

LOWER PAXTON TOWNSHIP
AUTHORITY MEETING

Minutes of Township Authority Meeting held April 1, 2008

An administrative meeting of the Lower Paxton Township Authority was called to order at 7:35 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; Steve Stine, Township Solicitor; and Tom Smida, Mette, Evans, and Woodside.

Pledge of Allegiance

Mr. Seeds led the Pledge of Allegiance to the flag.

New Business

Resolution 08-05, authorizing and approving a subsidy agreement with Lower Paxton Township

Mr. Smida noted that on February 27, 2008, he met with the Board members during an Authority meeting to consider a proposal to move forward on a refunding project for the Township General Obligation Bond Series 2002. He noted that, at that time, the refunding would have saved the Township up to \$150,000.00 or a little more than 2% of the present value of the refunded bonds. He noted that since that time, the opportunity has gone away, but as of today, the market is moving back into the Township's favor. He explained that the market is not far from the initial target set of a minimum of 2%, and suggested that he may be able to do better than 2%.

Mr. Smida explained that the Township retired certain Authority debt beginning in 1999 and these bonds are retiring the 2002 obligation that were subsidized by the Authority's obligations in a form of a pledge of sewer revenues to address the debt issues. He noted by refunding the bonds, he would be easing the burden on the Authority, but in order to keep the debt self-liquidating for purposes of the Township's debt, the Authority has entered into a revised subsidy agreement to continue to subsidize the debt. He noted that the obligation after the transaction, once it closes, will be less of a burden than it was before.

Mr. Smida noted that the proposal in the form of the resolution that is before the Board is to authorize the Authority to move forward to deliver a subsidy agreement, if and when the Township deems it appropriate to enter into a bond purchase agreement to issue bonds to retire a portion of the series of the 2002 bonds that are currently outstanding with an approximate principal amount of \$4,565,000.00.

Mr. Hawk noted that the words "if" and "when" become the operative words. Mr. Smida explained that the market has been moving into the Township's favor. Mr. Smida noted that Moody's has agreed that they will confirm the Double AA Three rating for the Township, and as a result of that, he was able to receive two quotes for bond insurance, one from FSA and another from Assured Guaranty. Mr. Hawk questioned if the 30 basis points are from FSA. Mr. Smida noted that that was their quote from February and those markets have moved away.

Mr. Hawk noted that the Township was considering 2% as a target. Mr. Smida noted that it was the minimum target discussed. Mr. Hawk noted that the Board would prefer to set the minimum target rate at 2.5%. Mr. Smida noted that he would do that.

Mr. Crissman noted that he wanted to be assured that the 2.5% minimum is net savings. Mr. Smida answered that it would be net of issuance, cost of insurance, rate and fees. Mr. Crissman questioned if this needed to be noted in Resolution 2008-05 and the Township's Ordinance 2008-05. Mr. Smida noted that the Ordinance for the Township states that it could

only be enacted upon the submission of an acceptable bond purchase. He noted that he did not set a floor since he was hoping to be able to provide for a higher target rate. He noted that he would direct the underwriters not to come to him until they can reach the target of 2.5%. Mr. Crissman noted that the only official record of the rate would be the minutes from this meeting. Mr. Hawk suggested that it could be part of the motion. Mr. Smida agreed that it could be part of the motion.

Mr. Seeds questioned if the authorization is good for the year 2008. Mr. Smida noted that the 2002 bonds are callable anytime after May 1, 2008. He noted that the Resolution would be in effect until it is amended or the Board follows through with the transaction.

Mr. Blain made a motion to adopt Resolution 2008-05, to authorize and approve the subsidy agreement with Lower Paxton Township in that the Township would be provided with a minimum net savings of 2.5%. Mr. Crissman seconded the motion, and Mr. Hawk called for a roll call vote: Mr. Blain, aye; Mr. Crissman, aye; Mr. Hornung, aye; Mr. Seeds, aye; and Mr. Hawk, aye.

Adjournment

There being no further business, Mr. Hornung made a motion to adjourn the meeting. Mr. Blain seconded the motion, and the meeting adjourned at 7:44 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by:

Gary A. Crissman
Authority Secretary