



Board of Supervisors

Special Meeting

425 Wells Road
Doylestown, PA 18901
www.doylestownpa.org
Twitter: @DoylestownTwp
www.facebook.com/doylestowntwp
215-348-9915

~ Minutes ~

Tuesday, January 24, 2017

5:00 PM

Public Meeting Room

I. 5:00 PM REGULAR MEETING

Members of the Board of Supervisors in attendance included Chairperson; Barbara N. Lyons, Vice Chairman; Richard F. Colello with Supervisors; Ken L. Snyder and Shawn Touhill.

Township Staff in attendance included Township Manager; Stephanie J. Mason, Director of Operations; Richard E. John and Dave Tomko, Township Solicitor; Jeffrey P. Garton, Chief of Police; A. Dean Logan and Township Engineer; Mario Canales.

Supervisor; Ryan Manion was present via phone

A. Pledge to the flag

Prior the meeting, the Board met in Executive Session to discuss a zoning issue regarding the location of the Township's pumping station, property owner and an upcoming hearing.

II. ANNOUNCEMENTS

- A. The next meeting of the Board of Supervisors is scheduled for Tuesday, February 7, 2017 at 4:00pm
- B. There is a Pension meeting scheduled for Tuesday, February 7, 2017 at 3:00 PM
- C. Movie and Ski Tickets are available through the Township at discounted prices. For more info contact our Administration Offices or online at www.doylestownpa.org
- D. Christmas Tree Drop-Off - Trees can be dropped off at the New Britain Road entrance of Central Park until February 14th.
- E. Stormwater Survey – located on our website under Information /www.doylestownpa.org. Deadline is February 28th
- F. The next meeting of the Bicentennial Committee is scheduled for Tuesday, February 7, 2017 at 2:00pm

III. NEW BUSINESS

Mrs. Lyons announced Supervisor; Ryan Manion is attending today's meeting via telephone.

- A. Consider the Adoption of Ordinance to Finance the Construction of Municipal Complex and a Bridge Replacement

Mrs. Lyons reported; the Board will consider the adoption of the Ordinance to Finance the construction of the Township's Municipal Complex and to replace the Chapman Bridge. Prior to the meeting, the Board was presented with the proposed ordinance and was duly advertised through The Intelligencer on January 22, 2017.

The PFM Group:

Managing Director of The PFM Group; Jaime Doyle presented the Board with a Bond Sale Document, which contains the result of the competitive, internet auction held earlier today. The result totaled a \$9,940,000 of general, obligation bonds.

Ms. Doyle reviewed the Bond Sale Document as...

Page one indicates the current interest rate is below historic average, which is good news. The day to day movement of the Municipal Marketplace Data (MMD) index shows a knee jerk reaction to the recent Presidential election. Almost half was recovered in the past two months, mainly in the month of January.

Pages two through six indicates; the Township's Moody's Investor Service Credit Report as an upgrade from Aa2 to Aa1. The upgrade was a positive addition to the financing and essential in receiving the bond sale. Ms. Doyle congratulated the Township on a job well done and commented; it's very rare to view an upgrade during the bond sale process.

Page seven summarizes the forty-four bids received from five different writing syndicates. This action shows the interest and demand of the bond sale. With the large bidding syndicate list and due to the Township's excellent credit, there was no need to pay for bond insurance. Having no bond insurance saved the Township \$20,000 in costs.

The paying agent will be Manufacturers and Traders Trust Company, who was the lowest cost provider. The paying agent is responsible for sending the monthly invoice, keeping track of the end bond holders and disburse payments to the appropriate investors. The optional redemption date is April 1, 2022 and is the date the Township will have the right to call the bonds back for the holders.

Page eight summarizes the entire forty four bids received. Ms. Doyle reported; there were twelve activations of the two minute rule. The chart notes the change with an asterisk (*), where a change occurred and the party took the first place position. This was another accolade that showed the high demand of the Township's bond sale.

Page nine showcases the two step plan with the twenty five year, level option was selected. Under column six, step one shows the actual debt services for the transaction. Comparing to a October Bond Sale Document, the Township is paying less interest by \$1,004,186 over the life of the bond sale. Also, a reduction in the milage equivalent went down by 1.5 mils.

Page ten summarizes the amortization schedule, which notes the winning coupons under column three and the winning yields in column four. Under column seven the current debt services levels off and payments average \$500,000 to \$600,000 per year. Compared to the October Bond Sale Document, payments were projected at \$650,000 per year.

Page eleven indicates should the Township accept the winning proposal, settlement will be scheduled for February 28, 2017. The rate reported to the Internal Revenue Service is noted under Yield of the Issue at 3.064555. It will be effectively issuing the bond sale at approximately \$10,000,000.

The bond issue was down sided slightly with the principal amount at \$9,940,000 due to an additional net original issue premium at \$55,798.30. The grand total is \$9,995,798.30 as the bank threshold. The premium is explained as the investors who wanted the Township's bond in 2019, 2020, and 2021 requested a 3 and 4% coupon, which is higher than the market rate. In exchange, the investors will pay the Township back more than 100 cents on the dollar. When the two are blended together, it equals the total market yield. The historic benchmark and cost of issuance are usually budgeted at 2%. The Township's cost of issuance is at a 1 1/2%.

Ms. Doyle concluded by stating The PFM Group recommends the Township accept the winning proposal received from Janny, Montgomery Scott.

Mr. Colello commented for edification; with the Township's excellent credit, they upgraded due to their strong balance sheet which is rare for The PFM Group to experience. Additionally, the upgrade is a testament to a job well done by the Township staff, Boards of Supervisors and Ways & Means Committee. Ms. Doyle agreed and stated upgrades do not happen every day and the Township's upgrade was a nice addition to the financing.

Mrs. Lyons questioned; what is the interest rate. Ms. Doyle answered; the blended arbitrage yield is the rate considered by the Internal Revenue Service. The entire issue is over 3.06%.

Obermeyer, Rebmann, Maxwell & Hippell, LLP:

Mr. Matthew J. McHugh of Obermeyer, Rebmann, Maxwell & Hippell, LLP prepared the Bond Sale Ordinance, where it confirms all actions completed by The PFM Group towards the bond sale and authorizes the issuance of the bond. The Bond was awarded to Janney Montgomery Scott as the successful purchaser, if chosen by the Township. It also contains the normal provisions required under the local government unit, including the paying agent as Manufacturers and Traders Trust Company (M&T). It also includes different covenants and requirements expected at closing, such as tax matters and the bank qualified status of the bond. Most important, the ordinance authorizes the filing of the application to the Department of Community and Economic Development (DCED). Mr. McHugh indicated; he will prepare the DCED ordinance, if the Board chooses to adopt it. Once submitted, DCED will then authorize the issuance of the debt.

Mrs. Lyons requested clarification of the paying agent. Ms. Mason answered; the paying agent is Manufacturers and Traders Trust Company (M&T). The PFM Group sought out three proposals, where M&T presented the lowest proposal to be the paying agent.

Mrs. Lyons referenced page eleven, section 24 under further actions and noted; the officers of the Township are defined under paragraph twenty. She then questioned; if the definition of authorized officers can be changed to a cleaner statement. She suggested to have the section defined as proper officers. Mr. McHugh agreed and offered to have a slip page inserted noting the correction. Mr. Garton suggested to save the pagination and forward to Ms. Mason to include with other pages needed for signatures.

Public Comments:

Chirs Ullery of The Intelligencer questioned if the Board accepted the bond issue. Mr. Garton clarified; the Ordinance authorizes the Township to issue bonds, which are promises to pay bond holders certain sums of money at certain interest. In exchange, the bonds are purchased by investors.

Thus the Township receives money back from the investors who purchase the bonds. Ms. Lyons added; the Township will pay back the money at a very good interest rate due their excellent financial standing.

Mr. Snyder made a MOTION; seconded by Mr. Colello the Doylestown Township Board of Supervisors approve the Ordinance to Finance the Construction of Municipal Complex and Chapman Bridge Replacement as identified and described by Matthew J. McHugh of Obermeyer, Rebmann, Maxwell & Hippell, LLP.

MOTION was ADOPTED 5 to 0.

Resident: Bob Salanik of 206 Pebble Ridge Road congratulated the Board and Township staff. He stated; the bond rating upgrade was a good thing for the Township. The excellent credit rating is a good way for the Township to sell themselves as a community and show where they are going. Mr. Salanik commented on other items, such as, no bond insurance required that saved \$20,000 and having forty four bids from five different vendors shows how strong the Township status is.

Mr. Snyder thanked the Ways and Means Committee for their hard work. Ms. Lyons commented; during a conference call, it was noted another strength, which was a factor in receiving the bond issuance, was the Parks and Recreation Department excellent programs.

Mr. Snyder questioned; what are the next steps with the bond issuance. Mr. Garton answered; the bond issue will close on February 28th. After the 28th, a wire transfer will be issued to a separate, distinct fund. As noted in the ordinance, the adopted resolution notes the Township can pay themselves for expenditures incurred. This will enable funds to be drawn down expended previously on account of the projects.

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V. ADJOURNMENT

Hearing no further business, the January 24, 2017 Doylestown Township Board of Supervisors Special meeting was adjourned at 5:20pm.

Respectfully submitted by

Stephanie J. Mason