

**DOVER TOWNSHIP
BOARD OF SUPERVISORS MEETING
WORK SESSION
OCTOBER 13, 2014**

The Dover Township Board of Supervisors work session meeting for October 13, 2014, was called together at 6:00 PM by Chair Monica Love in the Meeting Room of the Dover Township Municipal Building. Supervisors present were Monica Love, Matthew Menges, Charles Richards, Stephen Parthree, and Stephen Stefanowicz. Other Township Representatives in attendance were Laurel Oswalt, Township Manager; Attorney Charles Rausch, Township Solicitor; Charles Farley, Township Public Works Director; and Trena Hall, Recording Secretary. L. Gordon Walker was present to discuss the refinancing of bonds. There were no citizens in the audience. This meeting has been recorded for minute purposes only.

The purpose of this meeting was to discuss the refinancing of the 2004 and 2008A Bonds with additional new money.

The 2004 and 2008 Bonds have call dates of 11/1/14 with no penalty. The 2004 Bond currently has \$3,940,000 outstanding with a high interest rate of 5% and 4 more years to pay. The 2008A Bond still has \$360,000 outstanding with an average interest rate around 4.6%.

Gordon Walker presented a few options for the refinancing and borrowing of the current debt service of the Sewer Authority.

The initial options presented included no new debt. This total amount of \$4,440,000 includes the 2004 Bond of \$4,065,000 and the 2008A Bond of \$375,000.

Proposals were presented that include taking the savings up front or overtime. A savings of \$287,000 or 7% is estimated on the 2004 series and \$32,000 or 9.26% on the 2008A series if the savings is taken up front.

If the savings is spread out over time, the annual debt service on the 2004 Bond would be reduced by approximately \$7,200 per year. The 2008A series would also incur more savings. The subtotal of savings both series is estimated at \$322,000 for the upfront option and \$329,000 for the overtime option.

These proposed savings are based on the current market.

The Authority is looking to borrow \$2,045,000 in new money. Bonds would be sold at the end of November and would close before or after Christmas.

Gordon Walker proposed three structures for the payback on the new money.

First is a 15 year Level Structure. The interest rate is higher and the average rate is 2.6%.

Second is a 20 year Level Structure. Payments go from \$164,000 down to \$133,000. The average rate is higher at 2.87%.

Third is a Wrap Around Structure where the Authority will have a shorter debt service term. This \$2,000,000 debt can be paid back in 10 years. Again, there is the option of taking the savings upfront or overtime.

Gordon Walker prefers the Level Savings. With the joint interceptor work that will be needed, significant borrowing is going to be needed. That debt can also be wrapped without a large increase to the annual debt service.

Gordon Walker noted the proposed schedule. The credit rating will be confirmed on October 14, 2014. The rating will be received in early November and the Board will be asked to consider the ordinance to guarantee the bonds at the Nov. 10, 2014 meeting, noting a not to exceed amount for the new money. Bids will be taken on November 19, 2014. Finalized numbers will be proposed to the Authority. The Authority will be asked to consider the bond resolution at their 7PM meeting and closing would occur in mid to late December.

Gordon is asking the Board to provide their preference tonight on which borrowing structure and how to payback the debt. He noted that there is a debt service reserve fund that secures the 2004 bonds. There are no reserve funds on guaranteed AA credit Bonds. The Township is accepted as a good credit risk. Since we are disposing of the 2004 bond, \$1,134,000 is going to be available. This money could be applied to the joint interceptor project, lessening the need to borrow as much sometime next year but will not be available in time for construction.

M. Menges questioned what the \$2,000,000 will be used for. Manager Oswald noted that this money will be used for the WWTP belt press project.

Manager Oswald would like to see that the debt is spread out so when the Township will go to borrow more money, we don't see a huge impact to our debt service. She does not want to see

a rate increase. This Wrap Around Structure would have the least impact for the next 9 years for the Township and the joint users.

The Sewer Authority is looking to the Township to provide a recommendation since the Township is the one who pays the debt service out of the Sewer Fund and will pass the guarantee ordinance to authorize the borrowing.

S. Parthree questioned if the \$2,000,000 needs to be borrowed since the \$1,134,000 will be available. Manager Oswalt explained that the Township does not know when the funds will be available and the proportion allotted to each municipal user. It will not be immediately available for construction and research must be done to determine the origin of the funds. The belt project will be a joint user project. The \$1,134,000 can be applied to that project lessening the amount to be borrowed.

Motion by C. Richards and seconded by S. Stefanowicz to accept the wrap around structure with the level savings plus the \$2,000,000 in new money, as presented. **Passed** with 5 ayes

2015 Budget Finalization

The purpose of this meeting was to finalize the 2015 Budget. There is still a \$34,960 deficit.

Solid Waste Collection

10427.37 – Maintenance/Repair – There was a miscommunication and this line item will decrease from \$10,000 to \$3,500.

Golf Course Property

10455.70 – Capital Improvements – The price to paint the barn was a firm quote at \$9,800. Wayne Latchaw offered to eliminate this project and do small repairs. The Board will revisit this line item after further discussion.

Community Building

10459.30- Contractor Service – Janitorial Services will be up for bid and that cost may rise. The Board decided to decrease the allotted amount by \$2,418.

Highway

10430.28 – Training – Glenn Kern was fine with decreasing this line from \$2,000 to \$500.

The Board questioned again the painting of the barn. If the barn amount is removed this would decrease by another \$10,000. The Board also discussed the research that was completed on the past stormwater permits. By charging the \$.30 on all new projects, an estimated \$20,000 in additional revenue would have been received. The remainder of the budget can be balanced with this.

Board Consensus was to leave the barn painting in at \$8,000 and raise the revenue side on stormwater fees by the amount still needed to balance the budget. Line item 10359.01 will be raised to around \$37,542.

The budgeted amount of \$1.2 million is only an estimated amount to carry over. The audit finalization will determine how much the Township actually carried over into 2015.

With no further comments, the work session was adjourned by Chair Love at 6:54 PM.

Respectfully submitted by: _____
Trena M. Hall, Township Secretary