

HERMITAGE

Authority refinances, issues bonds

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By Joe Pinchot, *Herald Staff Writer*

Hermitage Municipal Authority hired a law firm and bond underwriter Jan. 4 to handle a partial bond refinancing and issuance of new bonds. The refinancing and issuance of \$2.5 million in new bonds – the total will be less than \$10 million – will not affect rates or the authority's annual debt service amount.

Noting that the city is in the second year of a three-year user fee hike to raise money to pay for the expansion of the water pollution control plant on Broadway Avenue, plant Superintendent and authority Manager Tom Darby said, "We're not going to go ahead and change those rates."

City commissioners, who approved their own bond refinancing last month, must approve the authority's refinancing. If they do that later this month, the authority could receive its money in February, Darby said. Bonds are debt securities bought by investors in return for paybacks at specified interest rates over a set period of time. Municipalities issue bonds to raise money for public works projects. Because interest rates have fallen, the authority can refund the bonds and issue new ones at lower interest rates, saving the authority money it would have had to pay in interest.

The authority is refinancing part of the 2003 and 2006 bond issues in order to save \$587,000. Most of the savings will be used to pay debt service, Darby said. Authority officials have two projects pegged for use of the extra \$2.5 million: continuing the line repair and replacement work in the Rombold Road area, and undertaking repairs in the Woodlawn Drive area, where the flooding late last winter exposed problems in the collection system.

The authority hired law firm Thorp, Reed and Armstrong of Pittsburgh as bond counsel and PNC Capital Markets, Pittsburgh, as bond underwriter. The authority and city have used both firms for bond issues in the recent past.