

LOWER PAXTON TOWNSHIP  
BOARD OF SUPERVISORS

Minutes of Board Meeting held March 5, 2012

A special business meeting of the Board of Supervisors of Lower Paxton Township was called to order at 7:06 p.m. by Chairman William B. Hawk on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain.

Also in attendance were George Wolfe, Township Manager; Tom Smida, Mette, Evans, and Woodside; Mike Bova, Boenning and Scattergood; and Watson Fisher, SWAN.

Pledge of Allegiance

Mr. Blain led in the recitation of the Pledge of Allegiance.

Public Comment

No comments were presented.

Chairman/Board Members' Comments

No comments were presented.

Ordinance 12-04 authorizing the issuance of General Obligation Bonds

Mr. Wolfe explained that the purpose for the special meeting is to borrow money. He noted that Mike Bova, Bond Advisor, and Tom Smida, Bond Counsel, are present to explain the \$3.5 million bond issue for new money and refunding.

Mr. Mike Bova, Boenning and Scattergood, noted that he completed the Preliminary Official Statement (POS) which was used to market the bonds. He thanked Tom Smida, George Wolfe, Tim Houck, and Linda in that they fast-tracked the issue in remarkable speed in order for the purchase to occur tonight. He noted that the financing has to close by April 1, 2012 and the settlement is scheduled for March 29, 2012. He noted that this could only have been

accomplished by tremendous cooperation with staff and the rating agency. He noted that the analyst from the rating company was away until last Monday; the rating call was held on Tuesday, and he had the rating on Thursday, receiving the final report today. He noted that Moody's affirmed the Township's rating of Aa2. He noted that the Township's stable financial operations, with a \$4.3 fund balance helped to affirm the rating. He explained when Moody's views that an issuer has dipped into the fund balance, as opposed to raising taxes or fees it causes an alarm. Mr. Wolfe noted that the Board recognized the fact that it was using its fund balance and the fact that it raised taxes the last two years was very good. Mr. Crissman noted that it was supportive for maintaining the same rating.

Mr. Hawk questioned if outside municipalities impact the Township's ratings. Mr. Bova answered, overall, the local County would impact it. He noted that Moody's would look at the school district if it had contiguous borders with the Township and Dauphin County. He noted, for example, Upper St. Clair would be a triple A community if it was in the eastern part of the state; however since it is in Allegheny County it only has a AA+ rating. He noted that the County and other municipalities can bring down a bond rating.

Mr. Bova noted that he was able to market the deal without insurance, noting that insurance for this deal would have been 42 basis points and it would have required a premium deposit of \$38,000 in order to have the Aa2 rating from the insured guaranteed. He noted that another deal done today that had insurance was 15 to 20 basis points higher.

Mr. Bova noted that on page 13 of the Sources and Uses of Funds documents, it shows the refunding of four issues showing the proposed debt service with a total of \$12,252,159.86. He noted that the debt service decreases in 2012 and is level going forward, extending the debt service to 2025. He noted that his goal was to structure the deal so that no tax increase would be needed to support the debt service. He noted page one shows that a small piece of the bonds were taxable while the majority were tax exempt. He noted that he sold some of the bonds at less than

par, and the current refunding includes 2009 B, 2006, 2010A and some 2010 A Series bonds on the taxable base. He noted additional fees include the Underwriter's Discount of \$35,500.00 and the Costs of Issuance at \$42,500.00; with First Pricing on March 2, 2012, Delivery March 29, 2012, and First Coupon on November 15, 2012. Mr. Wolfe explained that it is not a lot of money but a very complicated deal.

Mr. Crissman questioned if the refunding would have any impact on the debt service at the Friendship Center. Mr. Wolfe noted that it would be very small. Mr. Crissman suggested that it would be for the first two years and then bump up. Mr. Wolfe noted that the extensions are for the new money only. Mr. Bova noted that the cost for issuance is for the most part confirmed with the contingency coming back to the Township.

Mr. Bova noted on page three, it shows the debt dedicated to the Township showing 2006, 2009B, 2010A bonds and debt service.

Mr. Bova noted that the yield on this deal is 2.6788% which is incredibly low. He noted with a five-year call it is possible that these bonds could be refunded in five years. He noted for the taxable portion of \$695,000.00, the rate is half a percent. He noted that he found it amazing that he could find buyers that were anxious to buy bonds for half a percent yield for seven months.

Mr. Wolfe noted if you look at the debt service for this year, it would go from \$876,462 to \$850,128, providing the Township a \$26,000 savings. Mr. Bova noted that he is very please with the job that his desk did on the yield.

Mr. Bova noted that the Bond Purchase Agreement (BPA) has been circulated to the solicitor, administration, and bond counsel, and reviewed and approved, only finding one typo. He noted that it is a standard PBA that is almost identical to every other agreement that has been presented to the Board except the amounts and terms are relevant to this issue.

Mr. Bova noted that the Bond Ordinance that Mr. Smida will review will authorize the execution of the BPA which would lock in the rates and the transaction.

Mr. Tom Smida, Mette Evans and Woodside, noted that the Board would authorize the borrowing of an additional \$2 million for storm sewer remediation project and software. He noted that it is not a refunding to refunding. He explained that he provided an updated copy of Ordinance 2010-04 as he added an escrow provision because of the advance refunding. He noted, by this ordinance, the Board would authorize the issuance of two bond series of general obligation bonds, series A in the amount of \$2,855,000 and series B bonds in the amount of \$695,000 sold on a taxable basis to do a portion of the refunding of the 2010A bonds. He noted that it is a different refunding as it authorizes both the combining of the capital projects with the refunding project and the taxable refunding project. He noted that it sets forth all the requirements of the Local Government Unit Debt Act, authorizes the execution of a Bond Purchase Agreement with Boenning and Scattergood, accepts their proposal for the sale of both bond Series A and Series B, sets forth the requirements under the Internal Revenue Code, the Securities Exchange Act, and the new requirement for the Municipal Securities Rule Board concerning continual disclosure. He noted that the Tax Anticipation Note that was completed earlier this year would not count, and it is considered a small issue.

Mr. Bova noted that he needed information yesterday and Tim Houck came through. He noted that the surprise was the speed in getting the rating from Moody's as they normally take two weeks and they put it together in three days. Mr. Bova noted that the beauty of it is that it is a good credit, and it makes it so much easier. He noted that it was good that the Board raised taxes and did not dip into the surplus funds. He noted that it is very important to the rating company as it shows a willingness to address potential problems, as well as make necessary cuts in the budget.

Mr. Crissman made a motion to approve Ordinance 12-04; the authorization for the issuance of bonds for the refunding of existing debt and the new capital projects as presented. Mr. Blain seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Adjournment

There being no further business, Mr. Blain made a motion to adjourn the Special Board Meeting. Mr. Crissman seconded the motion, and the meeting adjourned at 7:27 p.m.

Respectfully submitted,

Maureen Heberle  
Recording Secretary

Approved by,

Gary A. Crissman  
Township Secretary