligation Bonds, 2026 Series
Comparison with DeVal Loan Rates on the Sale Date
May 28, 2026**

	<u>Actual</u>	<u>DeVal Loan*</u>	<u>DeVal Loan w/ Optimization**</u>
Sources of Funds			
Par Amount of Bonds	\$ 3,845,000.00	\$ 3,837,000.00	\$ 3,837,000.00
Original Issue Premium (Discount)	67,567.25	-	-
Total sources	<u>\$ 3,912,567.25</u>	<u>\$ 3,837,000.00</u>	<u>\$ 3,837,000.00</u>
Uses of Funds			
Project Costs	\$ 3,800,000.00	\$ 3,800,000.00	\$ 3,800,000.00
Underwriting Fees	33,643.75	7,674.00	7,674.00
Other Issuance Costs	78,923.50	29,326.00	29,326.00
Total uses	<u>\$ 3,912,567.25</u>	<u>\$ 3,837,000.00</u>	<u>\$ 3,837,000.00</u>
Total debt service	\$ 8,287,658.33	\$ 7,974,419.36	\$ 7,739,357.71
DeVal debt service savings (costs)		\$ 313,238.97	\$ 548,300.62
All-In True Interest Cost (All-In TIC)	5.190%	4.916%	4.662%
DeVal All-In TIC savings (costs)		0.274%	0.528%
Weighted Average Maturity (years)	22.579	22.488	22.364
Costs of Issuance			
Underwriters' Fees	0.860%		
Other Costs	<u>2.017%</u>		
Total	2.877%		
Type of Sale:	Negotiated		
Underwriter:	Raymond James		
Bond counsel:	Bowe & Odorizzi		
S&P Rating:	AA		

- The School District **will pay \$313 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 \$548 thousand of debt service with an optimally structured DeVal Loan.**

* Loan rate includes same option as the Actual.

** Loan structured similarly to Actual with optimizations to further reduce the Loan rate.

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 29-May-26</u>
	<u>Moody's</u>	<u>S&P</u>		
<i>Bond Swaps</i>				
1997 Series	A1	***	\$ 6,550,000	\$ 195,922
1998 Series	A1	***	139,800,000	6,101,841
2002 Series	A1	A+	125,000,000	11,420,880
Master Series	A1	A+	<u>645,150,000</u>	<u>(7,453,870)</u>
Total Bond Swaps			<u>916,500,000</u>	<u>10,264,773</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>(81,297)</u>
TOTAL			<u>\$ 1,798,923,700</u>	<u>\$ 61,596,574</u>

Delaware Valley Regional Finance Authority Market Value of Interest Rate Swaps

	<u>Rating</u>		<u>Notional Amount</u>	<u>Market Value 29-May-26</u>
	<u>Moody's</u>	<u>S&P</u>		
<i>Counterparty</i>				
Bank of America	Aa2/P-1	A+/A-1	\$ 880,536,000	\$ 46,135,948
Barclays Bank PLC	A1	A+/A-1	17,465,000	684,185
Citibank	Aa3/P-1	A+/A-1	110,050,000	295,267
PNC Bank	A1/P-1	A/A-1	340,246,000	12,248,606
Royal Bank of Canada	Aa1/P-1	AA-/A-1	384,256,700	3,805,797
Toronto-Dominion Bank	Aa1/P-1	A+/A-1	<u>66,370,000</u>	<u>(1,573,230)</u>
TOTAL			<u>\$ 1,798,923,700</u>	<u>\$ 61,596,574</u>