

TOWNSHIP OF LOWER MERION, PA

Series of 2025 General Obligation Bonds Board of Commissioners Presentation

February 19, 2025

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Transaction Overview

● \$24,100,000 General Obligation Bonds, Series of 2025

- Sale Date: Wednesday February 19, 2025
- Anticipated Dated and Delivery Date: March 27, 2025
- Use of Proceeds: (i) fund \$25,000,000 of the Township CIP; and (ii) pay the costs of issuing the Bonds.
- Non- Bank Qualified
- Ratings:
 - Moody's: **Aaa**
 - Standard & Poor's: **AAA (Stable Outlook)**

Comparison of Recent Sale Results								
Series	Par	Purpose	Tax Status	Sale Date	1st Call Date	Maturity Date	Average Life	TIC
A of 2011	15,345,000	Refunding	Non-BQ	11/10/2010	1/15/2021	1/15/2023	6.014 years	2.196739%
B of 2011	10,830,000	Refunding	Non-BQ	6/29/2011	1/15/2021	1/15/2028	12.091 years	3.486284%
A of 2012	11,680,000	Refunding	Non-BQ	4/4/2012	1/1/2022	1/1/2027	7.908 years	2.361818%
A of 2013	9,935,000	New Money	BQ	2/20/2013	4/1/2020	4/1/2033	13.043 years	2.283896%
A of 2014	9,405,000	Refunding	BQ	3/12/2014	7/15/2019	7/15/2020	6.145 years	2.074263%
B of 2014	9,455,000	New Money	BQ	4/2/2014	7/15/2019	2/15/2022	11.307 years	2.862649%
A of 2015	4,195,000	Refunding	Non-BQ	10/20/2015	NC	4/15/2022	4.430 years	1.405081%
B of 2015	9,595,000	New Money	Non-BQ	10/20/2015	4/15/2023	4/15/2035	12.040 years	2.872874%
A of 2016	3,655,000	Refunding	Non-BQ	4/6/2016	NC	1/15/2020	2.783 years	0.779620%
B of 2016	7,625,000	New Money	BQ	5/4/2016	11/1/2021	5/1/2036	11.059 years	2.068876%
A of 2017	9,805,000	New Money	BQ	9/13/2017	10/1/2022	10/1/2037	11.272 years	2.424570%
A of 2019	8,780,000	Refunding	BQ	5/8/2019	7/15/2024	7/15/2034	9.204 years	2.338029%
B of 2019	8,820,000	New Money	BQ	6/5/2019	7/15/2024	7/15/2039	11.894 years	3.079846%
2020	33,240,000	Refunding & New Money	Non-BQ	6/17/2020	1/15/2028	1/15/2040	7.610 years	1.403908%
A of 2020	18,505,000	Refunding	Non-BQ	11/10/2020	NC	1/15/2028	2.7012 years	0.440901%
2022	18,040,000	Refunding & New Money	Non-BQ	3/9/2022	5/1/2030	5/1/2042	9.799 years	2.478135%
2025	24,100,000	New Money	Non-BQ	2/19/2025	1/15/2033	7/15/2045	12.168 years	3.704789%

Auction Summary

- ◆ General Auction Statistics:

- Total firms that bid: 12
- Total bids received: 33
- Total lead changes: 9
- Time of Auction: 19 minutes 18 seconds

- ◆ The cover bid (2nd place) and the winning bid were separated by 0.00136%.

Summary of Bids

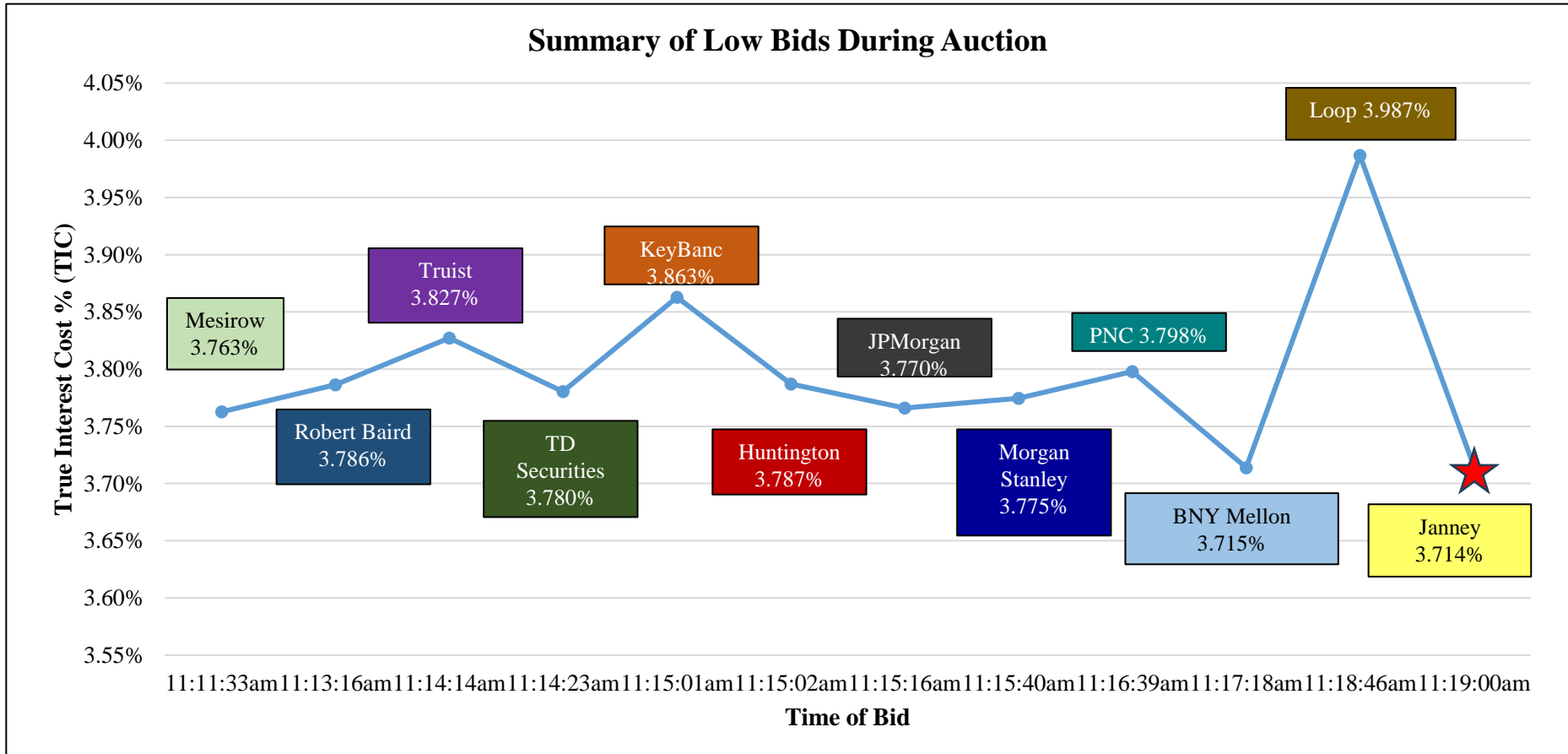
- Bidders were initially asked to bid on \$23,475,000 of Bonds maturing in years 2026 through 2045.

General Obligation Bonds, Series of 2025					
Rank	Bidder	TIC	Time of Bid	# of Bids	Cumulative Improvement
1st	Janney Montgomery Scott	3.713915%	11:17:18 AM	4	0.036114%
2nd	BNY Mellon Capital Markets	3.715270%	11:19:00 AM	8	0.050596%
3rd	Mesirow Financial	3.762625%	11:11:33 AM	1	-
4th	JP Morgan Securities	3.765890%	11:15:16 AM	4	0.029701%
5th	Morgan Stanley	3.774589%	11:15:40 AM	4	0.020734%
6th	TD Securities (USA), LLC	3.780355%	11:14:23 AM	1	-
7th	Robert Baird	3.786398%	11:13:16 AM	1	-
8th	Huntington Securities	3.786978%	11:15:02 AM	1	-
9th	PNC Capital Markets	3.797876%	11:16:39 AM	4	0.020729%
10th	Truist Securities	3.827123%	11:14:14 AM	1	-
11th	KeyBanc Capital Markets	3.862811%	11:15:01 AM	3	0.105484%
12th	Loop Capital Markets	3.986798%	11:18:46 AM	1	-

TOTAL BIDS:

33

Summary of Bidders Low Bids During Auction



2025 Final Bond Pricing Results

- After awarding the winning bid, the size of the Bonds was increased by \$625,000 from \$23.475 million to \$24.100 million to account for issuance premium and discount.

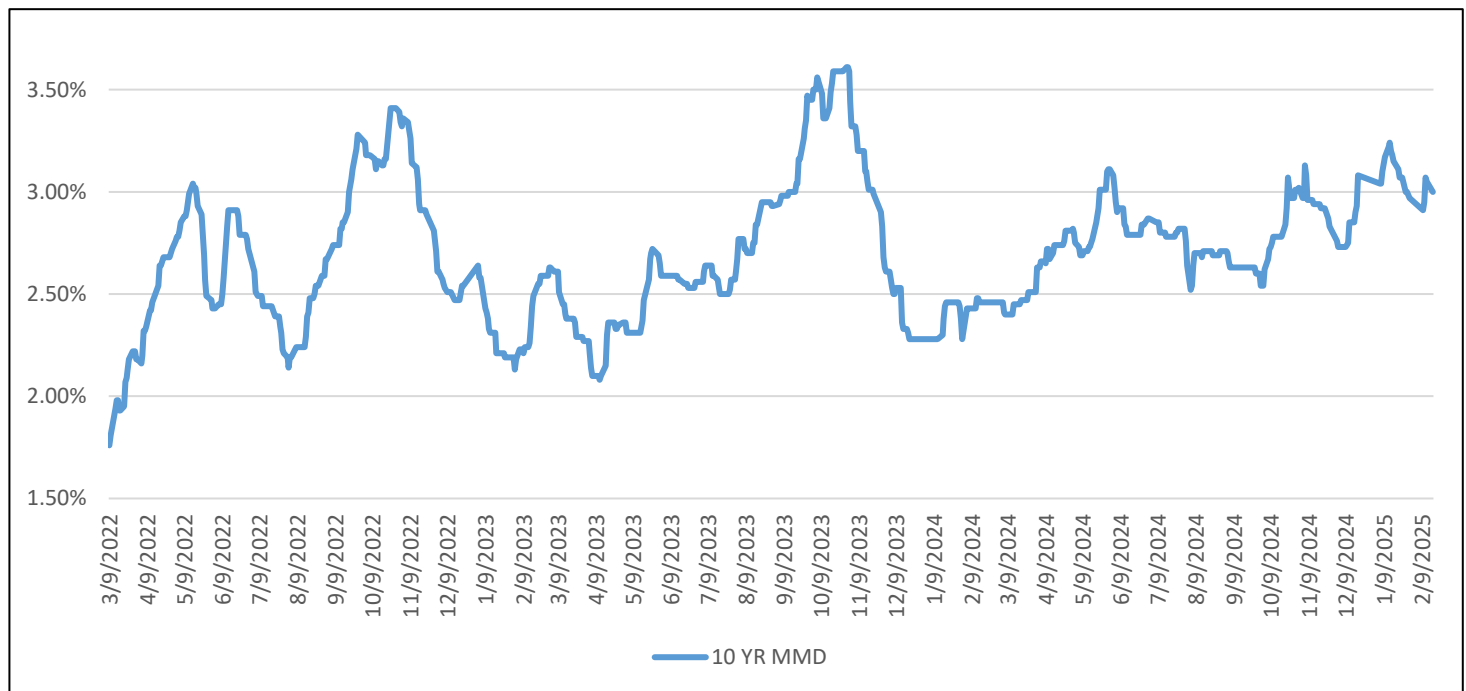
\$24,100,000 G.O. Bonds, Series of 2025 (Tax-Exempt, Non-BQ)						
<i>Winning Bidder: Janney Montgomery Scott, TIC 3.704789%</i>						
Year	Maturity	Par	Coupon	Final Yields	Tuesday, 02/18/2025, 3:00PM	
					AAA' MMD*	Spread
2026	7/15/2026	815,000	3.000%	2.730%	2.760%	3.0 bps
2027	7/15/2027	835,000	3.000%	2.730%	2.760%	3.0 bps
2028	7/15/2028	865,000	3.000%	2.730%	2.760%	3.0 bps
2029	7/15/2029	890,000	3.000%	2.730%	2.760%	3.0 bps
2030	7/15/2030	915,000	3.000%	2.730%	2.760%	3.0 bps
2031	7/15/2031	940,000	5.000%	2.810%	2.790%	2.0 bps
2032	7/15/2032	990,000	5.000%	2.870%	2.830%	5.0 bps
2033 c	7/15/2033	1,040,000	5.000%	2.920%	2.890%	3.0 bps
2034 c	7/15/2034	1,090,000	5.000%	3.010%	2.940%	7.0 bps
2035 c	7/15/2035	1,145,000	5.000%	3.070%	3.000%	7.0 bps
2036 c	7/15/2036	1,205,000	5.000%	3.120%	3.050%	7.0 bps
2037 c	7/15/2037	1,265,000	4.000%	3.450%	3.100%	35.0 bps
2038 c	7/15/2038	1,315,000	4.000%	3.500%	3.150%	35.0 bps
2039 c	7/15/2039	1,365,000	4.000%	3.600%	3.210%	39.0 bps
2040 c	7/15/2040	1,420,000	4.000%	3.700%	3.320%	38.0 bps
2041 c	7/15/2041	1,480,000	4.000%	3.750%	3.430%	32.0 bps
2042 c	7/15/2042	1,535,000	4.000%	3.850%	3.550%	30.0 bps
2043 c	7/15/2043	1,600,000	4.000%	3.900%	3.660%	24.0 bps
2044	7/15/2044	1,660,000	4.000%	4.000%	3.810%	19.0 bps
2045	7/15/2045	1,730,000	4.000%	4.000%	3.810%	19.0 bps

Weighted Average Spread: 18.29 bps

* AAA MMD is a 5.0% coupon index. Maturities without 5.0% coupons will have increased spreads to this index (2037 - 2045 maturities)

Increase in Interest Rates

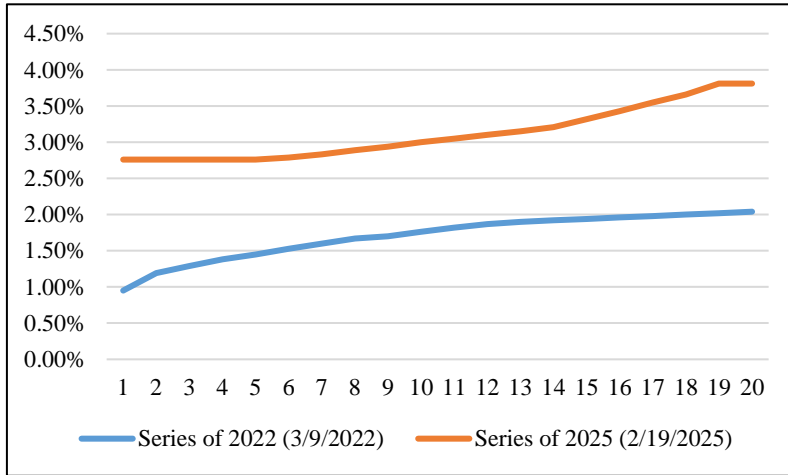
- Interest rates have increased dramatically from the pandemic lows. Inflation has increased beginning in 2023 and continues to be above the Federal Reserve's target of 2.0%. The current expectation is that the Federal Reserve will remain cautious prior to considering the lowering of the Federal Funds rate in 2025.
- The graph below shows the 10 year MMD benchmark rate (tax-exempt rates) from March 9, 2022 through today – February 19, 2022 – an increase of 1.95%.



Pricing Comparison

- Tax-exempt rates have increased since March 9, 2022 (the date of the Township's last Bond sale).

- 1 to 20 year rates have increased in a range of 1.95% to 2.48%



Township of Lower Merion, PA G.O. Bonds						
Historical Spreads to AAA MMD						
Year	Series of 2022			Series of 2025		
	Coupon	Actual Pricing	Spread to AAA MMD	Coupon	Actual Pricing	Spread to AAA MMD
1	5.000%	1.030%	8.0 bps	3.000%	2.730%	3.0 bps
2	5.000%	1.250%	6.0 bps	3.000%	2.730%	3.0 bps
3	5.000%	1.360%	7.0 bps	3.000%	2.730%	3.0 bps
4	5.000%	1.460%	8.0 bps	3.000%	2.730%	3.0 bps
5	5.000%	1.540%	9.0 bps	3.000%	2.730%	3.0 bps
6	5.000%	1.620%	9.0 bps	5.000%	2.810%	2.0 bps
7	5.000%	1.690%	9.0 bps	5.000%	2.870%	5.0 bps
8	5.000%	1.780%	11.0 bps	5.000%	2.920%	3.0 bps
9	5.000%	1.820%	12.0 bps	5.000%	3.010%	7.0 bps
10	4.000%	1.920%	16.0 bps	5.000%	3.070%	7.0 bps
11	3.000%	2.300%	48.0 bps	5.000%	3.120%	7.0 bps
12	3.000%	2.400%	53.0 bps	4.000%	3.450%	35.0 bps
13	3.000%	2.480%	58.0 bps	4.000%	3.500%	35.0 bps
14	3.000%	2.540%	62.0 bps	4.000%	3.600%	39.0 bps
15	3.000%	2.600%	66.0 bps	4.000%	3.700%	38.0 bps
16	3.000%	2.660%	70.0 bps	4.000%	3.750%	32.0 bps
17	3.000%	2.720%	74.0 bps	4.000%	3.850%	30.0 bps
18	3.000%	2.780%	78.0 bps	4.000%	3.900%	24.0 bps
19	3.000%	2.830%	81.0 bps	4.000%	4.000%	19.0 bps
20	3.000%	2.880%	84.0 bps	4.000%	4.000%	19.0 bps

Weighted Average Spread: **36.25 bps** (Series of 2022) **18.29 bps** (Series of 2025)

Impact of 2025 Bonds on Existing Debt Service

Township Long-Term General Obligation Debt Service - as of 3/27/2025				
<i>Before and After Series of 2025 Bond Issuance</i>				
A	B(1)		C	D(2)
Fiscal Year	Existing Debt Service		Series of 2025 Debt Service	Post 2025 Issuance Debt Service
2025	\$ 6,002,535		\$ 295,470	\$ 6,298,005
2026	9,972,593		1,799,900	11,772,493
2027	9,046,743		1,795,450	10,842,193
2028	8,181,618		1,800,400	9,982,018
2029	7,500,918		1,799,450	9,300,368
2030	6,749,571		1,797,750	8,547,321
2031	6,069,806		1,795,300	7,865,106
2032	5,709,363		1,798,300	7,507,663
2033	5,226,639		1,798,800	7,025,439
2034	4,751,236		1,796,800	6,548,036
2035	4,145,339		1,797,300	5,942,639
2036	3,476,825		1,800,050	5,276,875
2037	3,021,623		1,799,800	4,821,423
2038	2,394,014		1,799,200	4,193,214
2039	2,387,345		1,796,600	4,183,945
2040	1,738,348		1,797,000	3,535,348
2041	962,150		1,800,200	2,762,350
2042	959,175		1,796,000	2,755,175
2043			1,799,600	1,799,600
2044			1,795,600	1,795,600
2045			1,799,200	1,799,200
Total	\$ 88,295,838		\$ 36,258,170	\$ 124,554,008

(1) Existing Total Township General Obligation Debt Service as of 3/27/25

(2) Net Outstanding Township General Obligation Debt Service Following the Issuance of the Series 2025 Bonds (B+C)