



Lower Salford Township
Montgomery County, Pennsylvania

PROCLAMATION

**ANNUAL COUNTRY FAIR DAYS
BY THE BOARD OF SUPERVISORS OF LOWER SALFORD TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

The Harleysville Jaycees of Lower Salford Township, an organization dedicated to community services, initiated the "Country Fair Days" celebration in May of 1968. This celebration was instrumental in renewing community spirit through its friendly carnival atmosphere and its pledge to benefit the Harleysville Community Center and other community organizations with the income realized through this event.

NOW, THEREFORE, WE, THE BOARD OF SUPERVISORS OF LOWER SALFORD TOWNSHIP, MONTGOMERY COUNTY, PENNSYLVANIA, do hereby designate May 24, 25, 26, and 27, 2023 as "Country Fair Days" in Harleysville, and we strongly urge all residents of Lower Salford Township to participate in the activities.

IN WITNESS WHEREOF, WE HAVE HEREUNTO SET OUR HANDS THIS 17th DAY OF MAY 2023.

BOARD OF SUPERVISORS

ATTEST:

Joseph S. Czajkowski, Secretary



Township of Lower Salford

New Money Discussion

May 17, 2023

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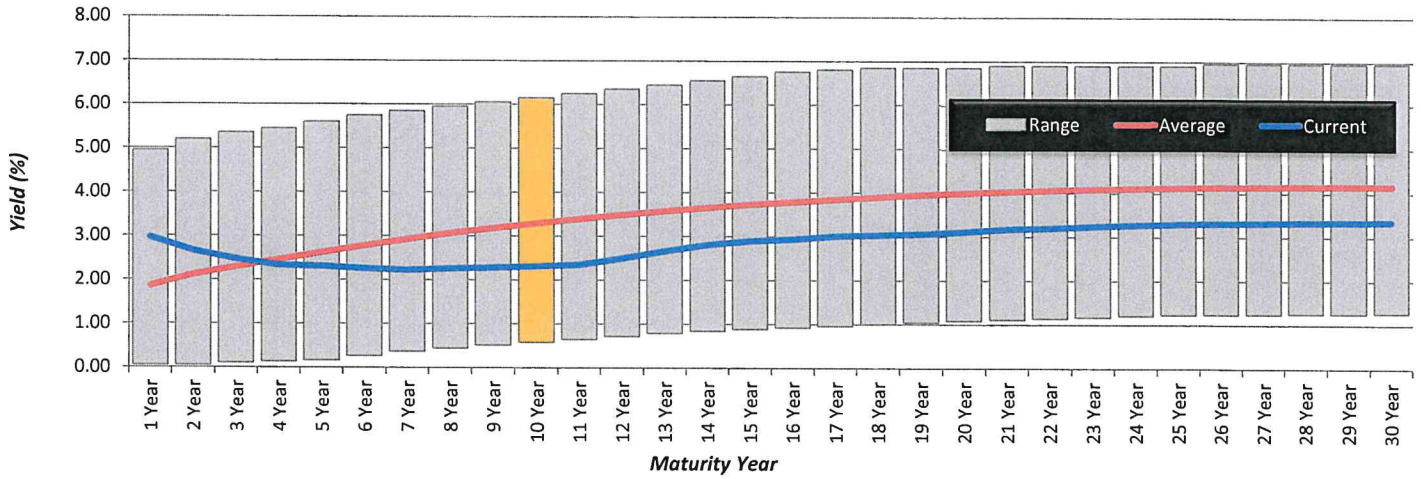
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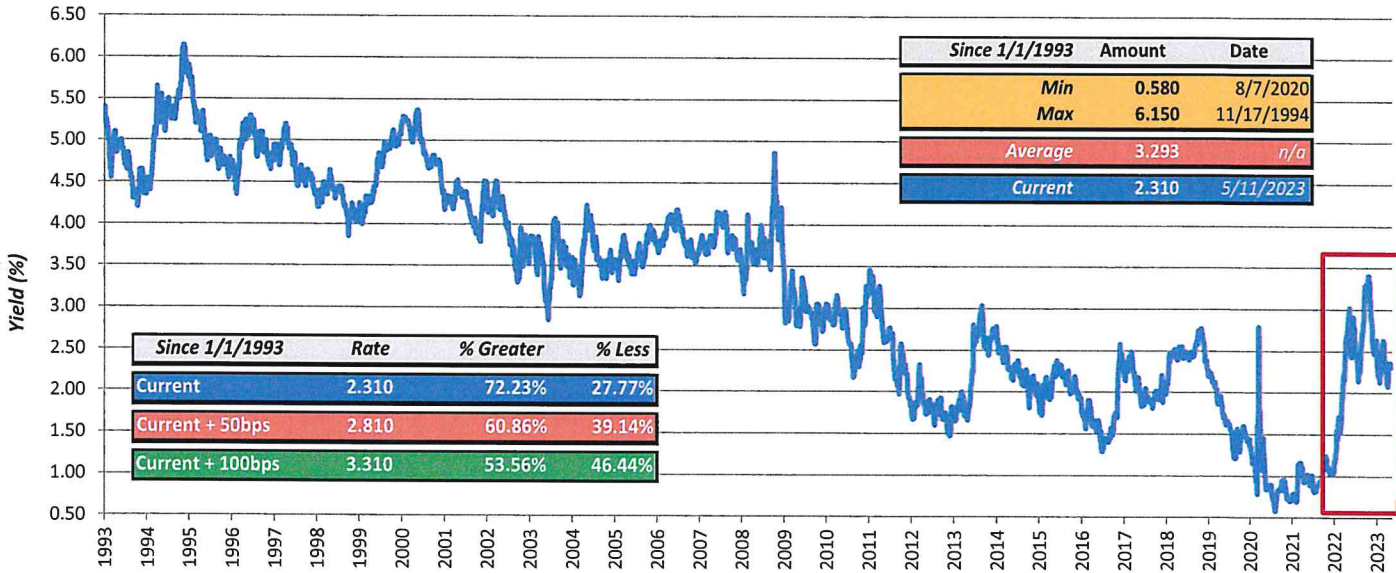
MUNICIPAL MARKET UPDATE

May 11, 2023

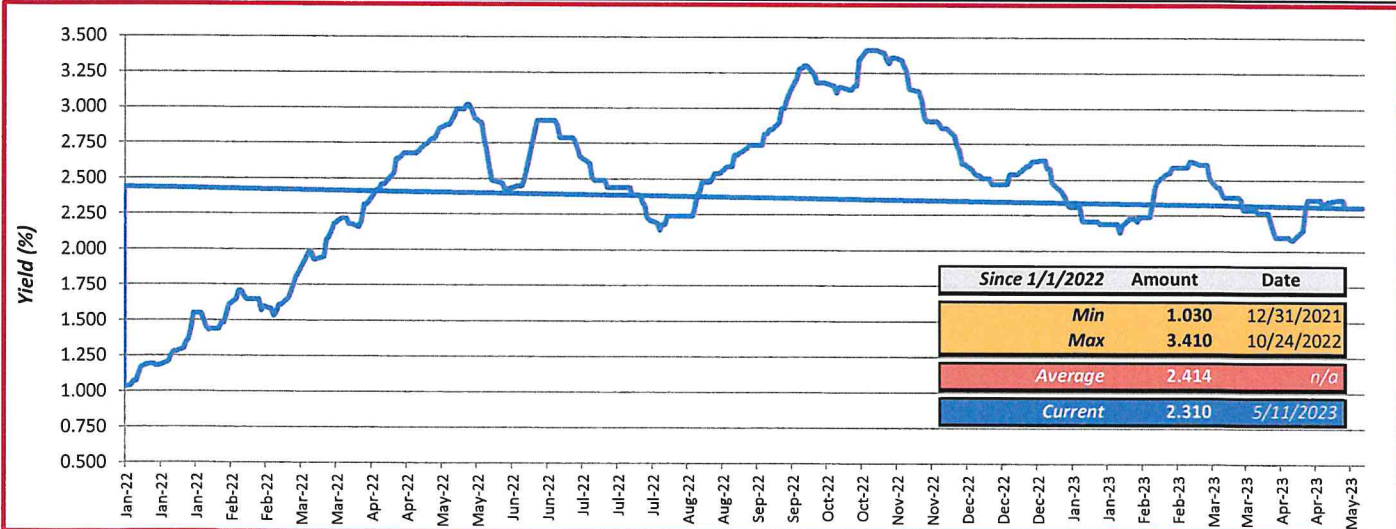
HISTORICAL MMD CURVE ILLUSTRATION - SINCE JANUARY 1, 1993



SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 1993



SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2022



Township of Lower Salford
Capital Project Funding Discussion
May 17, 2023

Series of 2023 – Capital Project Funding

- 1) The Township of Lower Salford (the “Township”) is in the preliminary stages of a capital project consisting of a few different projects that are still being contemplated.
 - a. The estimated project costs are still being determined
 - b. For discussion purpose, PFM is discussing some generic structuring concepts for purpose of planning.
 - c. The Township could be eligible for exceptions to tax law prohibitions against generating and keeping arbitrage profits (a recent consequence of higher interest rates). Unrestricted investment earnings vary according to bond issue size and project timing. Consultation with Bond Counsel will be required.
- 2) The length of a financing must reflect the useful lives of the projects.
- 3) Federal tax laws permit an Issuer to borrow at a tax-exempt interest rate and invest the proceeds at an unlimited (taxable) yield subject to arbitrage requirements during the period of project construction, but only if the following three tests can be satisfied. The governing board must reasonably expect at the time the borrowing:
 - a. **Expenditure Test** – issuer will spend 85% of the proceeds within three years.
 - b. **Time Test** – issuer will incur a substantial binding obligation (sign a design contract, award a construction bid) within six (6) months, equal to at least 5% of the borrowing amount.
 - c. **Due Diligence Test** – construction of the project will proceed, and the bonds funds will be spent, with due diligence to completion.
- 4) As mentioned above, an issue is exempt from arbitrage rebate if they qualify under size-based and time-base exemptions:
 - a. Small Issuer Exception – As long as the issuer has governmental taxing base powers and does not expect to or has not issued more than \$5,000,000 in tax-exempt bonds in a calendar year, an exemption would apply.
 - i. A multi-purpose (refunding & new money) can also qualify.

Township of Lower Salford Capital Project Funding Discussion May 17, 2023

Series of 2023 – Capital Project Funding (Continued)

b. Time Based/Spending Exception – The issuer must meet the following spending exceptions:

Spending Exception	6 Months	12 Months	18 Months	24 Months
6-Month All Gross Proceeds	100%			
18-Month All New Money	15%		100%	
24-Month Construction Issues	10%	45%		100%

Reimbursement Resolution

- 5) A reimbursement resolution satisfies a tax law requirement that allows an issuer to pay (reimburse) itself back from future borrowed funds for expenditures related to the project, such as land acquisition or early construction costs.
- 6) Such reimbursements are limited to expenses paid from cash within 60 days prior to the date the resolution is adopted, though many preliminary expenses (design, feasibility etc.) would still be eligible for reimbursement.

Interest Rate Update

7) Bloomberg Interest Rate Charts:

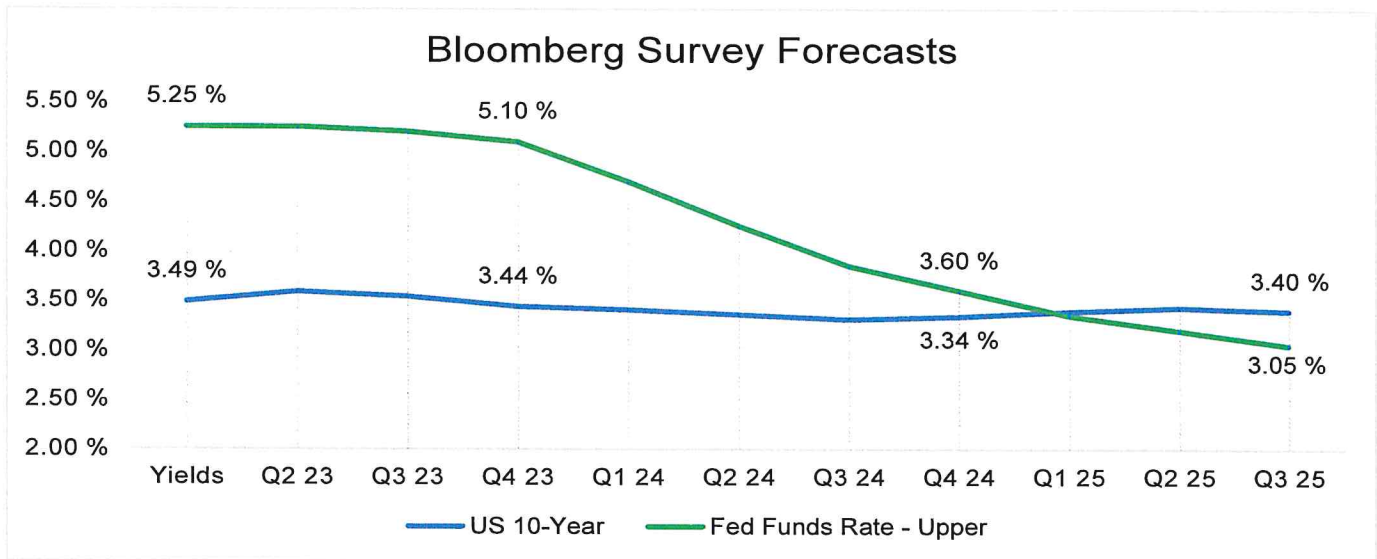
Source: Bloomberg

WORLD BOND YIELD FORECASTS MAY 08 2023

Rate	Yields	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25
United States											
US 30-Year	3.81 %	3.79 %	3.76 %	3.68 %	3.65 %	3.63 %	3.60 %	3.60 %	3.64 %	3.68 %	3.68 %
US 10-Year	3.49 %	3.59 %	3.54 %	3.44 %	3.41 %	3.36 %	3.31 %	3.34 %	3.39 %	3.43 %	3.40 %
US 5-Year	3.46 %	3.71 %	3.63 %	3.50 %	3.42 %	3.35 %	3.28 %	3.27 %	3.38 %	3.38 %	3.34 %
US 2-Year	3.96 %	4.19 %	4.01 %	3.75 %	3.55 %	3.36 %	3.22 %	3.12 %	3.24 %	3.19 %	3.13 %
Fed Funds Rate - Upper	5.25 %	5.25 %	5.20 %	5.10 %	4.70 %	4.25 %	3.85 %	3.60 %	3.35 %	3.20 %	3.05 %
Fed Funds Rate - Lower	5.00 %	5.00 %	4.96 %	4.83 %	4.45 %	4.00 %	3.58 %	3.36 %	3.09 %	2.94 %	2.81 %
2 Year - 10 Year Spread	-0.47 %	-0.60 %	-0.47 %	-0.31 %	-0.15 %	0.00 %	0.09 %	0.23 %	0.15 %	0.24 %	0.27 %

Township of Lower Salford
Capital Project Funding Discussion
May 17, 2023

Interest Rate Update (Continued)



Del Val Loan, Series B of 2002 Fixed Rate Conversion

- 8) Balance of loan is \$975,000 as of conversion. Final Maturity is June 25, 2027.
- 9) The interest rate will go variable on June 25, 2023.
- 10) The current variable rate as of May 5th is 4.150% (This has fluctuated almost 1.70% over the last month from high to low).
- 11) The Township has the option to lock in a fixed rate anytime or let it float with the option to lock. The current fixed rate would be approximately 3.180% as of May 5th.
- 12) Considerations:
 - a. Asset/Liability match
 - b. Yield curve to stabilize to "Normal"?
 - c. What to budget for variable rate?

**TOWNSHIP OF LOWER SALFORD
SUMMARY OF OUTSTANDING INDEBTEDNESS**

Debt Service Requirements

1 Fiscal Year Ended	2 BUILDING & LAND PORTION			6 GOLF COURSE PORTION					10 TOTAL
	2 <i>(Building)</i> G.O. Note Series of 2020	3 <i>(Land)</i> G.O. Note Series B of 2021	4 <i>Building & Land</i> Portion Subtotal	5 G.O. Notes Series B of 2002 (Del Val)	6 G.O. Notes Series of 2005 (Del Val)	7 G.O. Note Series of 2020	8 G.O. Note Series B of 2021	9 Golf Course Portion Subtotal	Total Debt Service
12/31/2023	290,445	43,759	334,204	256,914	100,528	250,960	353,757	962,158	1,296,363
12/31/2024		48,278	48,278	258,755	93,828	523,280	383,919	1,259,782	1,308,060
12/31/2025		47,770	47,770	258,660		506,280	487,296	1,252,236	1,300,006
12/31/2026		47,261	47,261	258,355		484,425	509,921	1,252,701	1,299,962
12/31/2027		46,752	46,752	258,825		466,720	521,297	1,246,842	1,293,594
12/31/2028		45,249	45,249			40,200	130,719	170,919	216,168
12/31/2029									
12/31/2030									
Totals	290,445	279,069	569,514	1,291,509	194,355	2,271,865	2,386,908	6,144,637	6,714,152
Principal*	289,000	270,000	559,000	1,201,000	191,000	2,211,000	2,313,000	5,916,000	6,475,000

Mode/Type:	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
Call Date:	Non-Callable	6/15/2025		Make-Whole	Make-Whole	Non-Callable	6/15/2025
Purpose:	Cur Ref 2013 & 2014B	Cur Ref 2016		New Money	New Money	Cur Ref 2013 & 2014B	Cur Ref 2016

	Del Val Loans Breakout	
Fixed Rate:	2.655%	1.780%
All Fixed:	No	Yes
Fixed Rate End:	6/25/2023	Maturity
Assumed Variable:	3.000%	N/A

* Outstanding as of May 12, 2023

TOWNSHIP OF LOWER SALFORD
SUMMARY OF NEW MONEY OPTIONS
ESTIMATED - For Illustrative Purposes

NEW MONEY FINANCING SCENARIOS



	1	2	3
	OPTION 1 STEP 1: \$5 MILLION IN 2023	OPTION 1 STEP 2: \$10 MILLION IN 2024	OPTION 2: \$15 MILLION IN 2023
Principal	\$5,000,000	\$9,995,000	\$15,000,000
Settlement	September, 2023	January, 2024	September, 2023
Term	14 years	14 years	20 years
Structure	Pro Rata Wrap	Pro Rata Wrap	Level Debt Service
BQ Status	Bank Qualified	Bank Qualified	Non-BQ
Call Feature	5 years	5 years	8-10 years
Interest Expense	\$1,867,077	\$3,605,821	\$7,531,257
Average Interest Rate	3.94%	3.94%	4.27%

	4	5	6	7	8	9	10	11
Fiscal Year Ending								
General Fund Debt Service								
			Est. Annual Debt Service [1][2]	New Net Debt Service	Est. Annual Debt Service [1]	New Net Debt Service	Est. Annual Debt Service [1]	New Net Debt Service
12/31/2023	1,296,363			1,296,363		1,296,363		1,296,363
12/31/2024	1,308,060	248,778		1,556,838	358,103	1,914,941	1,124,680	2,432,740
12/31/2025	1,300,006	199,785		1,499,790	394,726	1,894,516	1,129,333	2,429,339
12/31/2026	1,299,962	199,581		1,499,543	394,522	1,894,065	1,127,392	2,427,353
12/31/2027	1,293,594	199,386		1,492,980	394,327	1,887,307	1,125,530	2,419,124
12/31/2028	216,168	552,337		768,505	1,110,229	1,878,734	1,128,251	1,344,419
12/31/2029		626,830		626,830	1,254,120	1,880,949	1,125,355	1,125,355
12/31/2030		624,510		624,510	1,254,387	1,878,897	1,126,857	1,126,857
12/31/2031		626,533		626,533	1,253,339	1,879,872	1,127,419	1,127,419
12/31/2032		627,682		627,682	1,250,732	1,878,413	1,126,876	1,126,876
12/31/2033		627,946		627,946	1,251,450	1,879,396	1,125,214	1,125,214
12/31/2034		627,262		627,262	1,250,274	1,877,536	1,127,252	1,127,252
12/31/2035		625,303		625,303	1,256,352	1,881,655	1,127,449	1,127,449
12/31/2036		626,556		626,556	1,253,758	1,880,313	1,125,244	1,125,244
12/31/2037		454,590		454,590	924,503	1,379,093	1,125,398	1,125,398
12/31/2038							1,127,936	1,127,936
12/31/2039							1,128,152	1,128,152
12/31/2040							1,126,080	1,126,080
12/31/2041							1,126,619	1,126,619
12/31/2042							1,124,813	1,124,813
12/31/2043							1,125,410	1,125,410
TOTAL	6,714,152		6,867,077	13,581,228	13,600,821	27,182,049	22,531,257	29,245,408

[1] Estimated based on current market rates. Actual rates to be determined at time of pricing. Further structuring alternatives can be adjusted.

[2] Township may be eligible for an arbitrage rebate exemption as long as the borrowing remains \$5MM or below. Bank Qualification will need to be considered for this project. Further consultation with Bond Counsel.

For Reference: Investment Rates as of 5/9/2023*	
PLGIT Prime	5.09%
Fed Funds	5.00%
*Consult with your investment professional to determine alternative investment options. Arbitrage rebate would need to be considered.	



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