

TOWNSHIP OF LOWER MERION

FINANCE COMMITTEE

**Wednesday, March 6, 2019
6:45 PM (Approximately)**

Chairperson: C. Brian McGuire
Vice Chairperson: Todd M. Sinai, V. Scott Zelov

AGENDA

1. **APPROVAL OF ELIGIBILITY LIST FOR THE REAL ESTATE TAX CREDIT FOR VOLUNTEER FIREFIGHTER/AMBULANCE**

2. **RESOLUTION - APPROVAL OF ELIGIBLE BANKING SERVICES PROVIDERS FOR LOWER MERION TOWNSHIP**

3. **RESOLUTION - SERIES A OF 2019 BOND ISSUE (REFUNDING) AND SERIES B OF 2019 (NEW MONEY)**



AGENDA ITEM INFORMATION

ITEM: APPROVAL OF ELIGIBILITY LIST FOR THE REAL ESTATE TAX CREDIT FOR VOLUNTEER FIREFIGHTER/AMBULANCE

Consider for recommendation to the Board of Commissioners approval of the eligibility list for volunteer firefighters or volunteer emergency medical service personnel who have qualified for the Real Estate Tax Credit for Firefighter/Ambulance Volunteers.

PUBLIC COMMENT

ATTACHMENTS:

	Description	Type
▣	APPROVAL OF ELIGIBILITY LIST FOR THE REAL ESTATE TAX CREDIT FOR VOLUNTEER FIREFIGHTER/AMBULANCE	Issue Briefing

TOWNSHIP OF LOWER MERION
Finance Committee

Issue Briefing

Topic: Real Estate Tax Credit for Firefighter/Ambulance Volunteers

Prepared By: Eric Traub, Chief Financial Officer
Charles J. McGarvey, Chief Fire Officer

Date: March 1, 2019

I. Action To Be Considered By The Board:

Approval of the eligibility list for volunteer firefighters or volunteer emergency medical service personnel who have qualified for the Real Estate Tax Credit for Firefighter/Ambulance Volunteers.

II. Why This Issue Requires Board Consideration:

In accordance with state enabling legislation and Ordinance No. 4123 adopted by the Board of Commissioners, the Board must approve the list of volunteers who have met the criteria for the tax credit program.

III. Current Policy Or Practice (If Applicable):

The Township went through this process last year for the first time. Twenty-five eligible volunteers submitted the required paperwork and were reimbursed a total of \$4,043 or an average of approximately \$162 per volunteer.

IV. Other Relevant Background Information:

On November 15, 2017, the Board of Commissioners adopted Ordinance No. 4123 amending the Code of the Township of Lower Merion, Chapter 78, Fire Prevention, by the addition of a new Article VI, Volunteer Service Credit Program, enacting Real Estate Tax Credits for volunteer members of volunteer fire companies located in Lower Merion and comprising the Lower Merion Fire Department and for volunteer members of Narberth Ambulance. The Board of Commissioners on December 19, 2018 established, by Resolution, the annual criteria that must be met to qualify for credits under the program. The fire company chiefs and the Chief Fire Officer have certified the list of volunteers who have met the service criteria during this past year and that list must be approved by the Board of Commissioners for the volunteers to be able seek their tax credit.

The ordinance grants real estate tax relief which is limited to a 20% Township tax reduction for active volunteer firefighters/ambulance personnel who reside in and own property in the Township. Credit is only extended to volunteers who accumulate enough points by responding to emergency calls, training and fulfilling other duties for the fire or ambulance company. Once the Board of Commissioners approves the eligibility list volunteers may then apply for the tax credit provided they have paid their real estate tax for the year.

Like last year this is not expected to impact a great number of our volunteer firefighters or ambulance service volunteers since many do not own property in the Township; however, this is one more tool in the effort to recruit and retain volunteers who provide critical emergency services.

V. Impact On Township Finances:

This program will result in a small cost to the Township to offer this incentive to help preserve the volunteer fire/ambulance service system in the community. Since the Township real estate tax rate is relatively low, the average credit would be modest for each recipient. The Township's 2019 Adopted Budget includes \$4,400 for this program. The final costs will not be determined until it is verified how many of the eligible volunteers on the list actually apply and receive the credit.

VI. Staff Recommendation:

Staff recommends that the Board of Commissioners approve the attached eligibility list for volunteer firefighters or volunteer emergency medical service to qualify for the Real Estate Tax Credit for Firefighter/Ambulance Volunteers.

2018 Real Estate Tax Credit Program
List of Eligible Volunteers

Belmont Hills Fire Company

1. Frank Burdo
2. Rocco J. Burdo
3. Rocco P. Burdo
4. Gregory Z. Effron
5. Patrick Fusaro, Sr.
6. Patrick Fusaro, Jr.
7. Daniel Hudecki
8. P. Gary Kosinski

Gladwyne Fire Company

1. Andrew J. Block
2. Brian T. Brown
3. Andy G. Culbertson
4. Christopher B. Flanagan
5. Blaine W. Leis

Merion Fire Company of Ardmore

1. Judy Flanagan
2. Thomas C. Hayden
3. Harry W. Hicks
4. H. Brooke McMullin
5. Edward F. Powers
6. Thomas Trainor
7. Timothy R. Van Winkle

Penn Wynne/Overbrook Hills Fire Company

1. Patrick J. DeHoratius
2. Christopher Feder
3. Mark McCauley
4. Robert J. Montgomery, III
5. Warren D. Neely
6. Bradley D. Remick
7. Edward W. Schmid, III

Union Fire Association of Lower Merion

1. Katherine Israelite



AGENDA ITEM INFORMATION

ITEM: RESOLUTION - APPROVAL OF ELIGIBLE BANKING SERVICES PROVIDERS FOR LOWER MERION TOWNSHIP

Consider for recommendation to the Board of Commissioners adoption of a resolution reaffirming the list of banking services providers for Lower Merion Township including the addition of Univest Bank.

PUBLIC COMMENT

ATTACHMENTS:

Description	Type
▣ RESOLUTION - APPROVAL OF ELIGIBLE BANKING SERVICES PROVIDERS FOR LOWER MERION TOWNSHIP	Issue Briefing
▣ RESOLUTION - APPROVAL OF ELIGIBLE BANKING SERVICES PROVIDERS FOR LOWER MERION TOWNSHIP	Resolution

TOWNSHIP OF LOWER MERION

Finance Committee

Issue Briefing

Topic: Authorized List of Banking Services Providers

Prepared By: Eric Traub, Chief Financial Officer

Date: March 1, 2019

I. Action To Be Considered By The Board:

Adoption of a resolution reaffirming the list of banking services providers for the Township including the addition of Univest Bank.

II. Why This Issue Requires Board Consideration:

In accordance with the First Class Township Code the Board of Commissioners shall have the power to provide for the investment of moneys.

III. Current Policy Or Practice (If Applicable):

The Township has long maintained a policy of periodically bringing new banks forward to the Board of Commissioners to consider for investing Township funds. The Township last did this in March 2011 when Meridian Bank was added to this list. Given the length of time since this was last brought before the Board, staff felt it was best to bring forward this issue again to reaffirm all banks eligible to provide services to the Township. The current banks include the following:

1. Bryn Mawr Trust
2. Mellon Bank
3. Firsttrust
4. Citizens Bank
5. Sovereign Bank (now Santander)
6. TD Bank
7. Beneficial Bank
8. Wells Fargo
9. Pennsylvania Local Government Investment Trust (PLGIT)
10. Meridian Bank

Currently, the Township uses TD Bank as its local depository and PLGIT as its main operational bank. Both banks also provide the investment services as well, however, the Township retains the option to use any of the approved banks to provide investment services.

IV. Other Relevant Background Information:

In addition to the current group of financial institutions, staff has recently met with Univest Bank to discuss its investment services. Univest Bank is based in Pennsylvania and provides locally

managed services in Pennsylvania and New Jersey. The bank provides a broad line of banking and investment services including public sector services geared toward local, county and state governments and meet the collateral requirements of Pennsylvania Act 72 (amended by Act 139 of 2000). Univest has recently begun offering a liquid money market account at an attractive interest rate with no restrictions, costs, or fees once a minimum balance requirement has been met.

V. Impact On Township Finances:

The resolution itself has no impact on the Township's finances. The list of banks will allow the Township to maintain healthy competition for investments of Township funds which may lead to increased interest income over time.

VI. Staff Recommendation:

Staff recommends that the Board of Commissioners adopt the resolution detailing the eligibility list of banking services providers for the Township.

TOWNSHIP OF LOWER MERION

RESOLUTION NO. 2019-XX

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE TOWNSHIP OF LOWER MERION
AUTHORIZING ELIGIBLE BANKS TO DO BUSINESS
WITH THE TOWNSHIP OF LOWER MERION**

WHEREAS, the Univest Bank of Pennsylvania is a lawful depository for Township cash and cash equivalents, and

WHEREAS, the Township, in accordance with its Cash Management and Investments policy, has undertaken a review process to ensure Univest Bank complies with the Township requirements, and

WHEREAS, the Township wishes to reaffirm all approved banking services providers, and

WHEREAS, the following banks would be eligible to provide banking and/or investment services to the Township:

- | | |
|-------------------|--|
| ▪ Bryn Mawr Trust | ▪ Beneficial Bank |
| ▪ Mellon Bank | ▪ Wells Fargo |
| ▪ Firsttrust | ▪ Pennsylvania Local Government Investment Trust (PLGIT) |
| ▪ Citizens Bank | ▪ Meridian Bank |
| ▪ Santander | ▪ Univest Bank |
| ▪ TD Bank | |

NOW, THEREFORE, BE IT RESOLVED, That the Township Manager be authorized to enter into an agreement and to execute the necessary documents to open an account with any of these approved banks.

RESOLVED, this ____ day of _____ 2019.

BOARD OF COMMISSIONERS

TOWNSHIP OF LOWER MERION

By: _____
Daniel S. Bernheim, President

ATTEST:

Jody L. Kelley, Secretary



AGENDA ITEM INFORMATION

ITEM: RESOLUTION - SERIES A OF 2019 BOND ISSUE (REFUNDING) AND SERIES B OF 2019 (NEW MONEY)

Consider for recommendation to the Board of Commissioners adoption of a resolution authorizing Township staff, Financial Advisor and Bond Counsel to take the necessary steps to incur non-electoral debt by the issuance of General Obligation Bonds (2019 Refunding and New Money Series A and B).

PUBLIC COMMENT

ATTACHMENTS:

Description	Type
❑ RESOLUTION - SERIES A OF 2019 BOND ISSUE (REFUNDING) AND SERIES B OF 2019 (NEW MONEY)	Issue Briefing
❑ RESOLUTION - SERIES A OF 2019 BOND ISSUE (REFUNDING) AND SERIES B OF 2019 (NEW MONEY)	Resolution
❑ RESOLUTION - SERIES A OF 2019 BOND ISSUE (REFUNDING) AND SERIES B OF 2019 (NEW MONEY)	Backup Material

TOWNSHIP OF LOWER MERION
Finance Committee
Issue Briefing

Topic: 2019 Bond Issuance

Prepared By: Eric Traub, Chief Financial Officer

Date: March 1, 2019

I. Action To Be Considered By The Board:

Adoption of a resolution authorizing the Township to engage its financial advisor and bond counsel to pursue current refunding opportunities that achieve debt service savings in tandem with the issuance of new debt to support the Capital Improvement Plan.

II. Why This Issue Requires Board Consideration:

The Board of Commissioners must approve the resolution in order for Township staff and the professional advisors to be authorized to proceed with the bond transaction.

III. Current Policy Or Practice (If Applicable):

Township staff have been working with Dan Kozloff, Township Financial Advisor (Public Financial Management, Inc. (“PFM”)) and George Magnatta and Silvia Shin, Township Bond Counsel (Saul Ewing Arnstein & Lehr (Saul Ewing)) to discuss opportunities to refund outstanding Township debt and generate debt service savings. The Series A&B of 2014 Bonds are currently callable and have been preliminarily evaluated by PFM and Saul Ewing to determine tax status (ability to refund), potential savings and bank qualified status. The Township’s stated metric to assess a bond refunding is that the Net Present Value (NPV) savings (net of all issuance costs) should be at least 3% of the total refunded par amount. Preliminary analysis (subject to market changes) shows a NPV of approximately 3.8% and overall debt service savings of nearly \$335,000.

The Township currently has \$2.8 million remaining to fund Capital Improvement Program (CIP) expenditures (including funds transferred from the General and Sewer Funds last year). These funds are currently projected to be depleted during the third quarter of 2019. Therefore, if the Township is going to proceed with a refunding bond issue in the near future, it makes financial sense to pair the refunding with a new money issue to fund the Township’s anticipated needs for the CIP in 2019 and potentially into 2020. Based on current cash flow projections, \$9-\$10 million in new money would be sufficient for the remainder of 2019 and likely provide funding into 2020 given that capital project spending is frequently elongated with delayed starts and expenditures. The Adopted 2019 Budget does not include any additional transfers from the General Fund or Sewer Fund to support the Capital Projects Fund.

The Township has historically sold many of its bonds as Bank Qualified (BQ) bonds. The Internal Revenue Service code provides for special tax treatment that allows a bank to deduct 80% of the carrying cost of tax-exempt bonds issued by qualified small issuers (issuers that issue \$10 million or less of bonds in any given calendar year. As a result, the BQ bonds are attractive to banks, which provides a greater demand and typically lower overall borrowing costs to the issuer (such as the

Township) as compared to non-BQ bonds. Based on the current market, PFM estimates that non BQ bonds are pricing approximately 5 to 10 basis points (0.05% - 0.10%) higher than BQ bonds (dependent on market conditions and overall levels of interest rates). In the past the demand for BQ bonds was higher as was the spread between BQ and non-BQ bonds; however, recent tax reform legislation has lessened the demand for BQ bonds.

The Township and its professional advisors have developed a draft financing schedule for the bond sale and have analyzed the potential paths for the refunding to discern the most financial advantageous approach. Due to the nature of the refunding and tax implications, the refunding and new money issuance must be done separately to achieve BQ status. Therefore, the Township is planning to issue Series A Refunding Bonds on May 8th and will issue Series B New Money Bonds on June 5th. The Township and its professional advisors recommend that the Township borrow up to \$10.0 million to fund the 2019 CIP and up to \$10.0 million to refund outstanding debt.

IV. Other Relevant Background Information:

PFM has proposed a fee of \$25,000 for the new money bond issue and a fee of \$25,000 for the refunding bond issue plus expense reimbursements at a maximum of \$500 per bond issuance. In addition, the refunding may require the procurement of an escrow and related securities. Saul Ewing has proposed a fee of \$14,780 for the new money bond issue and a fee of \$16,860 for the refunding bond issue plus expense reimbursements at a maximum of \$1,200 per bond issuance.

All fee proposals are consistent with the contract renewals recently approved by the Board of Commissioners in December.

V. Impact On Township Finances:

Current analysis shows refunding opportunities in excess of the Township's 3% NPV goal as outlined in the Township's Debt Management Policy. While the split issuance will incur additional administrative and issuance costs, the BQ interest rates should equate to less overall future debt service costs.

VI. Staff Recommendation:

Staff recommends the resolution be approved at the March 20, 2019, Board of Commissioners meeting to authorize the Township's staff, Financial Advisor and Bond Counsel to proceed with the necessary actions for the refunding and new money bond issuance.

**TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)**

RESOLUTION

WHEREAS, the Township of Lower Merion (the “Township”) desires to issue approximately \$20,000,000 principal amount of its General Obligation Bonds, Series of 2019 in one or more series (the “2019 Bonds”). A maximum of \$10,000,000 in principal amount of bond proceeds will provide funds to finance various capital projects during fiscal years 2019 and 2020 (the “Capital Improvement Program”), and a maximum of \$10,000,000 of bond proceeds will be used to refund outstanding bonds of the Township for debt service savings (the “Refunding Program”); and

WHEREAS, it is necessary and desirable that the Township now engage its professional advisors to: (i) analyze whether any outstanding bond issues can be refunded to achieve debt service savings, (ii) assist with the development and structuring of the financing of the Capital Improvement Program and the Refunding Program; and (iii) authorize various actions necessary to effectuate the issuance of bonds for the Capital Improvement Program and the Refunding Program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Township of Lower Merion as follows:

1. The Township hereby authorizes its staff, Financial Advisor (PFM Financial Advisors LLC) and Bond Counsel (Saul Ewing Arnstein & Lehr LLP), to (A) proceed with the planning, preparation and structuring of the financing of the Capital Improvement Program and the Refunding Program including, but not limited to: (i) the establishment of a financing timetable for the 2019 Bonds; (ii) the preparation of a Notice of Sale and other materials utilized in the competitive solicitation of proposals to purchase the 2019 Bonds; (iii) the preparation of a Preliminary Official Statement and appropriate disclosure materials; and (iv) other matters with respect to the authorization and issuance of the 2019 Bonds; and (B) evaluate the possibility of refunding outstanding bonds of the Township in order to achieve debt service savings.

2. The Township’s Financial Advisor is hereby authorized and directed to proceed with the competitive solicitation of proposals to purchase the 2019 Bonds and to present to the Township at a future meeting of the Board of Commissioners the specific bond purchase proposal which meets the conditions set forth in the Notice of Sale and reflects the lowest net interest cost to the Township. Any such proposal may be for, or include, refunding bonds if recommended by the Financial Advisor.

3. In accordance with Treas. Reg. §1.150-2, the Township hereby states its intention that a portion of the proceeds of the 2019 Bonds for the Capital Improvement Program will be used to reimburse itself for expenditures paid with respect to the portion of the Capital Improvement Program prior to the date of issuance of the 2019 Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. §1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. §1.150-2(d)(3) and (f). The Township

intends to reimburse the original expenditures through the financing to be evidenced by the 2019 Bonds for the Capital Improvement Program.

Once the 2019 Bonds for the Capital Improvement Program are issued, the Township shall allocate proceeds to reimburse a prior expenditure by making the allocation on its books and records maintained with respect to the 2019 Bonds for the Capital Improvement Program; provided that such costs to be reimbursed were paid not more than 60 days prior to the date hereof. Such allocation shall specifically identify the actual original expenditure to be reimbursed. Such allocation shall occur not later than 18 months after the later of (i) the date on which the original expenditure is paid, or (ii) the date the capital project that is part of the Capital Improvement Program is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid. If the 2019 Bonds for the Capital Improvement Program are issued before the expiration of the period prescribed in the preceding sentence, then the reimbursement allocation shall occur not later than the date the 2019 Bonds for the Capital Improvement Program are issued.

The proceeds of the 2019 Bonds for the Capital Improvement Program used to reimburse the Township for original expenditures will not be used within 1 year after the allocation in a manner that results in the creation of replacement proceeds (as defined in Treasury Regulation §1.148-1) for the 2019 Bonds for the Capital Improvement Program or for other bonds.

4. It is understood that the Township will incur no obligation to compensate its professional advisors for their services unless the financing is implemented and a closing occurs on the 2019 Bonds.

RESOLVED, this ____ day of _____ 2019.

BOARD OF COMMISSIONERS
TOWNSHIP OF LOWER MERION

By: _____
Daniel S. Bernheim, President

ATTEST:

Jody L. Kelley, Secretary

**TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)**

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by a majority vote of the Board of Commissioners of the Township of Lower Merion at a meeting of said Board duly and regularly called and held on March 20, 2019; that public notice of said meeting was given in the manner provided by law; that said resolution has been duly recorded upon the minutes of the Board, has not been amended or rescinded and is in full force and effect on the date of this Certificate.

(TOWNSHIP SEAL)

Township Secretary

Dated: _____, 2019