

**Finance Committee Meeting Minutes
Montgomery Township
Thursday, January 24, 2013**

The Finance Committee meeting of January 24, 2013 was called to order by Chairman John Holsinger at 7:40 pm.

Present at the meeting were:

Committee Members: Jim Kelly, John Dale, Joe Kobulsky, John Holsinger and Anthony Diasio
Board of Supervisors: Michael Fox
Finance Director: Shannon Drosnock
Accounting Supervisor: Vickie Zidek

On a motion by Mr. Kelly, seconded by Mr. Kobulsky, the Minutes of the November 29, 2012 meeting were approved.

The Committee held a reorganization meeting to appoint a new Chairman and Vice-Chairman. Mr. Dale was appointed temporary Chairman to entertain nominations for Chairman. Mr. Kelly and Mr. Kobulsky both nominated Mr. Holsinger for Chairman. On a motion by Mr. Kelly, seconded by Mr. Kobulsky, Mr. Holsinger was appointed Chairman. Mr. Holsinger entertained nominations for Vice-Chairman. Mr. Diasio nominated Mr. Dale for Vice-Chairman. On a motion by Mr. Diasio, seconded by Mr. Holsinger, Mr. Dale was appointed Vice-Chairman.

In other business, Mr. Fox updated the Committee on the status of the Community Center project and the related financing. He let the Committee know that the Township went out for a bond rating through S&P and received a AA+. This rating is good for 90 days. He also provided clarification on the bank qualified (BQ) annual cap which can be expanded over the \$10M when refunding other financing but the per issue limit cannot be more than \$10M. Ms. Drosnock outlined the steps taken to date for the Community Center Project, which are listed below:

STEPS TAKEN TO DATE FOR THE RECREATION/COMMUNITY CENTER

1. February - Purchase of the Land - \$1.5M
2. May – Site Stabilization Work
3. June - Feasibility Study RFP Awarded
4. August – Engineering Services – Site Survey needed for Feasibility Study
5. September – Engage Bond Underwriter
6. October through December – Review financing options with Finance Committee
7. December –
 - a. Apply for bond rating from Standard and Poor's
 - b. Public Meeting to discuss results of Feasibility Study and discuss financial plan
8. January – Received bond rating – AA+
 - a. Finalize Preliminary Official Statement (POS) – already drafted
 - b. First Draft of Legal Documents (including draft ordinance and notice of intent)
9. *February/March
 - a. Pre-adoption advertisement in newspaper
 - b. RBC Markets bonds**

- c. Bond Sale/Adopt Ordinance
- d. Execute Legal Documents – File with DCED
- e. 20 days from 9(c) - receive approval from DCED
- f. Go to settlement – receive funds

*It takes approximately 3 Board meetings to have the bonds go to sale. The first meeting would authorize staff to move forward and have consultants prepare all the documents, the second meeting the BOS would authorize advertisement of the draft ordinance, the third meeting the bonds would be sold (during that day) and the BOS would approve the final Ordinance with the debt details (amort schedule, interest rate, etc.).

**If two bond issues are needed, there is an additional 3 weeks added into the timeline as GO Bond series must be sold AT LEAST 15 days apart.

Current Financial Scenario:

Building Costs -	\$9.5M
Open Space Commitment -	\$5.5M
Issuance Costs -	\$200K
Total Project -	\$15,200,000
Cash Reserves Utilized -	\$4.3M
Bond Issue (s) -	\$10.9M
Total Debt Service Payment -	\$550,000 (approximately 13 years)

Mr. Fox asked if the Committee had any questions regarding the above information and is asking the Committee to make a motion to approve the \$10M bond issue which will go to the Board of Supervisors at their meeting on January 28, 2013. The Committee asked where the remaining \$900K in the above calculations will come from. Mr. Fox informed them there is an 8% contingency built into the total project cost of \$15.2M so he is confident the final cost will come in lower than what is projected, also the Township will be applying for a state grant through Senator Greenleaf's office to cover some of the \$900K. There being no further questions, the Committee made the following motion:

We make a motion to approve the financial plan as:

\$10M bond offering – Bank Qualified, Single Issue, 30 year amortization, with debt service not to exceed \$550K.

Furthermore, the Committee recommends that the proceeds of the bond issue be used to pay down the balance of the outstanding Univest Bank loan to an amount of \$1M or less to avoid excess liquidity of the Township funds.

The Committee recommends that the BOS move forward immediately on this issue in an effort to capitalize on the current interest rate environment.

On a motion by Mr. Dale, seconded by Mr. Diasio, the motion passed unanimously.

The next meeting will be held on February 28th.

There being no further business, the meeting adjourned at 9:00 pm.

Respectfully Submitted,

Victoria M. Zidek
Accounting Supervisor