

A special meeting of the Fayette County Board of Commissioners was held at 10 a.m. on Monday, December 29, 2014 in the commissioner's meeting room of the Fayette County Courthouse, Uniontown, Pa.

### **In attendance-**

Commissioner Al Ambrosini  
Commissioner Chairman Vincent Zapotosky  
Commissioner Angela M. Zimmerlink  
Chief Clerk Amy Revak  
County Solicitor John Cupp

Commissioner Zapotosky called the meeting to order at 10 a.m.

A silent prayer was observed.

The pledge of allegiance was recited.

### **Public Comment on Agenda Items**

**None**

**Commissioner Zapotosky** said the next item is approval of the 2015 general fund budget. Commissioner Zimmerlink said prior to that, could they have Mark Lundquist give them some information on the Tax Anticipation note since that does go with the general fund budget. Commissioner Zapotosky said that is fine, Mr. Lundquist. Mr. Lundquist said at their request, they sent out proposals to eight local banks to ask their quote or bid for a \$6 million taxable, tax revenue anticipation note for 2015. He said they received five bids back from banks and four of the bids that were received were fixed rate bids and one was a variable rate bid and the variable rate was from PNC for a quote of one month LIPOR plus 105 basis points. He said currently LIPOR, as of last week, he hadn't checked that morning, as of last week it would put the rate at 1.215 or 217 and they also received a fixed rate, the low fixed rate bid was from First Commonwealth Bank at a rate of 1.255 percent. He said First Commonwealth has no fees attached to theirs, PNC had fees of \$750, so they evaluated the two of them, we evaluated all of them although those were the two best bids. He said they also received bids from F&B United Bank and S&P bank. He said they were not as competitive, however they were fixed rate bids.

**Mr. Lundquist** said when they compared the First Commonwealth bid with the PNC bid the difference was merely hundreds of dollars based on last week's rate. He said LIPORs variable rate is changing constantly, to put that in perspective LIPOR is the London Interbank Borrowing rate, it is typically the bank used for short term variable rate for mortgages or for lines of credit and so forth. He said it fluctuates quite a bit and the last few years it has been 1 ½ percent or lower and last year it was under 1, so it is

easy to step back and say gee, we can assume at the current level of 16, 17, 18, basis points, we can project that might be an attractive option assuming interest rates were going to stay down. He said the interest rates have been low because the federal reserve has been keeping rates very, very low by buying bonds and keeping the market flush with cash. He said all expectations are that rates are going to rise. Commissioner Zapotosky said inevitably they are going to rise or inflation is going to. Mr. Lundquist said in any event, PNC gave us a floor rate of 1.15 percent as opposed to 1.21 and change that it is at right now.

**Mr. Lundquist** said when they look at the two of them, in his opinion they are not, a risk of going with the variable rate of potentially picking up another \$1,000 or \$2,000 of interest savings next year is more than offset by the risk that interest rates would go up a few basis points, at which case you would be paying a lot more. He said the TRAN is not really supposed to be a speculative investment or an opportunity for the county, it is supposed to provide you with cash flows so our recommendation would be to go with the First Commonwealth knowing that you have a 1.255 percent with no costs associated with that at the bank side. He said we would be able to know what that is going to be. He said for budget purposes when you were putting the budget together, you asked me an estimate of that and I think we were talking \$50,000 to \$60,000 of interest expensing costs for the \$6 million TRAN for next year. He said the First Commonwealth proposal, assuming you pay on the absolute last day you want to be paying is somewhere at \$46,000 or \$47,000 number so it is within the numbers you were using for your budget.

**Commissioner Zapotosky** said based on what you are saying, even though this is a short term note, if you will, we are still more secure financially by going with the fixed rate. Mr. Lundquist said you know exactly what it is going to be. Commissioner Zapotosky said penny wise, dollar smart kind of thing. Mr. Lundquist said the best case up side for the county would be that the loan LIBOR rate would drop by another five or six or seven basis points, which it hasn't done in the last year or so anyway. Commissioner Zapotosky said and the savings would be deminimus. Mr. Lundquist said the savings would be less than \$2,000 for the loan. He said the other side of the coin is that PNC had a cap on 15 percent on the rate and God forbid we ever have LIBOR at 15 percent, but that adds hundreds of thousands of dollars of expense to the transaction so, in terms of the county's position right now, the fixed number is much better. Commissioner Ambrosini said I agree, thanks Mark. Commissioner Zapotosky said with that in mind, do we want to proceed with approval of the 2015 TAN prior to addressing the budget?

**A motion** was made by Commissioner Zimmerlink and seconded by Commissioner Ambrosini to authorize the issuance and the sale of the Tax Revenue Anticipation Note for the year 2015 in the amount of \$6 million with First Commonwealth Bank at a fixed rate of 1.255 percent throughout the term of the note.

Commissioner Ambrosini yes  
Commissioner Zapotosky yes  
Commissioner Zimmerlink yes

**Motion passed unanimously**

**Commissioner Zapotosky** asked for a motion to consider approval of the 2015 Fayette County General Fund budget. He said the millage rate will remain the same at 0.00451448. He said total revenues \$28,951,640, total expenditures \$29,781,063, that leaves us with excess/deficits of \$829,423, is there any discussion on the matter? He said first of all, he wanted to take my time to thank all those that worked very hard, Commissioner Zimmerlink thank you very much for all the hard work you put into this, even tolerating me until 10:30 at night, so I want to thank you and Kathy and whoever else was there that night, I thank you all very much.

**A motion** was made by Commissioner Zimmerlink and seconded by Commissioner Zapotosky to adopt the 2015 general fund budget showing the revenues and expenditures of \$29,781,063.

Commissioner Ambrosini no  
Commissioner Zapotosky yes  
Commissioner Zimmerlink yes

**Motion passed 2-1**

Public comment- NONE

Adjournment

**A motion** was made by Commissioner Zimmerlink and seconded by Commissioner Zapotosky to adjourn the meeting.

Commissioner Ambrosini yes  
Commissioner Zapotosky yes  
Commissioner Zimmerlink yes

**Motion passed unanimously**