

Allegheny County Council

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Meeting Minutes

Thursday, June 14, 2018

4:00 PM

Conference Room 1

Committee on Economic Development & Housing

Dewitt Walton, Chair; Tom Baker, Patrick Catena, Sam DeMarco, Nick Futules, Bob Macey and John Palmiere, Members

I. Call to Order

The meeting was called to order at 4:03.

Invited Guests:

William D. McKain, CPA, Allegheny County Manager or designee(s)
Robert Hurley, Director, Allegheny County Department of Economic Development

Mr. McKain was present from the Office of the County Manager.

Mr. Hurley was present from the Department of Economic Development.

Mr. Janoszco was present from the Law Department.

Ms. Soroka was present from the Department of Budget & Finance.

Mr. Barker was present from the Office of County Council.

II. Roll Call

Members Present: 3 - Bob Macey, DeWitt Walton and Sue Means

Members Absent: 3 - Sam DeMarco, Nick Futules and John Palmiere

Members Phone: 2 - Tom Baker and Patrick Catena

III. Approval of Minutes

[10664-18](#)

Motion to approve the minutes of the May 31, 2018 meeting of the Committee on Economic Development and Housing.

**A motion was made by Macey, seconded by Catena, that this matter be Passed.
The motion carried by a unanimous vote.**

IV. Agenda Items

Ordinances

[10662-18](#)

Authorizing the incurring of lease rental debt not to exceed an aggregate amount of \$2,600,000 by entering into a debt service reserve fund replenishment guaranty agreement. Ordinance of the County of Allegheny, Pennsylvania (the "County") determining to incur debt in an aggregate amount not to exceed \$2,600,000 in connection with a project to be undertaken by the Allegheny County Industrial Development Authority (the "Authority") on behalf of Residential Resources, Inc., Residential Resources Southwest, Inc. and Residential Resources Development Corporation; determining that such debt shall be incurred as lease rental debt to be evidenced by a debt service reserve fund guaranty agreement (the "Guaranty") by the County relating to the authority's lease revenue bonds, series of 2018 (Residential Resources Inc. Project), to be authorized and to be issued by said authority; briefly describing the project; authorizing and directing the preparation, certification and filing

of the debt statement, the borrowing base certificate to be appended to the debt statement, and other appropriate documents required by the local government unit debt act [53 Pa.C.S.A §8001 et seq.]; issuing, upon receipt of approval of the Pennsylvania Department of Community and Economic Development, the guaranty; authorizing delivery of the guaranty to the trustee under a trust indenture; specifying the amount of the guaranty obligations of the County pursuant to the guaranty; guaranteeing replenishment of the debt service reserve fund in an aggregate amount not to exceed \$2,600,000 and making certain covenants with respect thereto; authorizing the execution and delivery of a reimbursement agreement and related documents; and providing for proper officers of the County to take all other required, necessary or desirable related action in connection with said project.

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill, and Mr. McKain summarized its provisions, noting that the bill would function to re-establish the guaranteed debt service replenishment fund associated with an existing bond issuance that would be refinanced through a new issuance. Mr. McKain provided detail regarding the role and function of Residential Resources entities and the history of the original bond issuance, noting that the County's guarantee was sought in order to obtain better debt service terms. Mr. McKain indicated that the 2001 issuance was refinanced in 2006, and that this resulted in significant savings, and that the current refinancing endeavor is expected to accomplish the same, which will lower the County's debt service guarantee amount from over \$2.7 million to \$2.6 million. Mr. McKain noted that virtually all of the tenants in the properties maintained by Residential Resources receive at least some services from the County's Department of Human Services.

Ms. Soroka noted that the guarantee has been in place for years, and that no County funding has ever been used to make up for debt service payments at any time.

Mr. Hurley noted that the term of the bond issuance will not change, and will still end in 2031, and that the money saved through the refinancing will actually make it less likely that the County's guarantee would ever be needed, because the debt service payments will drop as a result of the refinancing. Mr. Hurley indicated that the County's obligation would only be in place for one year, because should Residential Resources be unable to meet its debt service obligations, after one year, they would be required to begin selling properties in order to raise the necessary revenue.

In response to questions from Mr. Macey, Mr. McKain noted that the services provided by Residential Resources relate to providing single family homes in various neighborhoods, which is not a service that the County itself would provide, so they function in a complimentary fashion. Mr. Hurley and Ms. Soroka discussed the value and type of services provided, and Mr. McKain noted that Washington and Westmoreland Counties also provide funding for the residential services provided by Residential Resources there.

In response to questions from Ms. Means, Mr. Hurley noted that the absolute maximum County expenditure after the refinancing would be \$2.6 million in one calendar year and indicated that Residential Resources in a solid financial position, as evidenced by financial institutions being willing to entertain the debt issuance.

A motion was made by Macey, seconded by Catena, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

V. Adjournment

The meeting was adjourned at 4:17.