Delaware Valley Regional Finance Authority

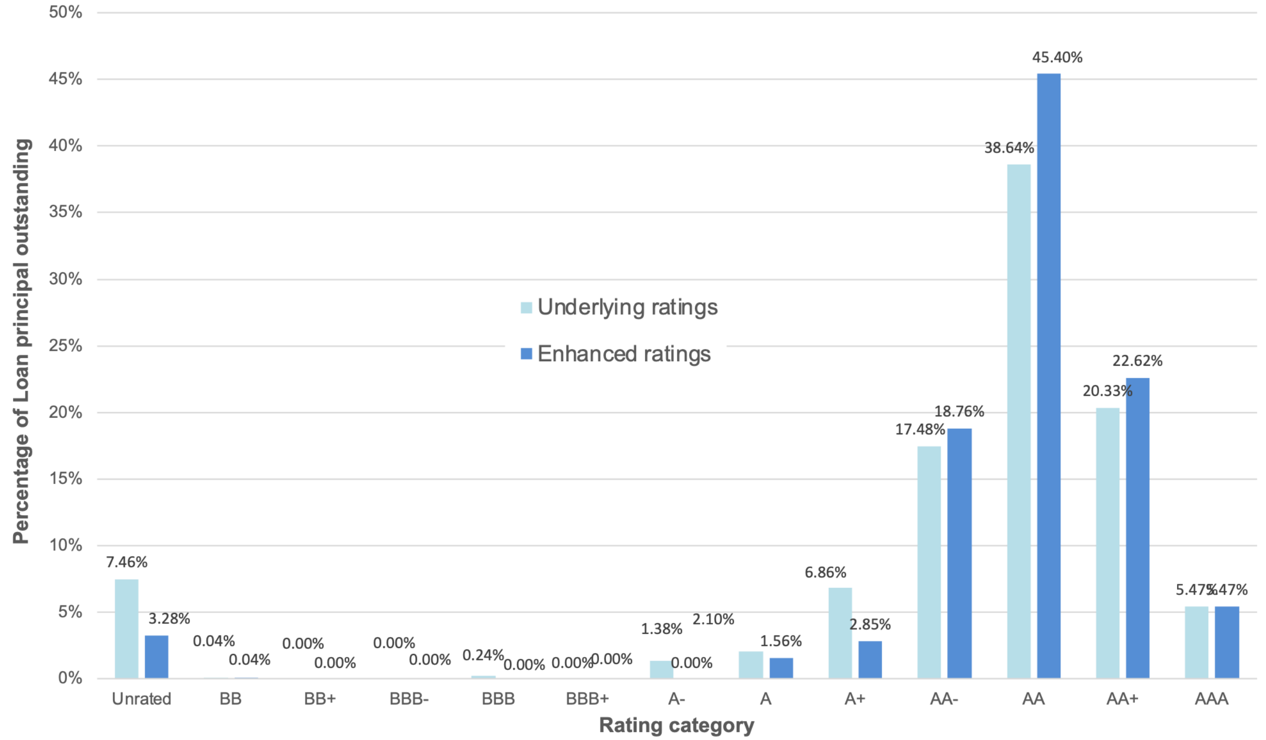
Program Administrator's Report

September 14, 2026

Discussion Points

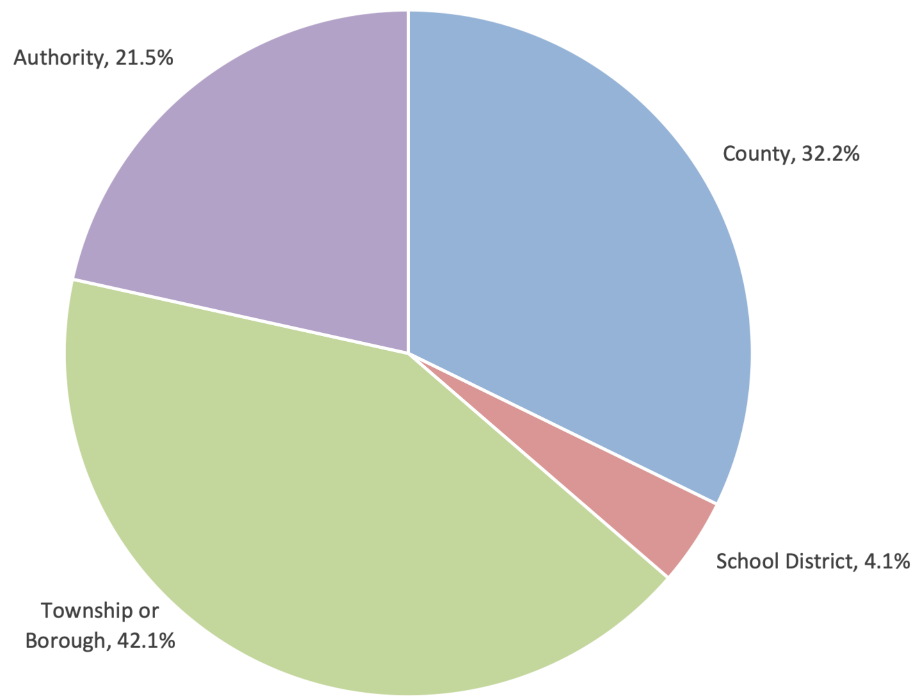
- Loan portfolio
- Market conditions
- Swap transactions and market values
- 2022 A, B, and C Series rebate payment
- Master Series Indenture amendment
- Redemption of 2022 C Series
- Extension of 2022 E Series Letter of Credit

Loan Portfolio – Ratings of Borrowers

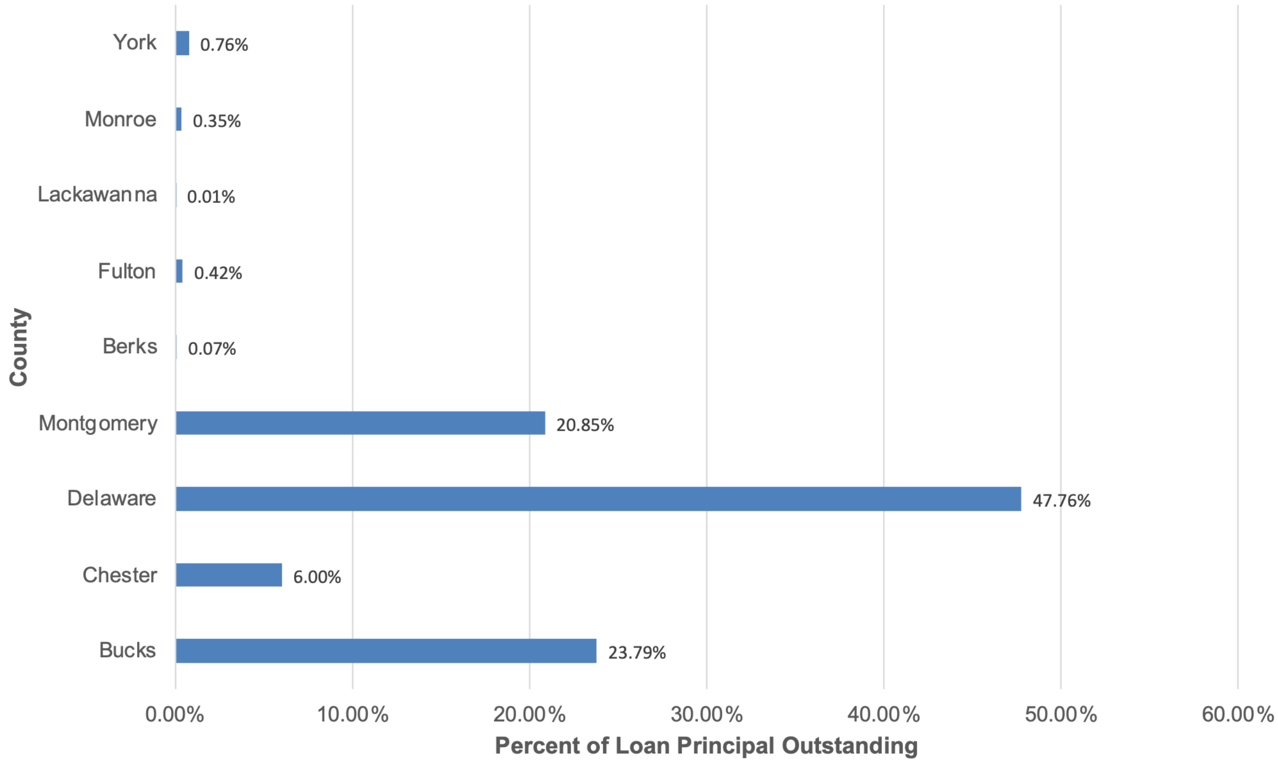


- The weighted average underlying and enhanced rating of borrowers in the DelVal Loan Program is “AA”.
- Assured Guaranty and Build America Mutual insure 14.1% of the outstanding Loans.
- 92.3% of the outstanding Loans have an enhanced rating of "AA-” or above.

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.

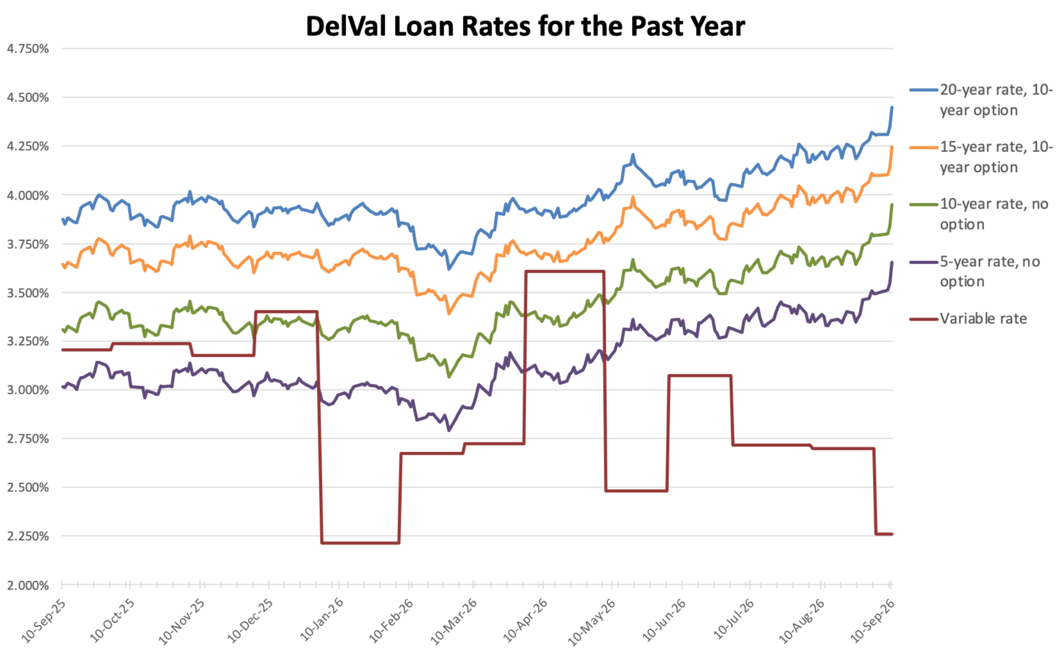
Loan Origination

Loans Originated and Loans in Process for the Year Ending
August 31, 2026

			Underlying or Guarantor Rating					
No.	*Participant*	*County*	*Guarantor*	*Kroll*	*Moody's*	*S&P*	*Amount*	*Closing*
1	Marlborough Township	Montgomery	---	---	---	---	$ 4,228,000	10-Nov-25
2	Aston Ambulance Authority	Delaware	Aston Township	---	---	AA-	2,000,000	18-Nov-25
3	Aston Township	Delaware	---	---	---	AA-	3,000,000	19-Dec-25
4	Upper Providence Township	Delaware	---	---	---	AA	5,000,000	11-Feb-26
5	Towamencin Township	Montgomery	---	---	---	AA	5,000,000	27-Apr-26
6	Bridgeport Borough	Montgomery	---	---	---	AA	2,025,000	15-May-26
7	Bristol Borough School District	Bucks	BAM	---	---	A-	2,795,000	21-May-26
8	Bucks County	Bucks	---	---	Aa1	AAA	10,625,000	22-Jun-26
	Loans closed						34,673,000	
9	Newtown Township Municipal Authority	Bucks	Newtown Township	---	---	TBD	29,300,000	18-Sep-26
10	Warminster Township	Bucks	---	---	---	A	25,000,000	21-Sep-26*
11	Pennsbury Township	Chester	---	AA	---	---	6,750,000	16-Oct-26*
12	Upper Dublin Township Municipal Authority	Montgomery	---	---	Aa2	---	3,800,000	13-Nov-26*
	Loans in process						64,850,000	
	Total						$ 99,523,000	

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

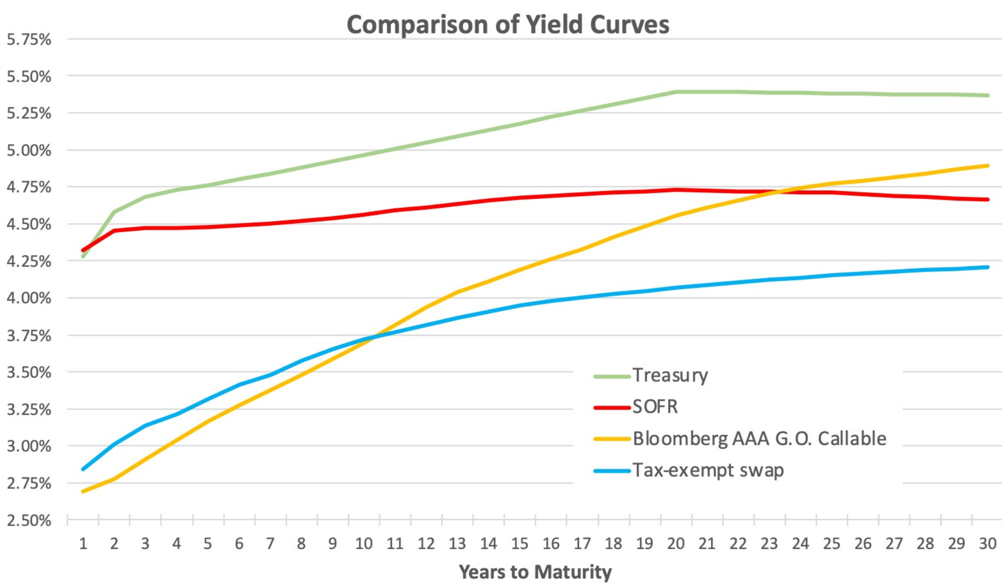
Interest Rate Market Commentary and DelVal Loan Rates



Loan Option	Average Loan Rate Past Year	Past 6-Months	Past 3-Months	Rate as of 10-Sep-26
20-year rate, 10-year option	3.98%	4.07%	4.20%	4.45%
15-year rate, 10-year option	3.76%	3.86%	3.99%	4.25%
10-year rate, no option	3.44%	3.55%	3.68%	3.95%
5-year rate, no option	3.14%	3.28%	3.41%	3.66%
Variable rate	2.92%	2.89%	2.78%	2.26%

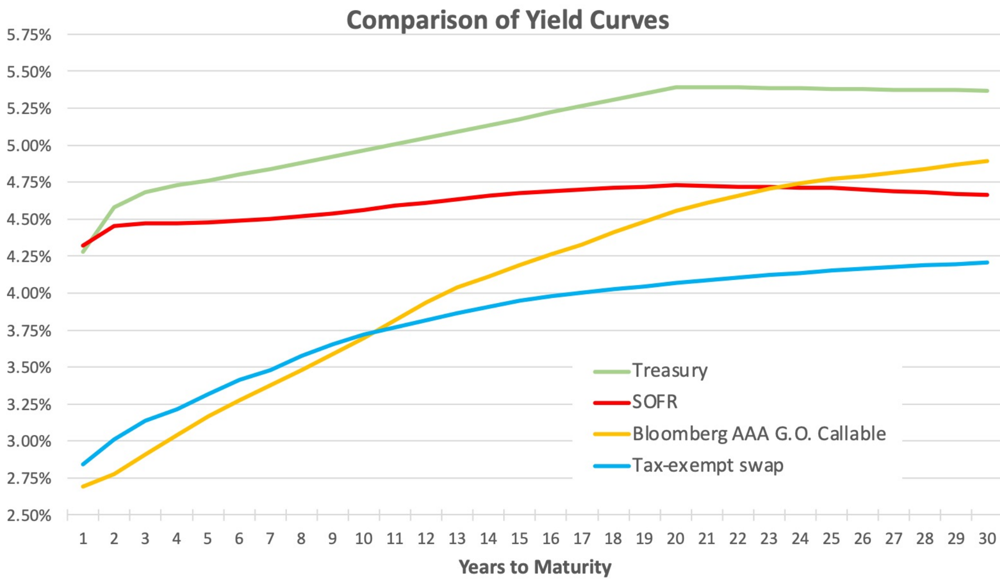
- Interest rates have remained largely unchanged the past couple months until the most recent re-escalation of fighting between the US and Iran and between the Houthis and the Yemini government. This adds to the uncertainty surrounding tariffs, fiscal deficits, and the Federal Reserve Bank's monetary policy.
- The inflation effect of higher energy prices can be seen directly and indirectly via services, food, and transportation; however, the effect of higher energy prices on imports has not yet been fully realized. The latest surge in diesel prices will not be reflected until the September release of inflation data. The Fed has no tools to combat energy driven inflation.
- Energy driven inflation combined with the "low hire, low fire" labor market data, has led the market to increase the probability that the Fed will increase the Fed Funds Rate, expecting three 0.25% increases over the next 6 months.
- The FOMC will to be cautious with future rate changes and asset sales or purchases. A rate increase would create demand destruction on top of the demand destruction caused by higher energy prices. A rate increase would also roil the volatile currency markets. A rate decrease is off the table unless the Strait of Hormuz is resolved or the labor market falls apart.

Comparison of Yield Curves



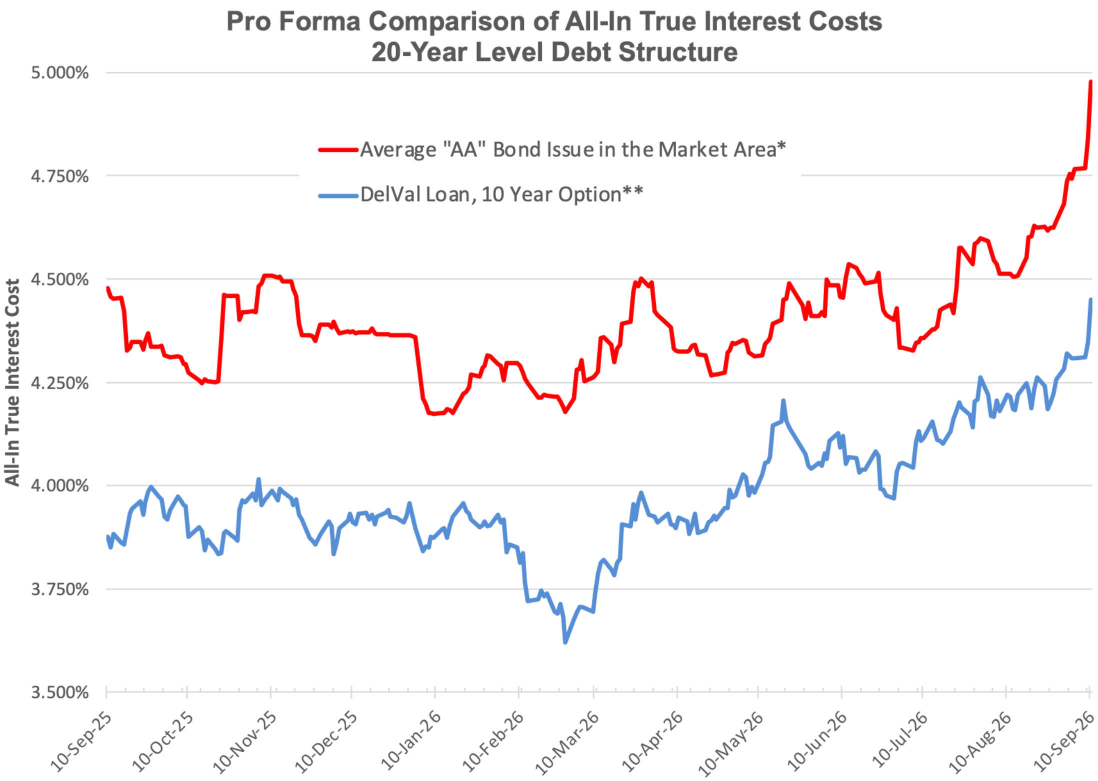
- Treasury rates have risen across the yield curve for a multitude of reasons:
  - Inflation is beginning to resurge in energy and energy adjacent sectors, like transportation. A resolution to the Strait of Hormuz is unlikely until after the mid-terms and may take years. Ukraine drone attacks have reduced Russian refinery capacity by 33%.
  - Currently, the Gulf states must send oil tankers at night with military escorts through the Strait of Hormuz to then offload to shipping companies once out of Iran's reach or to transit oil through pipelines to ship through the Red Sea. In the past week, the Houthi have taken over more control of the Bab al-Mandeb Strait, the Red Sea chokepoint and attacked the pipelines.
  - While the US blockade is not allowing any Iranian oil to be shipped out via the Strait, economic warfare can take a significant amount of time to break the IRGC. What little data we can see indicates the inflation increase in Iran is 3-4% per month, which likely needs to be closer to hyper-inflation to have the desired impact.
  - The AI Hyperscalers that were funding their data center expansion with cash flows have recently turned to the bond market. The size of these issues has increased rates in all markets.

Comparison of Yield Curves (cont.)



- The Treasury rates have remained upward sloping as the expectations of interest rate cuts in the latter half of 2026 have flipped to the market expecting a rate hike in September. This expectation is driving the increase in interest rates. Unless the Fed surprises the market at its September meeting, a temporary or permanent geopolitical resolution occurs in Russia or the Middle East, or a slowdown in the US economy happens, the market's expectations will be met, and rates will remain at these levels. Only a change in market expectations via a surprise will bring rates lower, which is only a headline away in this market environment.
- The other yield curves are derivatives of the Treasury yields, so they will follow the Treasury market to different degrees. The flatter SOFR curve reflects a more jaundiced view of future economic growth and covering of "bets" that long-term interest rates would decline. 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 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 All-In True Interest Cost 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 on a DelVal Loan.
- 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 Issue Comparison

Easttown Township
General Obligation Bonds, 2026 Series
Comparison with DelVal Loan Rates on the Sale Date
August 3, 2026

	Actual	*DelVal Loan*
Sources of Funds		
Par Amount of Bonds	$ 21,840,000.00	$22,902,000.00
Original Issue Premium (Discount)	1,217,223.60	-
Total sources	$ 23,057,223.60	$22,902,000.00
Uses of Funds		
Project Costs	$ 19,735,000.00	$19,735,000.00
Refunding Costs	3,020,795.27	3,020,795.27
Underwriting Fees	152,880.00	45,804.00
Other Issuance Costs	148,548.33	100,400.73
Total uses	$ 23,057,223.60	$22,902,000.00
Total debt service	$ 38,050,933.33	$37,018,942.44
DelVal debt service savings (costs)		**$ 1,031,990.89**
All-In True Interest Cost (All-In TIC)	*4.585%*	*4.343%*
DelVal All-In TIC savings (costs)		***0.242%***
Weighted Average Maturity (years)	14.845	14.531
Costs of Issuance		
Underwriters' Fees	0.663%	
Other Costs	0.644%	
Total	1.307%	

Type of Sale:	*Negotiated*
Underwriter:	*Stifel*
Bond counsel:	*Barnes & Thornburg*
Advisor:	*NW Financial*
S&P Rating:	*AA+*

- Easttown Township **will pay over $1.0 million more debt service on its bonds** than a 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.
- Assuming the conservative case of one refunding, the Township **would have avoided paying $232 thousand of debt service and costs of issuance fees**.

Market Value of Interest Rate Swap Transactions

Delaware Valley Regional Finance Authority
Market Value of DelVal's Hedges

	Rating		*Notional*	*Market Value*
	Moody's	*S&P*	*Amount*	*31-Aug-26*
Bond Hedges				
1997 Series	A1	***	$ 6,550,000	$ 145,354
1998 Series	A1	***	139,800,000	4,956,638
2002 Series	A1	A+	125,000,000	9,489,343
Master Series	A1	A+	645,150,000	(11,772,901)
Total Bond Hedges			916,500,000	2,818,434
Loan Hedges				
1997 Series	A1	***	682,000	2,749
1998 Series	A1	***	46,485,000	2,629,284
2002 Series	A1	A+	93,043,000	2,532,588
Master Series	A1	A+	716,724,700	58,412,679
Total Loan Hedges			856,934,700	63,577,300
Investment Hedges			45,240,000	224,436
TOTAL			$ 1,818,674,700	$ 66,620,170

Delaware Valley Regional Finance Authority
Market Value of DelVal's Hedges

	Rating		*Notional*	*Market Value*
	Moody's	*S&P*	*Amount*	*31-Aug-26*
Counterparty				
Bank of America	Aa2/P-1	A+/A-1	$ 924,656,000	$ 51,663,769
Barclays Bank PLC	A1	A+/A-1	15,401,000	910,669
Citibank	Aa3/P-1	A+/A-1	110,050,000	351,769
PNC Bank	A1/P-1	A/A-1	321,116,000	14,228,727
Royal Bank of Canada	Aa1/P-1	AA-/A-1	372,244,700	1,903,268
Toronto-Dominion Bank	Aa1/P-1	A+/A-1	75,207,000	(2,438,031)
TOTAL			$ 1,818,674,700	$ 66,620,170