

## Finance Committee Minutes – 2/1/12

Present: Bergenfeld, Hoyer, Hamtil, Little, Malek, Rich, Shute, Tomenchok

Absent: None

Other: CFO Carro, Douglas Bacher of NW Capital

Minutes of 1/5/12: Approved as submitted

Debt Refinancing Proposal by NW Capital: Mr. Bacher and Associate presented refinancing plan and schedule for 2003 series bonds. Original offering was \$4,009,000 and includes Calton and AVC open space debt.

Interest rates on \$2,309,000 in remaining bonds range from 3.7% to 4.25%. Refinanced interest rates would be an estimated 2.2% in aggregate. Costs to refinance would be around \$60,000. The result would save about \$150,000 in debt service over the next 12 years. NW proposes to escrow funding for the refinancing in May 2012 even though the bonds are not callable until 2/15/2013 in order to lock in low rates. After questions by the committee, NW left the meeting.

Hoyer distributed additional technical analysis of the proposal indicating that it was a fair offer but could be improved. Hoyer agreed to procure a second proposal for comparison.

Alternate Proposal: Shute presented alternate plan to use the Open Space Trust Fund to call in the remaining bonds on 2/15/13. About \$589,000 in future interest on the bonds would be saved which would greatly help with the township and open space budgets. Going forward, the open space tax would cover the remaining open space debt service which would be an improvement over the current situation where the open space tax revenue will fall short by about \$225,000 per year, resulting in a declining Trust Fund balance. This makes it difficult to finance future open space projects. CFO Carro expressed some concern that pulling down the Trust Fund balance near term could cause a cash flow problem, but after some discussion it was agreed that the approach had a lot of merit and should be strongly considered.

Township-wide Reassessment: Still waiting for final results but current estimate is a 15% reduction in the tax base. This has been factored into the above analysis.

Texas Eastern Assessment: Discussion on the tax assessment of the Spectra Energy (formerly Texas Eastern) facility in light of improvements. Hamtil volunteered to compare the West Amwell facility with other similar Spectra locations to determine if the assessment is in line.

Purchasing Policy: Tomenchok and Little will propose improvements to current township policy.

Little distributed list of 2011 expenditures in several areas where funds could likely be saved. Rich will review list and suggest possible additions, then line items will be addressed in detail.

DPW/Fire Dept Bldg: No Change

SHREC: Art Neufeld working with Swan Creek on details of WA Elementary roof array.

School Regionalization: Public presentation Feb. 8 at SHRHS

New Business: None

Next meeting: 2/29/12

Submitted by Hal Shute 2/2/12