

Cheltenham Township, believing that public input is appropriate on any items coming before the Commissioners, will recognize any citizen wishing to address a specific item prior to the vote on that issue. In order to be recognized, please raise your hand.

FINANCE COMMITTEE

Morton J. Simon, Jr., Chairman
Daniel Norris, Vice Chairman
Art Haywood, Member
Charles D. McKeown, Member
Ann L. Rappoport, Member
J. Andrew Sharkey, Member
Harvey Portner, Ex-Officio, Board President

AGENDA

Wednesday, March 12, 2014
7:30 PM - Curtis Hall

1. Review of the 2013 Fund Balance as determined by the Township's independent auditors Maillie LLP. (See attached)
2. Overview of the 2013 Preliminary Year-End Audit as presented by Ed Furman, Partner, Maillie LLP.
3. Status update on the ability to refund the Township's Series 2004B and Series 2009 General Obligation Bonds prior to July 1, 2014.
4. Review the 2014 New Money Issuance Analysis and consider recommending to the Board the approval of new Bank Qualified General Obligation Bonds prior to July 1, 2014. Presentation by Pete Nissen, Managing Director of Acacia Financial Group, Inc. (See attached)
5. Review of the Executive Financial Summary Report for the period ending February 28, 2014. (Five-Year Analysis attached)
6. Old Business.
7. New Business.
8. Citizen's Forum.
9. Adjournment.



Bryan T. Havir
Township Manager

Township of Cheltenham

Montgomery County, Pennsylvania

Board of Commissioners

Harvey Portner, *President*
Morton J. Simon, Jr., *Vice President*
Art Haywood
Charles D. McKeown
Daniel B. Norris
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J. Andrew Sharkey

Township Manager
Bryan T. Havir



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MEMORANDUM

To: Bryan T. Havir, Township Manager
From: Bruce Rangnow, Director of Fiscal Affairs
Date: March 6, 2014
Subject: Fund Balance

The Township's independent auditors Maillie LLP is in the process of finalizing the financial statements and audit report for the period 1/1/2013 – 12/31/2013. The Fund Balance is indicated as follows:

FUND BALANCE

Balance from Period 1/1/2013 – 12/31/2013	\$ 341,712
Previous Cumulative Fund Balance 1/1/2013	4,735,281 *
Total Fund Balance as of 12/31/2013	5,076,993
Amount Budgeted for 2014	800,000
Uncommitted Fund Balance 1/1/2014	\$ 4,276,993

* Carryover from the 2012 Audit



Via Electronic Mail

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Montclair, NJ 07042
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February 28, 2014

Memorandum

To: Bryan Havir, Township Manager
Bruce Rangnow, Director of Fiscal Affairs

From: Peter D. Nissen, Managing Director
Michael Broadbent, Analyst

Re: Township of Cheltenham – 2014 New Money Issuance Analyses

As a follow-up to the Sinking Fund Committee meeting of earlier this week, attached please find a summary of certain analyses relating to the potential issuance of new money bonds by the Township of Cheltenham ("Township") in 2014 and 2015.

It is anticipated in both of the below described scenarios that the Township will issue \$7.2 million in proceeds (the limit that can be issued in the remainder of 2014 and be eligible to be designated bank-qualified or "BQ") in 2014. The scenarios evaluate the relative benefit of issuing a further \$5.0 million in proceeds either (a) as a stand-alone issuance in 2015 ("Analysis #1") or (b) along with the \$7.2 million in 2014 ("Analysis #2"). The purpose of these analyses is to evaluate the magnitude by which prevailing tax-exempt interest rates may need to rise from current rates for the 2015 issuance in Analysis #1 so that Analysis #1 becomes economically equivalent to Analysis #2 on a present value basis.

Summary of Assumptions:

Analysis #1

- 2014 Issuance
 - \$7.2mm in proceeds generated
 - Current BQ interest rates
 - 2034 final maturity
 - Wrapped amortization structure
- 2015 Issuance
 - \$7.2mm in proceeds generated
 - Current BQ interest rates PLUS ~111 basis points
 - Similar increase in assumed "couponing"
 - 2034 final maturity
 - Wrapped amortization structure

Analysis #2

- 2014 Issuance
 - \$12.2mm in proceeds generated
 - Current Non-BQ interest rates (b/c exceeding issuance limitation in 2014) of ~25 basis points higher
 - 2034 final maturity
 - Wrapped amortization structure
 - Slightly lower issuance costs (~40k) than the combined issuance under Analysis #1

As described above and shown on the accompanying summary analyses, an increase of approximately 111 basis points (1.11%), based upon the described assumptions, for the 2015 issuance of \$5.0mm under Analysis #1 (multiple issuances) becomes equivalent to a single issuance in 2014 under Analysis #2 (single issuance).

Therefore:

- If it is expected that prevailing tax-exempt interest rates (particularly near 2034 maturity) will rise LESS than 111 basis points, Scenario #1 (multiple issuances) is economically more favorable.
- If it is expected that prevailing tax-exempt interest rates (particularly near 2034 maturity) will rise MORE than 111 basis points, Scenario #2 (single issuance) is economically more favorable.

It should also be noted that Scenario #2 (single issuance) results in ~375k in more debt service in calendar 2015 than Scenario #1.

Please do not hesitate to contact with any question regarding this memorandum and analyses.

Attachment

The Township of Cheltenham, PA
 Analysis of Proposed New Money Bonds
 (All Amounts in 000's)

Analysis #1

- \$7.2m (BQ) in May 2014 (current BQ rates)

- \$5.0m (BQ) in May 2015 (debt service reflects a 111 bps increase above current BQ rates)

Debt Service Summary for Analysis #1				
FY	Series 2014 \$7.2m New Money	Series 2015 \$5.0m New Money	Combined New Money	PV @ 4.0%
2014	-	-	-	-
2015	430	-	430	409
2016	426	401	827	757
2017	427	405	832	732
2018	433	404	838	708
2019	425	404	829	674
2020	432	403	834	652
2021	427	401	828	622
2022	432	404	836	603
2023	426	400	827	573
2024	425	401	826	551
2025	424	401	824	528
2026	427	405	832	512
2027	425	403	828	490
2028	422	404	826	470
2029	398	405	804	440
2030	396	405	801	421
2031	398	404	802	405
2032	399	403	802	390
2033	384	401	785	366
2034	3,705	401	4,105	1,842
Total	11,659	7,655	19,315	12,146

Analysis #2

- \$12.2m (Non-BQ) in May 2014 (current Non-BQ rates, approximately +25bps)

Debt Service Summary for Analysis #2			
FY	Series 2014 \$12.2m New Money		PV @ 4.0%
2014	-		
2015	804		765
2016	798		731
2017	803		707
2018	806		682
2019	804		653
2020	807		630
2021	800		601
2022	804		580
2023	800		555
2024	801		534
2025	801		514
2026	799		492
2027	801		474
2028	797		454
2029	773		423
2030	771		405
2031	769		388
2032	770		374
2033	761		355
2034	4,076		1,829
Total	19,145		12,147



*Estimated based upon current market conditions; subject to change.

FIVE-YEAR ANALYSIS – AS OF FEBRUARY 2014

	2014	2013	2012	2011	2010
Expenses	38%	37%	37%	35%	34%
Revenues	11%	11%	11%	9%	6%
EIT	21%	11%	7%	8%	9%
Group Health Ins.	17%	19%	17%	17%	16%
Real Estate	12%	13%	11%	11%	5%