



Township of Lower Merion, PA

Series A of 2019 General Obligation Bonds Board of Commissioners Presentation

May 8, 2019

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Transaction Overview

◆ \$8,780,000 General Obligation Bonds, Series A of 2019

- Sale Date: Wednesday, May 8, 2019
- Anticipated Dated and Delivery Date: June 11, 2019
- Use of Proceeds: to currently refund a portion of the Series A of 2014 and Series B of 2014 Bonds
- 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	3.082266%
B of 2010	9,460,000	New Money	BQ	4/21/2010	1/15/2016	6.039 years	2.589618%
C of 2010	14,540,000	New Money	Taxable BABs	4/21/2010	1/15/2021	15.735 years	3.384897%
A of 2011	15,345,000	Refunding	Non-BQ	11/10/2010	1/15/2021	6.014 years	2.196739%
B of 2011	10,830,000	Refunding	Non-BQ	6/29/2011	1/15/2021	12.091 years	3.486284%
A of 2012	11,680,000	Refunding	Non-BQ	4/4/2012	1/1/2022	7.908 years	2.361818%
A of 2013	9,935,000	New Money	BQ	2/20/2013	4/1/2020	13.043 years	2.283896%
A of 2014	9,405,000	Refunding	BQ	3/12/2014	7/15/2019	6.145 years	2.074263%
B of 2014	9,455,000	New Money	BQ	4/2/2014	7/15/2019	11.307 years	2.862649%
A of 2015	4,195,000	Refunding	Non-BQ	10/20/2014	NC	4.430 years	1.405081%
B of 2015	9,595,000	New Money	Non-BQ	10/20/2014	4/15/2023	12.040 years	2.872874%
A & B of 2015	13,790,000	Refunding & New Money	Non-BQ	10/20/2014	4/15/2023	9.725 years	2.638407%
A of 2016	3,655,000	Refunding	BQ	4/6/2016	NC	2.783 years	0.779620%
B of 2016	7,625,000	New Money	BQ	5/4/2016	11/1/2021	11.059 years	2.068876%
A of 2017	9,805,000	New Money	BQ	9/13/2017	10/1/2022	11.272 years	2.424570%
A of 2019	8,780,000	Refunding	BQ	5/8/2019	7/15/2024	9.204 years	2.338029%



Auction Summary

- ◆ Today's sale received strong interest from bidders.
 - Total firms bidding: 6
 - Total bids: 22
 - Total lead changes: 5
 - Time of auction: 15 minutes 36 seconds
- ◆ Overall, bids improved by a total of 0.31% between the initial bid and the winning bid.
- ◆ The cover bid (2nd place) and the winning bid were separated by only 0.0112%.

Summary of Bids

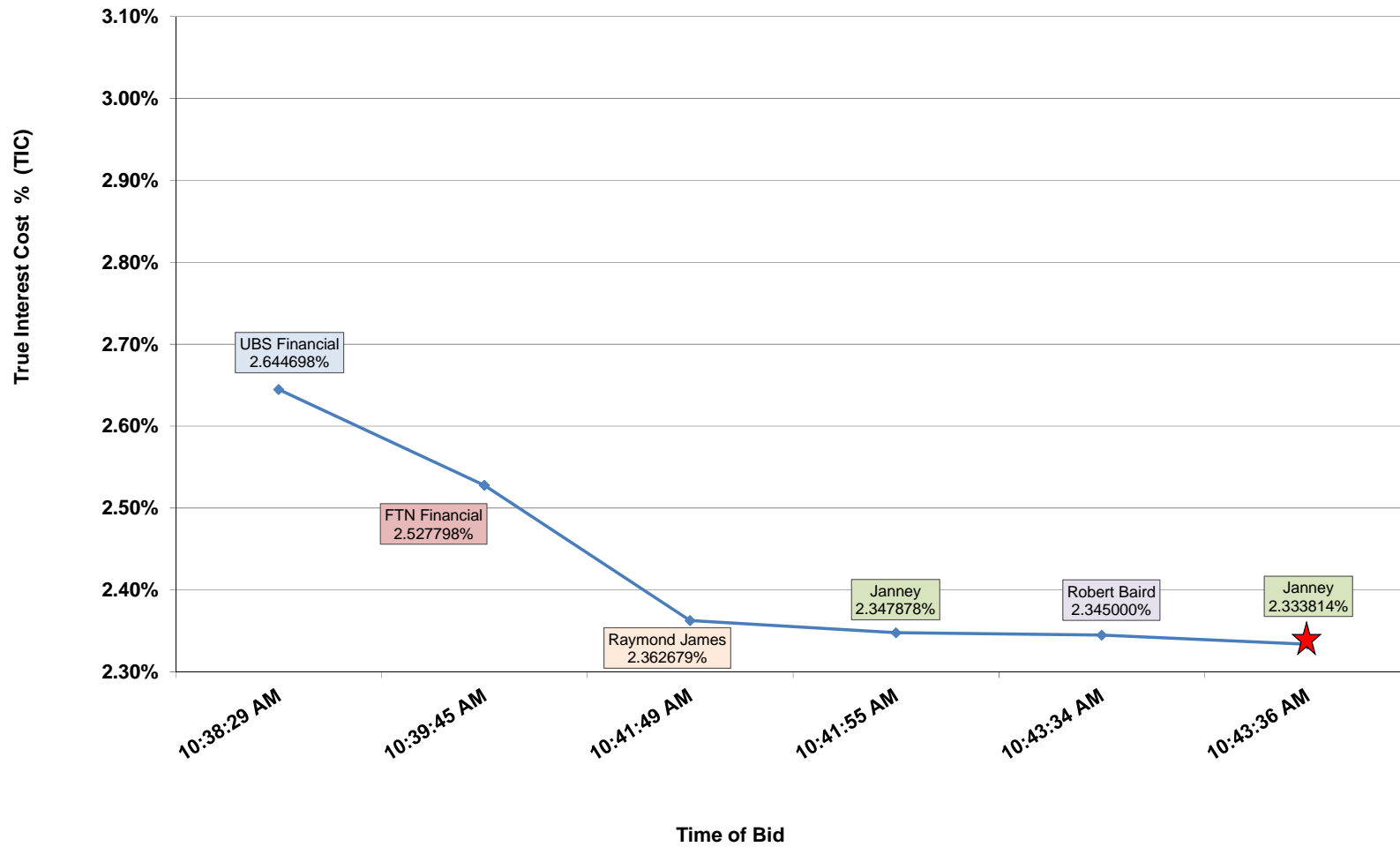
- ◆ Bidders were initially asked to bid on \$9,040,000 of Bonds maturing in 2020 through 2034.

General Obligation Bonds, Series A of 2019					
Rank	Bidder	TIC	Time of Bid	# of Bids	Cumulative Improvement
1st	Janney Montgomery Scott	2.333814%	10:43:36 am	2	0.01%
2nd	Robert Baird	2.345000%	10:43:34 am	2	0.19%
3rd	Raymond James	2.350279%	10:44:33 am	5	0.01%
4th	Fidelity Capital Markets	2.395628%	10:44:51 am	4	0.02%
5th	FTN Financial	2.434606%	10:45:15 am	6	0.09%
6th	UBS Financial Services	2.584357%	10:44:16 am	3	0.06%

TOTAL BIDS:

22

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 \$260,000 from \$9.040 million to \$8.780 million to account for issuance premium.

\$8,780,000 G.O. Bonds, Series A of 2019 (Tax-Exempt, BQ)						
<i>Winning Bidder: Janney Montgomery Scott, TIC: 2.333814%</i>						
Year	Maturity	Par	Coupon	Final Yields	Wednesday, 05/08/2019 3:00PM	
					'AAA' MMD*	Spread
2020	7/15/2020	5,000	5.000%	1.540%	1.530%	1.0 b.p.
2021	7/15/2021	5,000	5.000%	1.550%	1.540%	1.0 b.p.
2022	7/15/2022	5,000	5.000%	1.560%	1.550%	1.0 b.p.
2023	7/15/2023	420,000	5.000%	1.560%	1.560%	(0.0 b.p.)
2024	7/15/2024	880,000	5.000%	1.570%	1.580%	(1.0 b.p.)
2025 (C)	7/15/2025	860,000	2.000%	1.700%	1.600%	10.0 b.p.
2026 (C)	7/15/2026	940,000	2.000%	1.750%	1.620%	13.0 b.p.
2027 (C)	7/15/2027	955,000	2.000%	1.800%	1.650%	15.0 b.p.
2028 (C)	7/15/2028	975,000	2.000%	2.000%	1.700%	30.0 b.p.
2029 (C)	7/15/2029	1,000,000	2.000%	2.050%	1.770%	28.0 b.p.
2030 (C)	7/15/2030	515,000	3.000%	2.150%	1.850%	30.0 b.p.
2031 (C)	7/15/2031	530,000	3.000%	2.250%	1.920%	33.0 b.p.
2032 (C)	7/15/2032	545,000	3.000%	2.350%	1.990%	36.0 b.p.
2033 (C)	7/15/2033	565,000	3.000%	2.450%	2.040%	41.0 b.p.
2034 (C)	7/15/2034	580,000	3.000%	2.500%	2.090%	41.0 b.p.

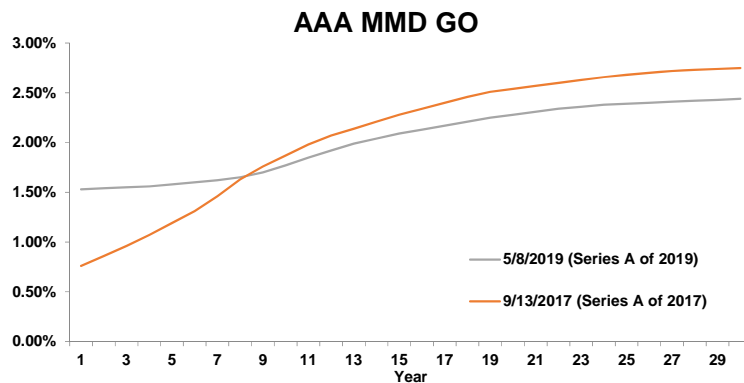
Weighted Average Spread: 21.8 b.p.

*AAA MMD is a 5.0% coupon index. Maturities without 5.0% coupons will have increased spreads to this index (2025 - 2034 maturities)

Pricing Comparison

Relative to the maturities included in this transaction, tax-exempt rates have increased in the shorter term maturities and decreased in the medium to longer term maturities since September 13, 2017 (the date of the Township's last sale).

- 1 to 8 year rates increase from 0.02% to 0.77%
- 9 to 15 year rates decrease from 0.06% to 0.19%



Township of Lower Merion, PA G.O. Bonds						
Historical Spreads to AAA MMD						
Year	Series A of 2019			Series A of 2017		
	Coupon	Actual Pricing	Spread to AAA MMD	Coupon	Actual Pricing	Spread to AAA MMD
1	5.00%	1.54%	1.0 bps	0.75%	0.75%	(1.0 bps)
2	5.00%	1.55%	1.0 bps	4.00%	0.86%	-
3	5.00%	1.56%	1.0 bps	4.00%	0.97%	1.0 bps
4	5.00%	1.56%	(0.0 bps)	4.00%	1.07%	(0.0 bps)
5	5.00%	1.57%	(1.0 bps)	4.00%	1.18%	(1.0 bps)
6	2.00%	1.70%	10.0 bps	2.00%	1.30%	(1.0 bps)
7	2.00%	1.75%	13.0 bps	2.00%	1.45%	(1.0 bps)
8	2.00%	1.80%	15.0 bps	2.00%	1.65%	2.0 bps
9	2.00%	2.00%	30.0 bps	2.00%	1.80%	4.0 bps
10	2.00%	2.05%	28.0 bps	2.00%	2.00%	13.0 bps
11	3.00%	2.15%	30.0 bps	2.00%	2.10%	12.0 bps
12	3.00%	2.25%	33.0 bps	2.13%	2.20%	13.0 bps
13	3.00%	2.35%	36.0 bps	2.25%	2.30%	16.0 bps
14	3.00%	2.45%	41.0 bps	2.38%	2.40%	19.0 bps
15	3.00%	2.50%	41.0 bps	2.50%	2.50%	22.0 bps
16				2.50%	2.60%	26.0 bps
17				2.63%	2.70%	30.0 bps
18				3.00%	2.75%	29.0 bps
19				3.00%	2.80%	29.0 bps
20				3.00%	2.90%	36.0 bps

Weighted Avg Spread:

21.8 bps

14.1 bps

The Refunding will result in over \$400,000 in Debt Service Savings

- The refunding produces actual debt service savings totaling \$443,714 with resultant Net Present Value savings of \$401,292 or 4.558% of refunded par.

General Obligation Bonds, Series A of 2019						
Summary of Refunding Results		SAVINGS				
Dated Date	6/11/2019					
Delivery Date	6/11/2019					
Arbitrage yield	1.981%					
		Date	Prior Debt Service	Refunding Debt Service	Savings	PV to 06/11/2019 @ 1.981%
Bond Par Amount	\$8,780,000	12/31/2019	\$127,743	\$0	\$127,743	\$127,505
True Interest Cost	2.3380%	12/31/2020	255,485	270,293	(14,808)	(14,651)
Average Coupon	2.677%	12/31/2021	260,485	247,150	13,335	12,859
Average Life	9.20 years	12/31/2022	260,366	246,900	13,466	12,732
		12/31/2023	695,248	661,650	33,598	31,054
Par amount of refunded bonds	\$8,805,000	12/31/2024	1,130,341	1,100,650	29,691	26,965
Average coupon of refunded bonds	3.050%	12/31/2025	1,068,989	1,036,650	32,339	28,886
Average life of refunded bonds	9.23 years	12/31/2026	1,128,091	1,099,450	28,641	25,091
		12/31/2027	1,124,624	1,095,650	28,974	24,865
Gross Debt Service Savings	\$443,714	12/31/2028	1,123,874	1,096,550	27,324	22,973
Net PV Debt Service Savings	\$401,292	12/31/2029	1,131,244	1,102,050	29,194	24,024
Percentage savings of refunded bonds	4.558%	12/31/2030	616,094	597,050	19,044	15,358
		12/31/2031	614,844	596,600	18,244	14,425
		12/31/2032	616,119	595,700	20,419	15,813
		12/31/2033	616,694	599,350	17,344	13,164
		12/31/2034	616,569	597,400	19,169	14,250
		Rounding				5,979
			\$11,386,808	\$10,943,093	\$443,714	\$401,292

Impact on Existing Debt Service

Township Long - Term Debt Service as of 6/11/2019 Before and After Series A of 2019 Issuance						
A	B(1)	C	D	E	F(2)	G(3)
FY	Existing Debt Service	Series A of 2014 Debt Service (REFUNDED)	Series B of 2014 Debt Service (REFUNDED)	Series A of 2019 Debt Service	2019A Refunding Debt Service Savings	Post Issuance Debt Service
2019	\$ 3,603,597	\$ 37,478	\$ 90,264	\$ -	\$ 127,743	\$ 3,475,854
2020	11,183,315	74,956	180,529	270,293	(14,808)	11,198,124
2021	10,904,164	79,956	180,529	247,150	13,335	10,890,829
2022	10,545,757	79,838	180,529	246,900	13,466	10,532,291
2023	10,146,899	79,719	615,529	661,650	33,598	10,113,301
2024	9,550,369	514,600	615,741	1,100,650	29,691	9,520,678
2025	8,815,516	454,150	614,839	1,036,650	32,339	8,783,177
2026	8,048,135	514,400	613,691	1,099,450	28,641	8,019,493
2027	7,128,709	512,325	612,299	1,095,650	28,974	7,099,735
2028	6,210,714	509,400	614,474	1,096,550	27,324	6,183,390
2029	5,341,278	515,000	616,244	1,102,050	29,194	5,312,084
2030	4,581,240		616,094	597,050	19,044	4,562,196
2031	3,906,251		614,844	596,600	18,244	3,888,007
2032	3,381,536		616,119	595,700	20,419	3,361,117
2033	2,904,731		616,694	599,350	17,344	2,887,388
2034	2,378,764		616,569	597,400	19,169	2,359,595
2035	1,761,059				0	1,761,059
2036	1,091,988				0	1,091,988
2037	633,450				0	633,450
2038					0	0
2039					0	0
Total	\$ 112,117,470	\$ 3,371,822	\$ 8,014,986	\$ 10,943,093	\$ 443,714	\$ 111,673,756

(1) Existing Debt Service as of 6/11/2019

(2) Refunding savings (C+D-E)

(3) Net outstanding debt service after refunding issuance (B-C-D+E)