



# Township of Lower Merion, PA

## *Series A of 2017 General Obligation Bonds Board of Commissioners Presentation*

September 13, 2017

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PFM

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## Transaction Overview

### ◆ \$9,805,000 General Obligation Bonds, Series A of 2017

- Sale Date: Wednesday, September 13, 2017
- Anticipated Dated and Delivery Date: October 13, 2017
- Use of Proceeds: \$9,805,000 for Financing Various Capital Projects
- Bank Qualified
- Ratings:
  - Moody's **Aaa, Stable outlook**
  - Standard & Poor's: **AAA, Stable outlook**

Comparison of Recent Tax-Exempt Sale Results							
Series	Par	Purpose	Tax Status	Sale Date	1st Call Date	Average Life	TIC
A of 2010	18,995,000	Refunding	BQ	4/21/2010	1/15/2021	8.744 years	<b>3.082266%</b>
B of 2010	9,460,000	New Money	BQ	4/21/2010	1/15/2016	6.039 years	<b>2.589618%</b>
C of 2010	14,540,000	New Money	Taxable BABs	4/21/2010	1/15/2021	15.735 years	<b>3.384897%</b>
A of 2011	15,345,000	Refunding	Non-BQ	11/10/2010	1/15/2021	6.014 years	<b>2.196739%</b>
B of 2011	10,830,000	Refunding	Non-BQ	6/29/2011	1/15/2021	12.091 years	<b>3.486284%</b>
A of 2012	11,680,000	Refunding	Non-BQ	4/4/2012	1/1/2022	7.908 years	<b>2.361818%</b>
A of 2013	9,935,000	New Money	BQ	2/20/2013	4/1/2020	13.043 years	<b>2.283896%</b>
A of 2014	9,405,000	Refunding	BQ	3/12/2014	7/15/2019	6.145 years	<b>2.074263%</b>
B of 2014	9,455,000	New Money	BQ	4/2/2014	7/15/2019	11.307 years	<b>2.862649%</b>
A of 2015	4,195,000	Refunding	Non-BQ	10/20/2014	NC	4.430 years	<b>1.405081%</b>
B of 2015	9,595,000	New Money	Non-BQ	10/20/2014	4/15/2023	12.040 years	<b>2.872874%</b>
A & B of 2015	13,790,000	Refunding & New Money	Non-BQ	10/20/2014	4/15/2023	9.725 years	<b>2.638407%</b>
A of 2016	3,655,000	Refunding	BQ	4/6/2016	NC	2.783 years	<b>0.779620%</b>
B of 2016	7,625,000	New Money	BQ	5/4/2016	11/1/2021	11.059 years	<b>2.068876%</b>
A of 2017	9,805,000	New Money	BQ	9/13/2017	10/1/2022	11.272 years	<b>2.424570%</b>



## Auction Summary

- ◆ Today's sale received strong interest from bidders.
  - Total firms bidding: 6
  - Total bids: 55
  - Total lead changes: 11
  - Time of auction: 19 minutes
- ◆ Overall, bids improved by a total of 0.61% between the initial bid and the winning bid.
- ◆ The cover bid (2<sup>nd</sup> place) and the winning bid were separated by only 0.004%.

## Summary of Bids

- Bidders were initially asked to bid on \$9,905,000 of Bonds maturing in 2018 through 2037.

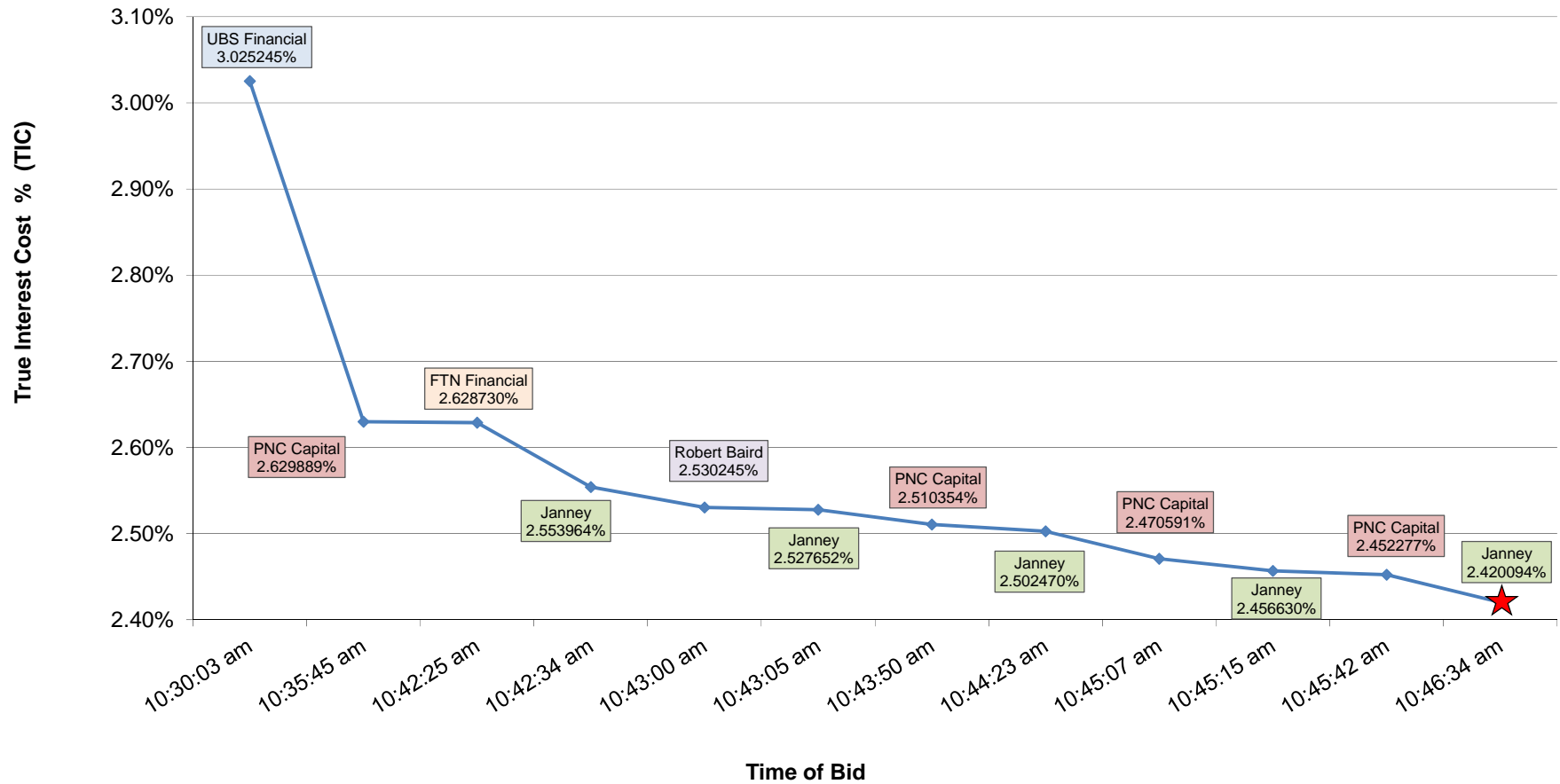
General Obligation Bonds, Series A of 2017					
Rank	Bidder	TIC	Time of Bid	# of Bids	Cumulative Improvement
1st	Janney Montgomery Scott	2.420094%	10:46:34 am	7	0.13%
2nd	PNC Capital Markets	2.424327%	10:48:34 am	9	0.21%
3rd	FTN Financial	2.442742%	10:48:18 am	10	0.19%
4th	Robert W. Baird	2.530245%	10:43:00 am	1	-
5th	UBS Financial Services	2.548708%	10:48:04 am	23	0.48%
6th	Raymond James	2.606393%	10:44:34 am	5	0.05%

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**TOTAL BIDS:** **55**

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## Summary of Leading Bids During Auction



## Series A Final Bond Pricing Results

- After awarding the winning bid, the size of the Bonds was decreased by \$100,000 from \$9.905 million to \$9.805 million to account for issuance premium and achieve a level debt service structure.

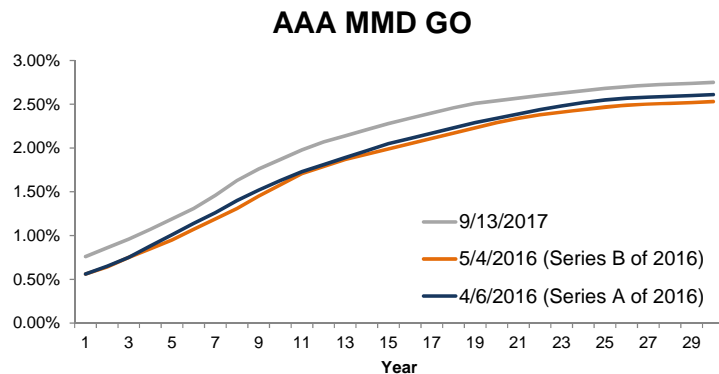
<b>\$9,805,000 G.O. Bonds, Series A of 2017 (Tax-Exempt, BQ)</b>						
<i>Winning Bidder: Janney Montgomery Scott, TIC: 2.420094%</i>						
Year	Maturity	Par	Coupon	Final Yields	Wednesday, 9/13/2017 3:00PM	
					'AAA' MMD	Spread
2018	10/1/2018	385,000	0.750%	0.750%	0.760%	(1.0 b.p.)
2019	10/1/2019	380,000	4.000%	0.860%	0.860%	0.0 b.p.
2020	10/1/2020	395,000	4.000%	0.970%	0.960%	1.0 b.p.
2021	10/1/2021	410,000	4.000%	1.070%	1.070%	(0.0 b.p.)
2022	10/1/2022	430,000	4.000%	1.180%	1.190%	(1.0 b.p.)
2023	10/1/2023	445,000	2.000%	1.300%	1.310%	(1.0 b.p.)
2024	10/1/2024	455,000	2.000%	1.450%	1.460%	(1.0 b.p.)
2025	10/1/2025	465,000	2.000%	1.650%	1.630%	2.0 b.p.
2026	10/1/2026	475,000	2.000%	1.800%	1.760%	4.0 b.p.
2027	10/1/2027	485,000	2.000%	2.000%	1.870%	13.0 b.p.
2028	10/1/2028	495,000	2.000%	2.100%	1.980%	12.0 b.p.
2029	10/1/2029	505,000	2.125%	2.200%	2.070%	13.0 b.p.
2030	10/1/2030	515,000	2.250%	2.300%	2.140%	16.0 b.p.
2031	10/1/2031	525,000	2.375%	2.400%	2.210%	19.0 b.p.
2032	10/1/2032	535,000	2.500%	2.500%	2.280%	22.0 b.p.
2033	10/1/2033	550,000	2.500%	2.600%	2.340%	26.0 b.p.
2034	10/1/2034	565,000	2.625%	2.700%	2.400%	30.0 b.p.
2035	10/1/2035	580,000	3.000%	2.750%	2.460%	29.0 b.p.
2036	10/1/2036	595,000	3.000%	2.800%	2.510%	29.0 b.p.
2037	10/1/2037	615,000	3.000%	2.900%	2.540%	36.0 b.p.

**Weighted Average Spread: 14.1 b.p.**

## Pricing Comparison

- Relative to the maturities included in this transaction, tax-exempt rates have increased since May 4, 2016 (the Township's last sale).

- Increases range from 0.20% to 0.32%.



<b>Township of Lower Merion, PA G.O. Bonds</b> <i>Historical Spreads to AAA MMD</i>						
Year	Series A of 2017		Series B of 2016		Series A of 2016	
	Actual Pricing	Spread to AAA MMD	Actual Pricing	Spread to AAA MMD	Actual Pricing	Spread to AAA MMD
1	0.75%	(1.0 bps)	0.65%	9.0 bps		
2	0.86%	-	0.70%	6.0 bps	0.58%	(7.0 bps)
3	0.97%	1.0 bps	0.85%	10.0 bps	0.67%	(8.0 bps)
4	1.07%	(0.0 bps)	0.95%	10.0 bps	0.83%	(5.0 bps)
5	1.18%	(1.0 bps)	1.10%	15.0 bps		
6	1.30%	(1.0 bps)	1.20%	13.0 bps		
7	1.45%	(1.0 bps)	1.30%	11.0 bps		
8	1.65%	2.0 bps	1.40%	9.0 bps		
9	1.80%	4.0 bps	1.50%	5.0 bps		
10	2.00%	13.0 bps	1.60%	2.0 bps		
11	2.10%	12.0 bps	1.70%	(1.0 bps)		
12	2.20%	13.0 bps	1.80%	1.0 bps		
13	2.30%	16.0 bps	1.90%	3.0 bps		
14	2.40%	19.0 bps	2.00%	7.0 bps		
15	2.50%	22.0 bps	2.10%	11.0 bps		
16	2.60%	26.0 bps	2.15%	10.0 bps		
17	2.70%	30.0 bps	2.25%	14.0 bps		
18	2.75%	29.0 bps	2.30%	13.0 bps		
19	2.80%	29.0 bps	2.40%	17.0 bps		
20	2.90%	36.0 bps	2.50%	21.0 bps		
Weighted Avg Spread:		14.1 bps	9.5 bps		(6.6 bps)	

## Impact on Existing Debt Service

Township Long-Term Debt Service as of 09/13/2017 <i>Before &amp; After Series A of 2017 Issuance</i>			
Fiscal Year	PRIOR BONDS	SERIES A of 2017	AGGREGATE
2017	\$ 433,947	\$ -	\$ 433,947
2018	11,092,406	630,854	11,723,260
2019	10,801,156	631,444	11,432,600
2020	10,554,444	631,244	11,185,687
2021	10,276,004	630,444	10,906,448
2022	9,913,816	634,044	10,547,860
2023	9,516,968	631,844	10,148,811
2024	8,919,136	632,944	9,552,080
2025	8,132,572	633,844	8,766,416
2026	6,291,591	634,544	6,926,135
2027	6,493,665	635,044	7,128,709
2028	5,575,370	635,344	6,210,714
2029	4,705,834	635,444	5,341,278
2030	3,946,528	634,713	4,581,240
2031	3,273,126	633,125	3,906,251
2032	2,750,879	630,656	3,381,536
2033	2,272,450	632,281	2,904,731
2034	1,745,233	633,531	2,378,764
2035	1,127,359	633,700	1,761,059
2036	460,688	631,300	1,091,988
2037	-	633,450	633,450
<b>TOTAL</b>	<b>\$ 118,283,171</b>	<b>\$ 12,659,791</b>	<b>\$ 130,942,962</b>