

BUCKS COUNTY CONSORTIUM

Thursday, April 6, 2006

Meeting Minutes

A meeting of the Bucks County Consortium was held at Warrington Township on April 6, 2006. The following individuals were present:

Vivian Bell, Warrington Township
John Boyle, Newtown Township
Lucien Calhoun, DVRFA
Rose Christie, Warwick Township
John Cornelius, New Britain Township
John Cornell, East Rockhill Township
Josphe Czajkowski, Upper Makefield Township
Dave Drye, Chalfont Borough
Deb Gentile, Penndel Borough
Tom Harwood, Newtown Township
Ben Jones, Bucks County Sewer & Water Authority
Rick Lee, Delaware Valley Insurance Trust
Jack McGinley, Bensalem Township
Linda McNeill, Tinicum Township
Daniel P. Olpere, Perkasio Borough
Bob Pellegrino, Newtown Township
Ron Petrosky, Lower Southampton Township
Jill Pistori, Buckingham Township
Richard Sabol, Upper Southampton Township
Herb Schoell, Upper Southampton Township Sewer & Water Authority
Tom Scott, Warwick Township
Stephen Sechriest, Richland Township
Brian Shapiro, West Rockhill Township
Brian Shearer, PFM Group
Dale Smith, Premier Bank
Ray Stepnoski, Buckingham Township
Elizabeth Sunday, Plumstead Township
Robin Trymbiski, New Britain Borough
L. Gordon Walker, PFM Group
Gail Weniger, Warwick Township

Preliminary Remarks

Gail Weniger called the meeting to order, announced the morning's agenda, and thanked Warrington Township for sponsoring the April meeting of the Bucks County Consortium.

Approval of Minutes

John Cornelius made a motion, seconded by Joe Czajkowski, to approve the Minutes of *March 2, 2006*. Motion carried.

Treasurer's Report

Vivian Bell presented the Treasurer's Report for March. A motion was made by John Cornelius, and seconded by Dan Olpere, to approve the Treasurer's Report for March. Motion carried.

Presentation: "Bond Financing, Refinancing and Internet Options"

L. Gordon Walker joined PFM in January, 2004, as a Managing Director, opening the Firm's Malvern, Pennsylvania office in Chester County. Mr. Walker has been active in Pennsylvania municipal finance for over 40 years. Prior to joining PFM, Mr. Walker owned Penn Capital Advisors, located in Malvern, PA., which began operations in 1988. Prior to that, he was engaged in municipal bond underwriting at Janney Montgomery Scott and Butcher & Singer, both of Philadelphia. His clients are primarily in eastern Pennsylvania, the majority of which are Counties, School Districts, Townships, Boroughs and Authorities.

Mr. Walker, a resident of Chester County, Pennsylvania, received his B.A. from Williams College and has been a member of the Municipal Bond Club of Philadelphia. He was a lecturer at Temple University for a number of years and has lectured at conferences of PASBO (Pennsylvania Association of School Business Officials), Health System of Southeastern Pennsylvania, PAHRA (Pennsylvania Association of Housing and Redevelopment Authorities), Pennsylvania Bankers Association, PMAA (Pennsylvania Municipal Authorities Association), PANPHA (Pennsylvania Association of Non-Profit Homes for the Aged), and Local Government Accounting and Auditing Conferences.

Over the years, Mr. Walker has personally been involved in over 1,000 successful municipal financings, including issues for general municipal purposes, schools, colleges, water and sewer systems, parking garages, hospitals, nursing homes, and industrial development projects. His clients have ranged from large issuers such as Pennsylvania Intergovernmental Cooperation Authority (PICA) and the Pennsylvania Convention Center Authority to very small boroughs and townships.

Mr. Walker explained the reasons and the process for obtaining municipal bonds. One unique process for obtaining a bond is through internet bidding. He described it as being somewhat similar to E-Bay: a process for tracking multiple bids over a specified time period. Unlike E-Bay, however, there is a two-minute rule where the bid period is extended when a best bid is placed in the final minutes. Other elements of the bond process explained by Mr. Walker were its competitiveness, fee amounts, how fees are paid, types of bond issues, interest rate swaps, long term vs. short term financing needs, other sources of municipal lending, bond pools, etc.

Presentation: "Delaware Valley Regional Financing Authority"

Lucien Calhoun is the President of Calhoun, Baker Inc., a financial consulting firm that he founded in 1989. Calhoun, Baker, Inc. serves as the administrator of the Delaware Valley

Regional Finance Authority's loan programs. He stated that several Bucks County Consortium members have loans through DVRFA.

The mission of DVRFA is to provide financing to "smaller" political subdivisions. DVRFA's average borrowing is about \$6 million, and is divided roughly as follows: one-third being municipalities, one-third school districts, and one-third counties. The minimum borrowing is \$100,000, and it currently administers about 330 outstanding loans.

DVRFA provides a different kind of lending instrument than a typical municipal bond issue. For example, it offers fixed rates for a period of 5 to 10 years, and the loan can be structured with what he referred to as special "options". These options might include "different pieces for different terms". Also, the terms can be restructured. He stated that since 1989 a significant portion of loans have been refunded, and most are refunded at least three times over a twenty-year period.

Mr. Calhoun also discussed with some detail the cost of obtaining a loan through DVRFA. The rate depends on whether the political subdivision selects variable or fixed rate terms (which change reset over different time periods), and the term of the loan. There is a 40 basis point finance charge for fixed rates and fifty basis point charge on variable rates. DVRFA's expectation, however, is to get that rate down to about twenty basis points.

Presentation: "New Member Application – Pennel Borough & UST Water & Sewer Authority"

Bob Pellegrino made a motion, seconded by Joe Czajkowski, to approve the membership of Pennel Borough and the Upper Southampton Township Sewer and Water Authority. Motion carried. However, since two-thirds of the Consortium membership was not available Richard Sabol will contact other members to get the necessary two-thirds vote.

New & Old Business

Bob Pellegrino stated that Richard Breinstein of the Department of Environmental Protection will be a future speaker and he will discuss the topic of MS-4. Other future topics may include a labor relations roundtable, and information on NIMS. Mr. Pellegrino asked that members suggest topics of interest.

Dan Olpere stated that Human Resource Directors might be interested in holding monthly meetings.

Gail Weniger notified the Consortium membership concerning PELRAS meetings.

Bob Pellegrino asked that any members with available rooms for the upcoming PSATS Conference contact him as soon as possible.

John Cornelius stated that there were recently new changes to the prevailing wage law, and that these changes should be immediately considered by the membership.

Bob Pellegrino stated that Brian Shapiro was named West Rockhill Township Manager.

The membership discussed recent ACRE cases and issues.

Adjourn

Bob Pellegrino made a motion, seconded by Dan Olpere, to adjourn the meeting at 11:10AM.
Motion carried.

Respectfully submitted,
