

HERMITAGE

Two bond firms hired for storm water, road projects

Sharon-Herald – Friday, December 23, 2011

By Joe Pinchot, *Herald Staff Writer*

Hermitage commissioners on Wednesday hired two firms for the issuance of \$1.75 million in bonds to fund storm water management and road improvement projects.

Commissioners hired law firm Thorp, Reed and Armstrong of Pittsburgh as bond counsel and PNC Capital Markets, Pittsburgh, as bond underwriter. The city has used both firms for bond issues in the recent past. The bonds will carry rates rising from 0.6 percent to 3.95 percent, and will mature in 18 years, with the principal payments back loaded so the majority of the money will be paid in years 16 and 17, as the city's other bond issues run out.

What that means is the city's cumulative debt service will increase from about \$935,000 a year to just more than \$1 million through 2028, dropping to \$124,740 in 2029. Assuming there are no more bond issues, the city will be debt free in 2030. The debt service on the new bond issue will be paid from proceeds of a newly enacted increase in the Local Services Tax levied on people who work in the city. The tax has been raising about \$75,000 a year, and will now bring in about \$375,000 a year.

With the latest issue, the city will get \$1,691,622 for projects, and \$58,378 will be used for costs of the issue. Thorp Reed will reap a \$10,000 fee. Michael Zubasic, managing director of PNC's public finance division, said the city should get its money in late February.

The bond money will pay for storm water improvements projects on Cohasset Drive, Ridgewood Drive, North Darby Road, Catalina Place and Butterfly Lane, and a stream restoration project of the stream known as Indian Run, from Sunset Boulevard to near Butterfly. Road work is planned for Longview and Morefield roads and North Oakdale Avenue and Westerman Boulevard.