Delaware Valley Regional Finance Authority

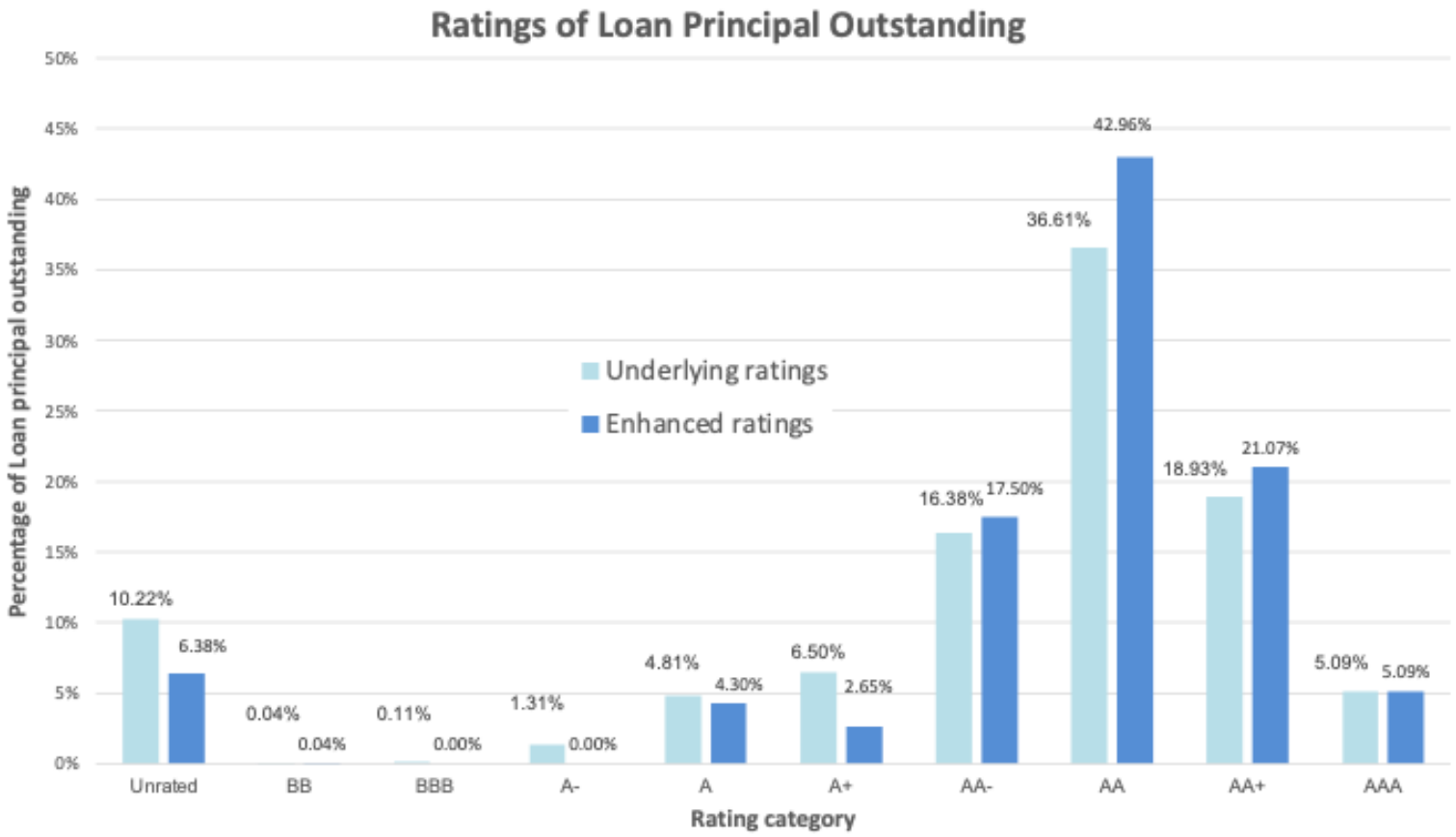
Program Administrator's Report

November 9, 2026

Discussion Points

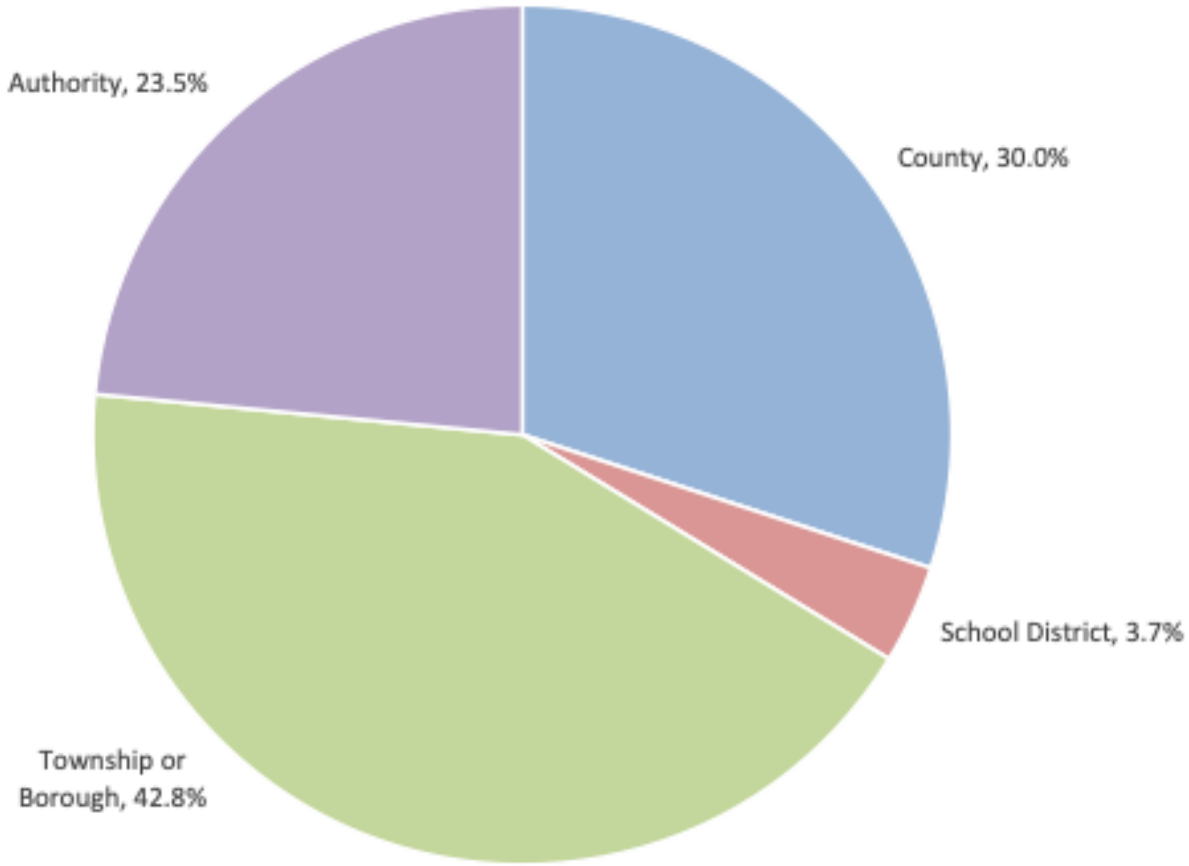
- Loan portfolio
- Market conditions
- Swap transactions and market values
- 2022 A, B, and C Series rebate payment
- Master Series Indenture amendment
- Redemption of 2022 C Series
- Extension of 2022 E Series Letter of Credit

Loan Portfolio – Ratings of Borrowers

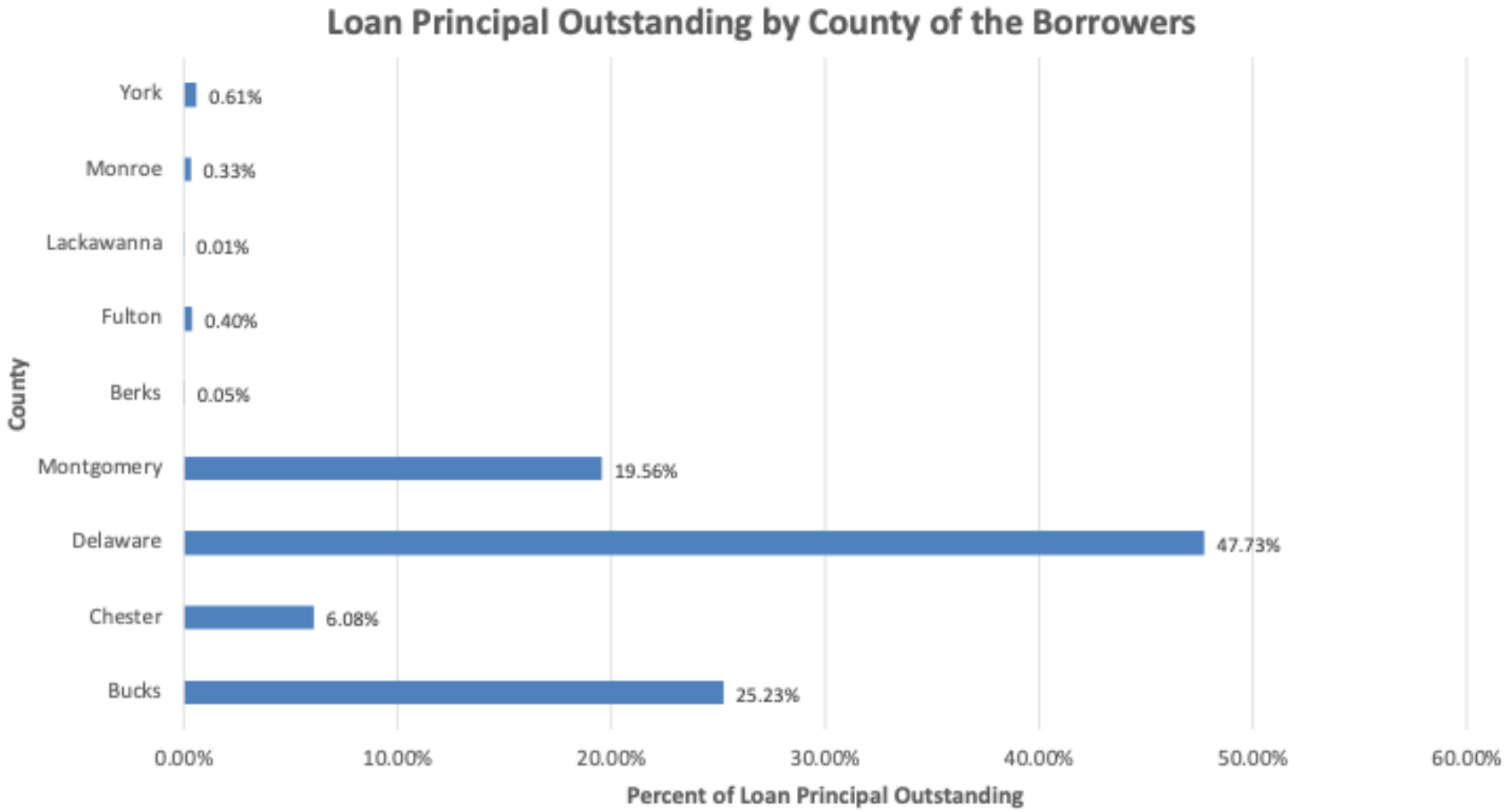


- The weighted average underlying and enhanced rating of borrowers in the DelVal Loan Program is “AA”.
- Assured Guaranty and Build America Mutual insure 13.2% of the outstanding Loans.
- 86.6% of the outstanding Loans have an enhanced rating of "AA-” or above, which dropped as we wait for a Participant to receive a rating. It will return to over 92% after the Participant’s receives a rating.

Loan Portfolio – Type of Borrowers



Loan Portfolio - County of Borrower



98.6% of Loans are to borrowers in Bucks, Chester, Delaware, and Montgomery Counties, the wealthiest, most diversified, and most stable region in the Commonwealth.

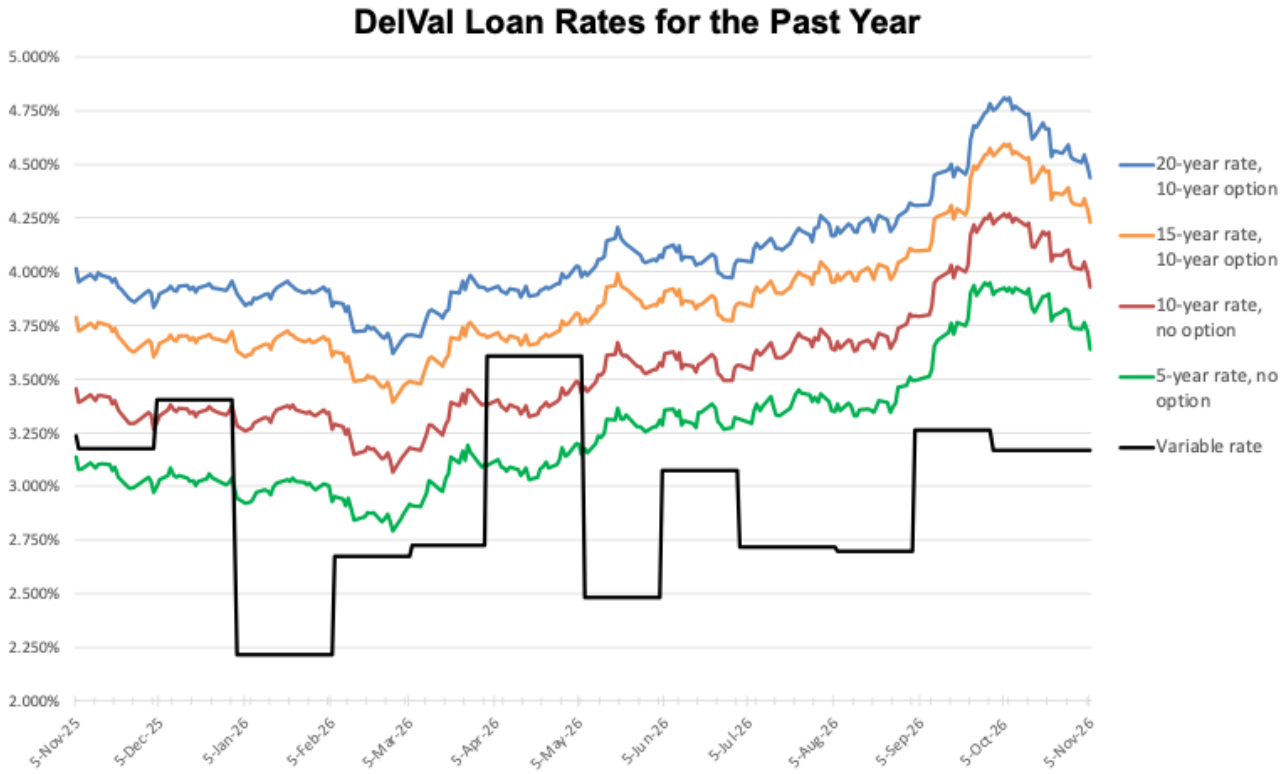
Loan Origination

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

No.	Participant	County	Underlying or Guarantor Rating: 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
9	Newtown Township Municipal Authority	Bucks	Newtown Township	—	—	TBD	29,300,000	18-Sep-26
10	Warminster Township	Bucks	—	—	—	A	25,000,000	28-Sep-26
11	Pennsbury Township	Chester	—	AA	—	—	6,750,000	16-Oct-26
	Loans closed						95,723,000	
12	Upper Dublin Township Municipal Authority	Montgomery	—	—	Aa2	—	4,700,000	13-Nov-26*
13	Darby Township	Delaware	TBD	—	—	—	2,000,000	
	Loans in process						6,700,000	
	Total						$ 102,423,000	

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

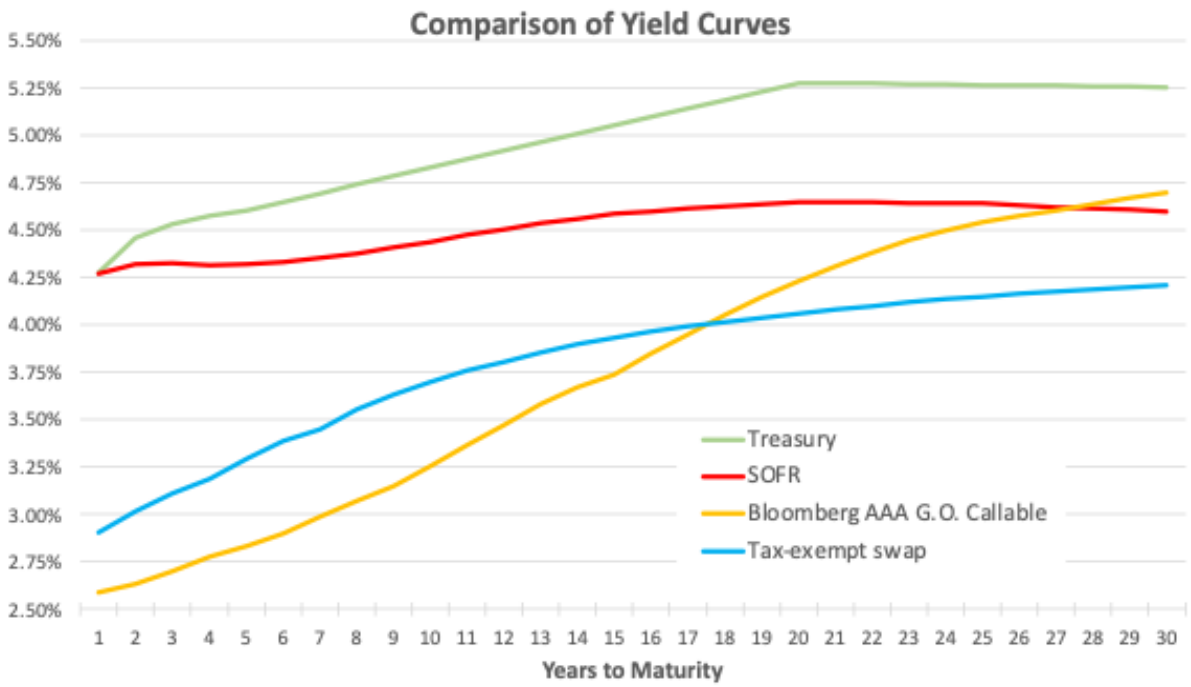
Interest Rate Market Commentary and DelVal Loan Rates



	Average Loan Rate			
Loan Option	Past Year	Past 6-Months	Past 3-Months	Rate as of 5-Nov-26
20-year rate, 10-year option	4.09%	4.29%	4.51%	4.44%
15-year rate, 10-year option	3.87%	4.08%	4.31%	4.23%
10-year rate, no option	3.55%	3.78%	4.00%	3.93%
5-year rate, no option	3.26%	3.50%	3.70%	3.64%
Variable rate	2.93%	2.91%	3.08%	3.17%

- Interest rates have fallen since the peak at the beginning of October, catalyzed by the bond and stock market's fear that AI will not be able to deliver a positive ROI for the amount of money invested. This fear has overridden the bad headlines about the US-Iran conflict and an FOMC governor's hawkish speech. This adds to the uncertainty surrounding tariffs, fiscal deficits, and the Federal Reserve Bank's monetary policy.
- The FOMC will 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



Note: The other yield curves are derivatives of the Treasury yields. 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.

- The market is currently grappling with the implications of a slowing AI build-out due to the slowing growth of AI revenue and voter opposition to AI data centers.
- AI has been the one of the main drivers of the higher inflation:
  - In the US, AI CapEx has accounted for between 30-60% of GDP growth every quarter the past 3 years. This has made up for sluggish non-AI consumption growth.
  - AI CapEx requires a large amount of building materials and labor, which have resulted in construction material price increases ranging from 5-50%, depending on the material, over the past year and increased construction labor costs.
  - AI CapEx requires a large amount of power, which increased the cost of electricity by 5% nationwide.
  - Most AI data centers are planned, but not constructed, so this is only the beginning if more are constructed.
  - The AI hyperscalers (Oracle, Amazon, etc.) are largely using debt to fund their AI CapEx and, most importantly, are very rate-insensitive due to the promised financial returns of AI. This has created sticky inflation.
  - Inflation would likely fall dramatically and GDP growth would be halved, at best, if AI CapEx slows or stops, which would catch the market and the Fed wrong-footed in the current rate hiking cycle.

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

Methacton School District
General Obligation Bonds, 2026 Series
Comparison with DelVal Loan Rates on the Sale Date
October 21, 2026

	Actual	*DelVal Loan*
Sources of Funds		
Par Amount of Bonds	$ 9,990,000.00	$ 9,849,000.00
Original Issue Premium (Discount)	9,167.65	-
Total sources	$ 9,999,167.65	$ 9,849,000.00
Uses of Funds		
Project Costs	$ 9,779,832.65	$ 9,779,832.65
Underwriting Fees	64,935.00	19,698.00
Other Issuance Costs	154,400.00	49,469.35
Total uses	$ 9,999,167.65	$ 9,849,000.00
Total debt service	$ 21,070,719.51	$20,123,368.37
DelVal debt service savings (costs)		**$ 947,351.14**
All-In True Interest Cost (All-In TIC)	*5.471%*	*5.132%*
DelVal All-In TIC savings (costs)		***0.340%***
Weighted Average Maturity (years)	20.917	20.777
Costs of Issuance		
Underwriters' Fees	0.649%	
Other Costs	1.544%	
Total	2.194%	
Type of Sale:	*Negotiated*	
Underwriter:	*Raymond James*	
Bond counsel:	*Eckert*	
Advisor:	*PFM*	
S&P Rating:	***	
Moody's Rating:	*Aa3*	

- Methacton School District **will pay $947 thousand 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.
- Factoring in the high likelihood of a refunding due to the bond issue's structure, **the School District would have avoided over $1.1 million of debt service and potential fees with a DelVal Loan**.

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	30-Oct-26
Bond Hedges				
1997 Series	A1	***	$ 6,550,000	$ 112,693
1998 Series	A1	***	139,800,000	3,951,406
2002 Series	A1	A+	125,000,000	7,648,182
Master Series	A1	A+	645,150,000	(17,985,856)
Total Bond Hedges			916,500,000	(6,273,575)
Loan Hedges				
1997 Series	A1	***	682,000	2,578
1998 Series	A1	***	70,353,000	3,767,870
2002 Series	A1	A+	82,554,000	2,787,596
Master Series	A1	A+	686,810,600	68,049,055
Total Loan Hedges			840,399,600	74,607,099
Investment Hedges			45,240,000	647,214
TOTAL			$ 1,802,139,600	$ 68,980,738

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

	Rating		Notional	Market Value
	Moody's	S&P	Amount	30-Oct-26
Counterparty				
Bank of America	Aa2/P-1	A+/A-1	$ 913,008,700	$ 57,167,082
Barclays Bank PLC	A1	A+/A-1	15,048,000	1,053,581
Citibank	Aa3/P-1	A+/A-1	110,050,000	(703,576)
PNC Bank	A1/P-1	A/A-1	318,228,000	15,419,198
Royal Bank of Canada	Aa1/P-1	AA-/A-1	370,730,900	(556,401)
Toronto-Dominion Bank	Aa1/P-1	A+/A-1	75,074,000	(3,399,146)
TOTAL			$ 1,802,139,600	$ 68,980,738