

MINUTES
INDIAN LAKE BOROUGH COUNCIL MEETING
OCTOBER 11, 2011

A special meeting of the Indian Lake Borough Council was held on October 11, 2011 at 10:00 A.M. at the Indian Lake Borough Building.

THOSE PRESENT:

Richard Stern, President
Patricia Dewar
Robert Vogel
Robert Hanson
Paul Cornez
Dan Rullo, Solicitor
Theresa L. Weyant, Borough Manager/Secretary

THOSE ABSENT:

Charles McCauley
Robert Marhefka

Visitors – Christopher Brewer.

The meeting was called to order at 10:05 A.M. by Richard Stern, President.

ORDER OF BUSINESS

Stern reported that the Borough's commercial loan with Somerset Trust will mature on June 12, 2012 and Council needs to start thinking about long term financing or requesting an extension on their Commercial loan.

Christopher Brewer, legal counsel with Dinsmore & Shohl, was requested to attend the meeting to discuss the line of credit with Somerset Trust Company and what long term financing options are available. Attorney Brewer discussed the general market conditions, which are still favorable for a bond issue. Investment terms in the 20 to 25 year range versus a 30 year investment were discussed.

The issue of insurance was discussed. The last time that the Borough was looking into a bond issue it was discussed getting insurance through Radian, an insuring company. Things have changed on the insurance requirement on a municipal bond issue. The Borough can go to a rating agency like Moody's, and get their own stand alone rating without insurance. In 2008, the Borough did receive a favorable rating of BAA1 from Moody's, which is an investment grade rating and the Borough could get by without insurance. Currently 85% of all bonds issued do have insurance and 15% do not.

Alternatives to a municipal bond issue would be through commercial lenders like banks. This avenue would provide the Borough with more flexibility and lower upfront costs.

Currently, the Borough's line of credit with Somerset Trust Company will either need to be paid off or a request for an extension of the line of credit needs to be made by June of 2012. Council needs to decide whether they want to convert the line of credit into permanent financing either through a bond issue or through a commercial lender or submit a request to Somerset Trust Company to extend the commercial loan for another year until the project is completed. If the Borough does the extension to the line of credit, then the paperwork will need to be refilled with DCED and the estimated costs for those filings is \$20,000.00.

Christopher Brewer will contact Mike Zubasic, from PNC Capital and request that he prepare actuarial spreadsheets for Council so if this loan is converted to municipal bonds the board knows what the actual principal and interest payments would be for 20/25/30 year bonds. Attorney Rullo will contact Bruce Shipley at Somerset Trust Company to see what might be available through a commercial lender

A decision will need to be made by March of 2012 if Council is going to move forward with Municipal Bonds or if the board wants to move forward with an extension to the line of credit this will need to be done by April of 2012.

With no further business to discuss, Dewar moved and Cornez seconded to adjourn the meeting at 11:35 A.M. All ayes, motion carried.

The next regularly scheduled meeting of the Indian Lake Borough Council will be held on October 12, 2011 at 7:00 P.M. at the Indian Lake Borough Building.

Respectfully submitted,

Theresa L. Weyant
Borough Manager