

## **\$200K saved after refinancing bond**

24 May 2010 — *Bucks County Courier Times*

middletown

Interest rates remain low for borrowers, and several area townships have taken advantage recently by refinancing bonds to reduce debt service payments.

Township debt will be more than \$200,000 lower this year, thanks to the recent refinancing of two bond issues approved by the Middletown Board of Supervisors.

About \$5 million left on a 2005 bond issue and \$470,000 left on a 1998 issue were refinanced at much lower interest rates, said township finance director Dennis Penko.

The previous average interest rates were 4.6 percent on the 1998 bond and 3.65 percent on the 2005 bond, he said. Both fell to about 1.8 percent as the result of the refinancing, Penko said. Both are scheduled to be paid off in 2017, he added.

After all fees were paid, the township saved \$203,862 on the deals, said Penko.

The refinancing was also structured in a way that all that money will be saved this year, he added.

The fees totaled about \$205,000, including: \$50,580 to underwriter UBS Financial Services of New York; \$27,000 to bond counsel Obermayer, Rebmann, Maxwell and Hippel of Philadelphia; \$10,000 to township solicitor Joseph Pizzo; \$13,500 to financial advisers Public Financial Management of Harrisburg; \$8,500 to Standard & Poors for verifying and updating the township's credit rating; \$2,750 to the firm that arranged the Internet auction of the bonds; \$7,000 for formatting and printing the refinance documents; \$1,750 to the paying agent, M & T Bank; and about \$8,150 for miscellaneous expenses.

One of the few advantages of the current down economy is low interest rates on borrowed money, and several area townships have taken advantage.

Lower Makefield recently saved about \$1 million by refinancing two bonds and Northampton about \$521,000 by refinancing three bonds.

Chris English can be reached at 215-949-4193 or [cenglish@phillyBurbs.com](mailto:cenglish@phillyBurbs.com).

*"\$200K saved after refinancing bond" Bucks County Courier Times 24 May 2010: B1*