

THE TOBYHANNA TOWNSHIP
NEIGHBORHOOD IMPROVEMENT DISTRICT AUTHORITY
REGULAR BUSINESS MEETING
JUNE 11, 2018

The June 2018 Regular Business Meeting of the Tobyhanna Township Neighborhood Improvement District Authority (“Authority”) was held on June 11, 2018, at the Tobyhanna Township Government Center Building, 105 Government Center Way, Pocono Pines, Pennsylvania, 18350.

Present Michelle Bisbing, John Holahan, Heidi Pickard, Brendon Carroll, and Steve Pine via cell phone. Solicitor Jonathan Reiss, David Carbone, and Anne Lamberton are not present.

1. Vice Chair Michelle Bisbing calls the meeting to order at 6:03PM. It is determined that a quorum is present.
2. Pledge of Allegiance
3. Heidi Pickard motions to accept the meeting minutes for the March 12, 2018 Reorganizational Meeting and the March 12, 2018 Regular Business Meeting, John Holahan seconds. Vote: motion carries.
4. Solicitor’s Report – none.
5. Old Business – none.
6. New Business
 - a. Financial Statements and Audit Report for year ending December 31, 2017. Michelle Bisbing states that she does not see any problems. John Holahan motions to approve the financial reports as presented, Heidi Pickard seconds. Vote: motion carries.
 - b. MuniCap, Inc – Reinvesting Funds. Jaymie Sheehan (via cell phone) and Morgan McElravy represent MuniCap. Morgan McElravy states that at the last meeting, they were given authorization to look at investment options. The analysis explains current and recommended investment options. The main accounts under discussion are the tax increment account, debt service reserve fund, debt service fund, surplus fund, and administrative expense fund, which are invested in a Goldman Sachs money market mutual fund at 1.64% per year. John Jablowski asks if the interest is marked off an index. Jaymie Sheehan replies it is rolling.

Morgan McElravy states the tax increment account and administrative expense funds have varied and unpredictable transfers, so liquidity is important. MuniCap

recommends that the tax increment fund, administrative expense fund, surplus fund, and debt service fund remain in the money market mutual fund.

Morgan McElravy states that the next pages of the analysis outline permitted investments under the trust indenture. Some options they pursued are US government securities, money market mutual funds, PLGIT, and repurchase agreements. US government securities are considered risk-free investments, but liquidity and rate of return on 1-, 3-, and 6-month maturities must be considered. The interest on a 6-month maturity is 2.12%/year. The largest risk is the valuation date, because having a loss would prompt significant event notices. To prevent this, they are considering options with a maturity of six months or lower. Currently, there is approximately \$304,000 available in the surplus fund, but that is normally used to reduce the special assessment requirement each year if needed.

John Jablowski states that the debt service reserve fund is recalculated every six months. The investment of the debt service reserve fund and the surplus fund should mature at the same time, so money may be moved if needed. Morgan McElravy replies yes, but if the debt services reserve fund needs replenishing, a significant event notice will still be sent, even if there's money available.

Heidi Pickard states only PLGIT Class is reviewed. Jaymie Sheehan replies that other classes of PLGIT sacrifice liquidity and have a lesser rate of return than the money market. John Jablowski asks why a 91-day T couldn't be used. Jaymie Sheehan replies that pursuing that idea would require consulting with bond counsel, which would require additional fees, which they were trying to avoid.

John Jablowski states that interest rates are rising, and the T is a money market secured by Act 72 collateralization. Morgan McElravy replies that when interest rates rise, the value of the requirement decreases, which could lead to looking like a reserve requirement is lower than what's required by the trust indenture, which would cause a need for a significant event notice.

Morgan McElravy states that MuniCap is recommending moving the debt service reserve fund to a six-month US security at 2.12% interest annually because it adds an additional \$6,000 every six months, and leaving the remaining accounts in the current money market. Currently, all accounts are earning 1.64% in the money market mutual funds. John Jablowski asks why not take the debt service reserve fund and change it to a six-month US security at 2.12%. Morgan McElravy states that is what MuniCap is recommending. The other accounts undergo a large amount of transfers unpredictably so they must be liquid, but the debt service reserve fund is only eligible for transfers twice per year. Surplus funds can be used to redeem bonds if there are sufficient revenues to pay the succeeding year's payment. These funds can be used to pay debt service or administrative expenses.

Morgan McElravy also looked at free purchase agreements. This is not a worthwhile investment because it would lock in an interest rate. With interest rates rising it may lock the township in to a lower rate, and the expenses associated with this option are not offset by the rate of return.

Morgan McElravy summarizes the presentation, which recommends investing the debt service reserve fund in a six-month US government security, which would add an additional \$6,000 every six months, and recommends leaving the remaining accounts in the Goldman Sachs money market mutual account.

John Holahan motions to authorize MuniCap to invest the debt service reserve fund in a six-month US government security, leave the remaining accounts in the Goldman Sachs money market mutual account, and authorize MuniCap to reinvest every six months, Heidi Pickard seconds. John Jablowski asks if there is a cost to Goldman Sachs. Morgan McElravy states that Goldman Sachs was chosen because the average rate of return is 1.60%-1.68%, and they are in the middle. It would cost more to reinvest in another, and the trustees believe Goldman Sachs is one of the best funds. Jaymie Sheehan states that historically, Goldman Sachs has always been one of the top performers. Even though they are a few points below, there is no reason why they should not return to being one of the top money market funds soon. Vote: all in favor; motion carries.

7. Public Comment – none.
8. John Holahan motions to adjourn, Heidi Pickard seconds: meeting adjourned at 6:36PM.

Minutes recorded by Julia Heilakka