



## BOARD OF COMMISSIONERS

**SPECIAL PUBLIC MEETING -5P**

**AGENDA-MINUTES**

**Monday, October 18, 2021**

**1. CALL TO ORDER: 5 p.m.**

Roll Call taken as follows:

Commissioner Wolk: HERE  
Commissioner Long: HERE  
Commissioner Setton: HERE  
Commissioner Kelly: HERE  
Commissioner Morgan: HERE

**Attendees:**

Commissioner Christina (Tori) Morgan, President  
Commissioner Diane Kelly, Vice President  
Commissioner Michael Wolk, Assist. Secretary  
Commissioner Joe Setton  
Commissioner Ben Long  
Joseph Zator, Twp. Solicitor, Zator Law  
Anthony Tallarida, Twp. Engineer, The Pidcock Company\*  
*\*Not in attendance*

Randy Cope, Interim Township Manager/Dir. of Twp. Operations  
Herb Bender, PW Manager\*  
Mike Elias, PW Utility & MS4 Coordinator\*  
Mike Kukitz, Parks & Rec Manager\*  
Scott Boehret, Finance Manager  
Chief Glen Dorney, SWT Police Department  
Dave Manhardt, Director of Community Development  
Tracy Fehnel, Exec. Assistant

**2. PLEDGE OF ALLEGIANCE**

**3. NOTIFICATION: All Public sessions of the South Whitehall Township Board of Commissioners are electronically recorded, filed, and posted on BoardDocs for the Public's access.**

**\*(boarddocs.com; USERNAME: swhitehall; PASSWORD: swtpublic)**

**4. ORDINANCES:**

**a. Ordinance 1058 - "Issuance of General Obligation Bond Ordinance"; Motion to Decide Final Amount for the "2021 Bonds"**

Jamie Schlesinger, Director, PFM Financial Advisors LLC presented as follows:

Jamie gave the Board an update with regard to the financing process. We have now gone through the Preliminary Official Statement process and then ultimately getting it to a credit rating agency. This is done. Tomorrow we expect to hear back from Moody's Investors Service. A presentation was given to the rating agency to give them a backdrop over the last decade of things that happened in the Township. We do not yet have rating, but hope to fall within the AA rating—felt the call with the rating agency went well and was a very positive one. If all goes well, we will have a strong rating, which will allow us to go to the bond market.

The expectation is that, assuming the Board will decide on a bond amount this evening, we will begin to preliminarily price the bonds. The plan is to go out and price the bonds on the 21<sup>st</sup>. We would lock in the final interest rates.

New money – In the ordinance we established a maximum principal amount of \$15M. The amount you choose will be used to refinance your existing debt, as well as, if necessary, some addition funds for Capital projects. If we get a number this evening, tomorrow we

can get some pre-pricing, and establish the number for the capital projects itself (perhaps \$500,000-\$1.5M).

Regarding the market, we are experiencing some historical lows right now.

Option 1: Debt to take out, approximately \$9M balance for the 2019 Campus Renovation Project; 2014 and 2018 Notes were established to refinance existing debt—refinancing portion could total \$12.5-13M.

The amount left after that? If the Board decides not to borrow any additional funds for Capital, payment would be approximately \$600,000/year.

Option 2: If the Township borrows approximately \$500,000 for Capital projects? This would amortize over a 20-year period. The incremental amount you would pay is \$30-35,000/year.

In year 8, if necessary, the Township can go back and refinance the bonds. That being said, if you have extra money and you wanted to pay down debt, you can put money in escrow, but it just has to sit in escrow until year 8, however this isn't that efficient.

Option 3: This gets you a total of \$15M of proceeds. You would end up with about \$2.4M worth of money for Capital projects. The idea is, the rates are low now, we have a capital improvement plan, instead of using our own reserves for that, we can borrow the funds for that particular project. Instead of the payment being at \$30,000, it would be about \$155,000 called worst-case scenario. As far as interest is concerned, you would end up paying about \$979,000 total.

Question is: Would you rather use proceeds to issue debt that goes long-term (i.e. roads/bridges, w/long-term useful lives) vs. using your own Capital—your own money. In the end, Jamie said, it seems to make sense to at least amortize some of this, because some of these projects will have useful lives over 20 years—you want to amortize debt for the period of how long it will be out there for. But, if you want to reduce additional expenses, don't borrow the extra money.

Two things to consider, based on the credit rating the Township has, you want to maintain strong fund balances (approximately 20%), because that is a major criteria when looking at your credit rating. A strong balance will put you in a better position for a better credit rating, which will give you lower interest rates for future borrowing. It is a delicate balance of having strong reserves, strong demographics to where you feel comfortable if you have an emergency and/or if you want to borrow debt in the future.

The amount the Township decides upon—The Township needs to reasonably expect to spend the money (85% of it) in three years, per the IRS. This prevents you from borrowing too much.

A MOTION was made by Commissioner Setton to get a bond to borrow in the amount of \$12.579M, and in addition to that, \$600,000 for Capital Improvement Projects. The motion was seconded by Commissioner Long.

Roll Call vote as follows:

Commissioner Wolk:	NO
Commissioner Long:	AYE
Commissioner Setton:	AYE
Commissioner Kelly:	NO
Commissioner Morgan:	AYE
Motion carries.	

Clarification of votes:

Commissioner Wolk – For clarity, he fully supports the Wehrs Dam project, and does not want any discussion with regard to financing to indicate otherwise. I will stand on principal and vote NO regarding putting that financing into this bond.

Commissioner Setton – For clarity, YES, for the vote of the people for Wehrs Dam.

Commissioner Kelly – For clarity, she said NO, and will not support this. I do support the \$12.5M to refinance our debt. And, the Wehrs Dam monies—we have \$200,000 already set aside, and we have almost \$6M in our Capital Fund to use to finish funding that project. I will not agree to go into further debt, and we should just pay this off next year.

Commissioner Morgan – For clarity, stated YES. At length we discussed our responsibility to create a fiscal stability fund, and to look into the future, and plan for the future, which I feel this does.

Jamie Schlessinger said we will hopefully receive good news on the rating tomorrow which Scott will convey to the Board. Additionally, will have the final numbers on the 21<sup>st</sup>.

5. **COURTESY OF THE FLOOR:** None.

6. **EXECUTIVE SESSION:** None.

7. **ADJOURNMENT:** At 5:58P, a MOTION was made by Commissioner Kelly, which was seconded by Commissioner Setton, to adjourn. All in favor; none opposed.

8. **APPROVED:** November 17, 2021

On November 17, 2021, a MOTION was made by Commissioner Morgan, which was seconded by Commissioner Kelly, to approve the October 18, 2021, Special BOC Meeting Minutes (re-the Bond Issuance) as presented. All in favor; none opposed.

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# South Whitehall Township

## *Financing Discussion*

**October 18, 2021**

**Prepared by:**

**Jamie Schlesinger**

*Director*

**&**

**Melissa Hughes**

*Senior Managing Consultant*

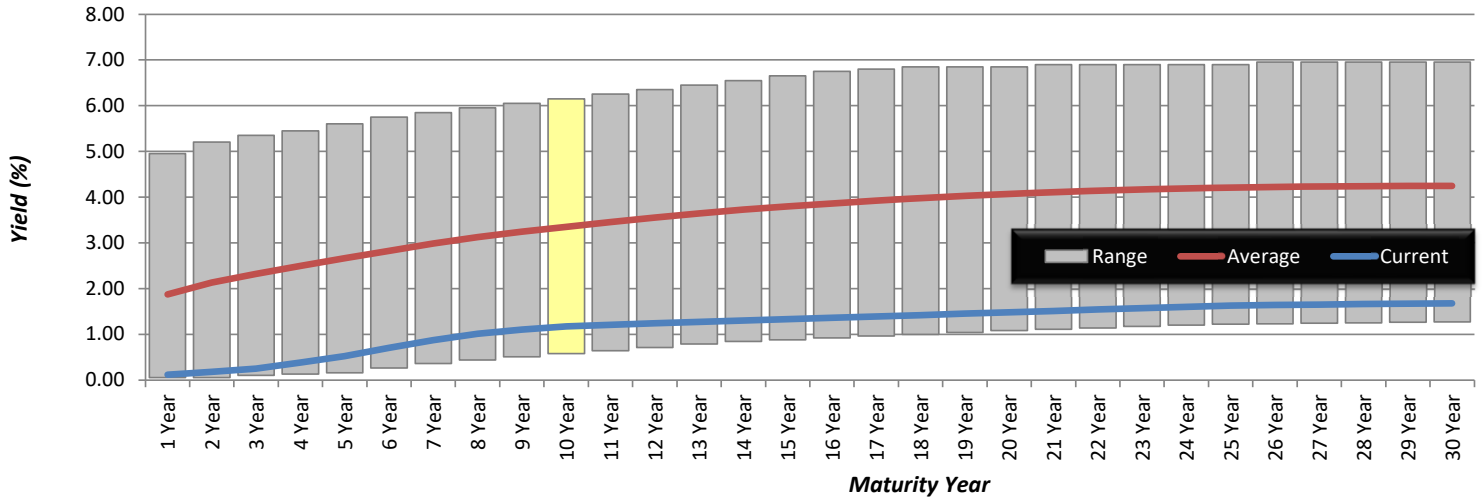


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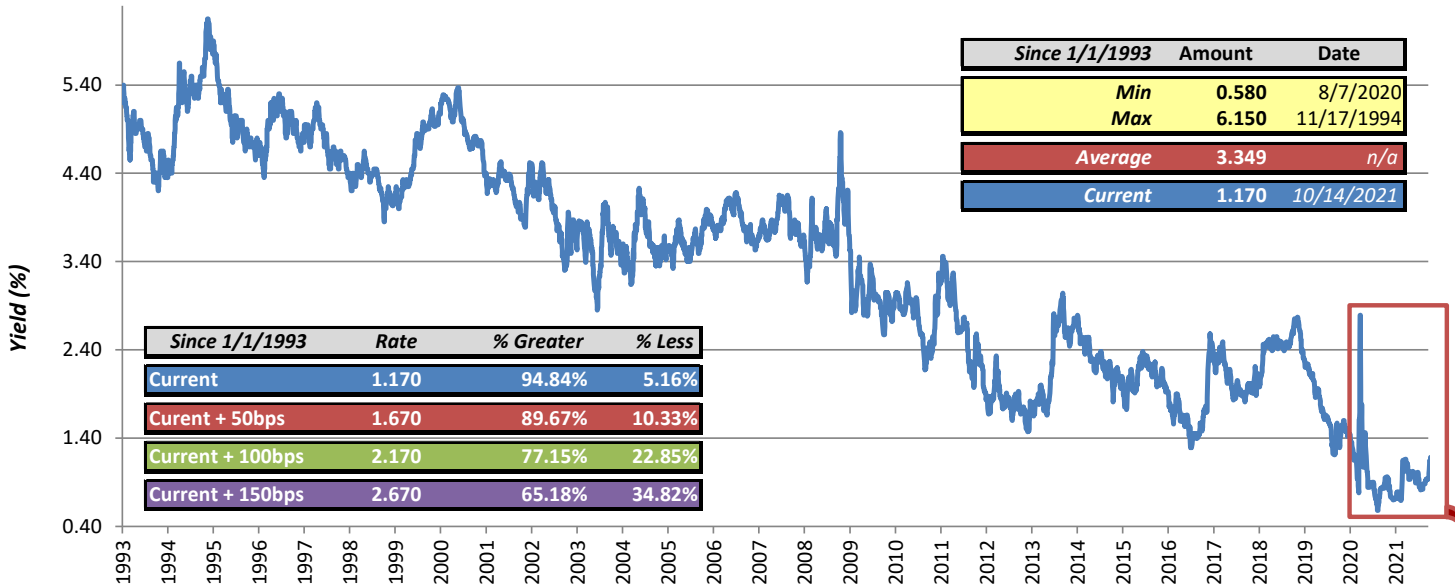
# MUNICIPAL MARKET UPDATE

October 14, 2021

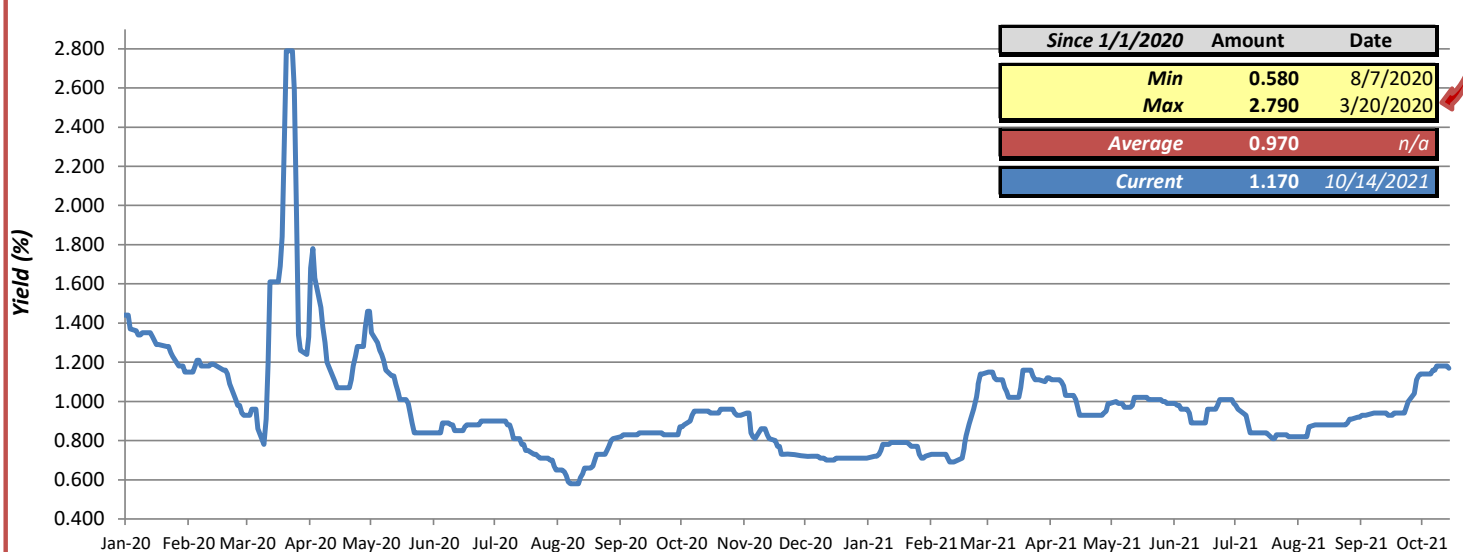
## HISTORICAL MMD CURVE ILLUSTRATION - SINCE JANUARY 1, 1993



## SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 1993



## SPOT ANALYSIS - 10 YEAR MMD - SINCE JANUARY 1, 2020



**TOWNSHIP OF SOUTH WHITEHALL  
SUMMARY OF OUTSTANDING INDEBTEDNESS**

**Debt Service Requirements**

	1	2	3	4	5
Fiscal Year Ended	G.O. Note Series of 2014	G.O. Note Series of 2018	G.O. Note Series of 2019	Tax-Exempt Debt Service Total	
12/31/2021	184,845	301,753	9,315,000	9,801,598	
12/31/2022	184,403	302,781		487,184	
12/31/2023	184,892	302,402		487,294	
12/31/2024	178,275	302,093		480,368	
12/31/2025	170,917	301,808		472,725	
12/31/2026	171,157	301,893		473,050	
12/31/2027	171,127	301,295		472,422	
12/31/2028	170,827	301,015		471,842	
12/31/2029	171,257			171,257	
12/31/2030	171,372			171,372	
12/31/2031	96,889			96,889	
12/31/2032					
12/31/2033					
12/31/2034					
<b>TOTAL</b>	1,855,962	2,415,039	9,315,000	13,586,001	
<b>Principal *:</b>	1,551,717	1,989,000	9,000,000	<b>12,540,717</b>	

<b>Call Date:</b>	Anytime	Anytime with Provision	Anytime
<b>Purpose:</b>	New Money	Cur Ref Authority's 2014 & New Money	New Money
<b>Fixed Rate:</b>	2.31%	4.06%	3.50%
<b>Fixed Rate</b> <b>Assumed</b>	4/15/2024	10/15/2023	Maturity
<b>Variable</b> <b>Rate:</b>	4.50%	5.25%	N/A
<b>Maximum</b>	5.50%	5.25%	N/A

\* Outstanding as of October 15, 2021

**TOWNSHIP OF SOUTH WHITEHALL**  
**SUMMARY OF FINANCING SCENARIO**  
**OPTION 1**

		1	2	3	4	5
		<b>2014 Refunding</b>	<b>2018 Refunding</b>	<b>2019 Refunding</b>	<b>Additional Capital</b>	<b>Total</b>
<b>Bond Proceeds</b>		\$1,433,469	\$1,843,843	\$9,302,584	\$0	\$12,579,896
<b>Term</b>		10 Years	7 Years	20 Years	20 Years	20 Years
<b>Structure</b>		Level	Level	Level	Level	Level
6	7	8	9	10	11	12
<b>Fiscal Year Ending</b>	<b>Existing Debt Service</b>	<b>Est. Difference to Budget</b>	<b>Est. Difference to Budget</b>	<b>Est Debt Service Payment</b>	<b>Est Debt Service Payment</b>	<b>Total Debt Service</b>
12/31/2021	9,801,598			(9,157,500)		644,098
12/31/2022	487,184	(29,681)	(29,105)	442,653		871,051
12/31/2023	487,294	(29,292)	(30,402)	600,400		1,028,000
12/31/2024	480,368	(22,075)	(28,693)	599,000		1,028,600
12/31/2025	472,725	(19,317)	(27,408)	602,200		1,028,200
12/31/2026	473,050	(19,157)	(31,893)	599,800		1,021,800
12/31/2027	472,422	(18,927)	(30,895)	602,000		1,024,600
12/31/2028	471,842	(18,627)	(30,615)	603,600		1,026,200
12/31/2029	171,257	(19,257)		599,600		751,600
12/31/2030	171,372	(19,772)		600,200		751,800
12/31/2031	96,889	59,111		600,200		756,200
12/31/2032				604,600		604,600
12/31/2033				598,200		598,200
12/31/2034				596,400		596,400
12/31/2035				599,000		599,000
12/31/2036				595,800		595,800
12/31/2037				602,000		602,000
12/31/2038				602,200		602,200
12/31/2039				601,600		601,600
12/31/2040				600,200		600,200
12/31/2041				598,000		598,000
12/31/2042						
12/31/2043						
12/31/2044						
12/31/2045						
<b>TOTAL 13,586,001</b>		<b>(136,995)</b>	<b>(209,010)</b>	<b>11,847,653</b>		<b>15,930,149</b>

Estimated rates. Actual rates to be determined at the time of pricing.

**TOWNSHIP OF SOUTH WHITEHALL**  
**SUMMARY OF FINANCING SCENARIO**  
**OPTION 2**

		1	2	3	4	5
		<b>2014 Refunding</b>	<b>2018 Refunding</b>	<b>2019 Refunding</b>	<b>Additional Capital</b>	<b>Total</b>
<b>Bond Proceeds</b>		\$1,433,469	\$1,843,843	\$9,302,584	\$514,242	\$13,094,138
<b>Term</b>		10 Years	7 Years	20 Years	20 Years	20 Years
<b>Structure</b>		Level	Level	Level	Level	Level
6	7	8	9	10	11	12
<b>Fiscal Year Ending</b>	<b>Existing Debt Service</b>	<b>Est. Difference to Budget</b>	<b>Est. Difference to Budget</b>	<b>Est Debt Service Payment</b>	<b>Est Debt Service Payment</b>	<b>Total Debt Service</b>
12/31/2021	9,801,598			(9,157,500)		644,098
12/31/2022	487,184	(29,681)	(29,105)	442,653	30,921	901,972
12/31/2023	487,294	(29,292)	(30,402)	600,400	32,200	1,060,200
12/31/2024	480,368	(22,075)	(28,693)	599,000	31,600	1,060,200
12/31/2025	472,725	(19,317)	(27,408)	602,200	31,000	1,059,200
12/31/2026	473,050	(19,157)	(31,893)	599,800	30,400	1,052,200
12/31/2027	472,422	(18,927)	(30,895)	602,000	29,800	1,054,400
12/31/2028	471,842	(18,627)	(30,615)	603,600	34,200	1,060,400
12/31/2029	171,257	(19,257)		599,600	33,400	785,000
12/31/2030	171,372	(19,772)		600,200	32,600	784,400
12/31/2031	96,889	59,111		600,200	31,800	788,000
12/31/2032				604,600	36,000	640,600
12/31/2033				598,200	35,000	633,200
12/31/2034				596,400	34,000	630,400
12/31/2035				599,000	33,000	632,000
12/31/2036				595,800	32,000	627,800
12/31/2037				602,000	31,000	633,000
12/31/2038				602,200	35,000	637,200
12/31/2039				601,600	33,800	635,400
12/31/2040				600,200	32,600	632,800
12/31/2041				598,000	36,400	634,400
12/31/2042						
12/31/2043						
12/31/2044						
12/31/2045						
<b>TOTAL 13,586,001</b>		<b>(136,995)</b>	<b>(209,010)</b>	<b>11,847,653</b>	<b>656,721</b>	<b>16,586,870</b>

Estimated rates. Actual rates to be determined at the time of pricing.



**TOWNSHIP OF SOUTH WHITEHALL**  
**SUMMARY OF FINANCING SCENARIO**  
**OPTION 3**

	1	2	3	4	5
	<b>2014 Refunding</b>	<b>2018 Refunding</b>	<b>2019 Refunding</b>	<b>Additional Capital</b>	<b>Total</b>
<b>Bond Proceeds</b>	\$1,433,469	\$1,843,843	\$9,302,584	\$2,419,179	\$14,999,076
<b>Term</b>	10 Years	7 Years	20 Years	20 Years	20 Years
<b>Structure</b>	Level	Level	Level	Level	Level

6 7 8 9 10 11 12

Fiscal Year Ending	Existing Debt Service	Est. Difference to Budget	Est. Difference to Budget	Est Debt Service Payment	Est Debt Service Payment	Total Debt Service
12/31/2021	9,801,598			(9,157,500)		644,098
12/31/2022	487,184	(29,681)	(29,105)	442,653	149,954	1,021,006
12/31/2023	487,294	(29,292)	(30,402)	600,400	155,800	1,183,800
12/31/2024	480,368	(22,075)	(28,693)	599,000	152,800	1,181,400
12/31/2025	472,725	(19,317)	(27,408)	602,200	154,800	1,183,000
12/31/2026	473,050	(19,157)	(31,893)	599,800	151,600	1,173,400
12/31/2027	472,422	(18,927)	(30,895)	602,000	153,400	1,178,000
12/31/2028	471,842	(18,627)	(30,615)	603,600	155,000	1,181,200
12/31/2029	171,257	(19,257)		599,600	151,400	903,000
12/31/2030	171,372	(19,772)		600,200	152,800	904,600
12/31/2031	96,889	59,111		600,200	154,000	910,200
12/31/2032				604,600	155,000	759,600
12/31/2033				598,200	150,800	749,000
12/31/2034				596,400	151,600	748,000
12/31/2035				599,000	152,200	751,200
12/31/2036				595,800	152,600	748,400
12/31/2037				602,000	152,800	754,800
12/31/2038				602,200	157,800	760,000
12/31/2039				601,600	157,400	759,000
12/31/2040				600,200	156,800	757,000
12/31/2041				598,000	156,000	754,000
12/31/2042						
12/31/2043						
12/31/2044						
12/31/2045						

**TOTAL 13,586,001 (136,995) (209,010) 11,847,653 3,074,554 19,004,704**

Estimated rates. Actual rates to be determined at the time of pricing.



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