

Montville Township Trustees
March 16, 2010 Special Meeting

Present:

Trustee Jeff Brandon, Chairman
Trustee Ron Bischof
Trustee Jeff Shuran
Fiscal Officer Mary Pawlowski
Police Chief Tom Acklin
Zoning Inspector Judy Emrick

Also Present :

Paul Rutter, Bond Council
Laura Sattler, USDA
Kelly Hetick, USDA
Bill Thorne, Prosecuting Atty.
Greg Happ, Attorney
Roger Riachi, RFC Contracting

Trustee Brandon opened the special meeting of the Montville Township Trustees, which came to order at 1:30 p.m. The purpose of the meeting was to close on the loan for the Safety Services building. Present at the meeting were representatives from the U.S. Department of Agriculture, township attorney for the title work, attorney from the prosecutor's office, the Montville Township Police Chief, and the Bond Council.

Trustee Brandon asked if there was an initial problem with the paperwork. Mr. Hetick said that everything is here today. The bonds are here. There is an opinion letter from Bond Council saying that the bond was properly prepared. It is an unqualified opinion, which means that there are no exceptions; it is straightforward. Mr. Happ has the title policy, which is in the amount of the full loan amount.

Discussion ensued about the legal services agreements and how they should be signed off on. Mrs. Sattler was concerned about timing of reviewing and signing off if the closing is to be completed on time. If we need an extra week or so, then we will be outside the 4% interest rate. Also, if anything is changed, the bond will need to be redone as well.

The closing instructions were reviewed one item at a time. It was stated that this is a pre-closing; everything must be dated March 19th, which is the actual closing date. Mrs. Sattler explained that tomorrow, they will take an invoice to order the money. It takes two to five business days for the funds to hit. The money should be there on Friday, at which time the funds will be turned over to the township.

The bond was written with a two-year interest only period. The construction financing is built right into the long term financing. For the first two years, as draws are made on the loan, interest will accrue, but the interest is actually paid at the end. The earned interest can be included in the project budget, whatever that number might end up at.

Mrs. Sattler said that the terms of the loan are 30 year, with 28 year amortization and no prepayment penalty. The initial rate was 4.375. Right now it is 4.0, which is the lowest fixed rate in the history of the USDA program.

Mr. Riachi said that we may end up with one contractor for the entire project or we may have multiple contractors. Once the dollar amount of the contract is established for each prime contractor, Mrs. Pawlowski clarified that she will still authorize payments to the contractors since it will make a difference if it comes out of the General Fund or if it will be borrowed. Mrs. Pawlowski asked if we had to borrow

the entire amount of money. Mr. Hetick replied that the township will draw all of the money but if, at the end, there is extra, it can be reapplied towards the loan.

Mrs. Sattler said that, if the bids come in low, and the project ends up under budget, the leftover money could be used for computers, a garage bay, or anything that is related to the project. Trustee Brandon asked if the money could be used to make an improvement on the current town hall. Mrs. Sattler replied no, that it is not related to the Safety Services building project.

A question was asked if the project goes over budget, and we request another \$100,000, what would be the interest rate on the additional moneys borrowed. Mr. Hetick said that it would be whatever the interest rate currently is at the time the additional funds are borrowed. That would be a separate note.

Mr. Riachi reviewed the bidding process, which should take about five weeks beginning with the advertising to having the Trustees vote on the recommendation. The prosecutor s office wants to be involved in the process if they will be required to sign off on and prove that it was done correctly. Mr. Riachi said that he would provide the full front-end documents of the specs, which contain instructions to bidders, the prevailing wage requirements, and the contract that will be entered into with the different prime contractors. Mrs. Sattler said that there are three documents that will also be included in the bond transcript: the letter conditions, the loan resolutions, and the **loan?**transcript. Copies of these were made and distributed at the meeting.

Mr. Rutter explained the bond. He said that it was a general obligation bond of the township. It is essentially a loan pursuant to Revised Code 505.262 and the township is obligating itself to repay that debt. He repeated the terms to be a 30 year bond with a 28 year amortization, and a 4% interest flat rate. It is pre-payable at any time.

The Trustees and the Fiscal Officer signed the necessary documents.

At 3:00 p.m. Trustee Brandon adjourned the meeting.

Respectfully submitted,

Elaine Klafczynski

Approved by:

Date

Attested:

Date: