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## Fayettee to refinance bond issue

By Paul Sunyak, Herald-Standard  
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The Fayette County commissioners voted 2-1 Thursday to refinance the county's \$11.7 million bond issue using the same investment banker that floated the original bond two years, provided the minimum savings is at least \$235,000.

Commissioners Sean M. Cavanagh and Ronald M. Nehls voted to have RRZ Public Markets Inc. do the job for an approximate cost of \$123,000, with both commending the firm for the outstanding preplanning job it has done in an ongoing effort to help the county save money.

"I'm not kicking RRZ to the curb ... because of the hard work that (it's) done," said Cavanagh. "I don't think that it's a big issue. The bottom line is we won't refinance the bond unless we save the taxpayers money."

However, Commission Chairman Vincent A. Vicites opposed what he views as a rushed-through selection process that didn't take into account the opinions of the county solicitor or the county's bond counsel. With interest rates pretty much stabilized at a low level, Vicites also said the county should take the time to obtain proposals from other interested firms that might offer a better deal.

"You've got to give other people a chance. This is government; it isn't private industry," said Vicites, who noted that the Uniontown office of Parker/Hunter Inc. sent him a letter of interest Wednesday. Cavanagh said the letter "amazingly" arrived the day after Tuesday's agenda meeting when the refinancing proposal was publicized.

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In addition to asking, "Are we jumping into this prematurely?" Vicites said that before Muscatello began doing any ground work on the refinancing - a dialogue that Muscatello said started four or five months ago - he should have had formal authorization from the commissioners.

Nehls said he did mention the refinancing option at a prior public meeting. He also said he asked county fiscal analyst Bruce Beard to look into the matter "at least four months ago," so it should come as no surprise.

When Vicites noted that the commissioners recently voted to solicit competitive proposals for engineering services for the first time in memory, and that they voted six months ago to do the same for a copy machine contract, Cavanagh said this issue was different because of interest-rate sensitivity.

"It's a timing thing," said Cavanagh. "We're not going to do anything foolishly. We're not going to refinance until it's in the best interest of the taxpayers. But we need to have our ducks in line and be ready to strike (when the time is right)."

In response to Vicites' point about seeking competitive requests for proposals, Nehls noted, "We do not (RFP) everything in this county government," and added that he wanted to make that point abundantly clear.

The debate between Vicites and Cavanagh grew contentious at times, with Vicites claiming, "When I make good points I get cut off," and Cavanagh responding, "I'll wait until hell freezes over for you to make your point."

Cavanagh also accused Vicites of "trying to cause mayhem" on the issue, to which Vicites replied, "You're baiting me."

Regarding the wisdom of moving on the matter now versus waiting, Nehls told Vicites, "I'm going to take his (Muscatello's) advice over yours."

Vicites said he is not inherently against refinancing the bond, but is opposed to the manner in which the action is being carried out. He reiterated several times that the county should see what other firms are offering and that the county's hired legal hands should have had more say in the move.

County solicitor Joseph E. Ferens Jr. was none too happy at the turn of events and let his feelings be known during the meeting.

"This is the first I've heard of this, Joe," he told Muscatello. "It upsets me a little bit, quite frankly, that I've been out of the loop."

In what some may view as an irony, Dave Lohr, who ran for commissioner as an independent on a team with Cavanagh, sided with Vicites. Lohr, who works in the insurance and investment industry, said the current climate is "very competitive" and that fact should be made to work to the county's advantage.

"This bond should be fought for (by interested investment bankers)," said Lohr, who noted that the move would also send an encouraging signal to other businesses that it's worth their while to bid on county contracts.

Vicites said, "I agree with you on this, Dave," before adding, "We haven't agreed on much in the past."

By a 2-1 vote, again with Cavanagh and Nehls in the majority and Vicites opposed, the commissioners voted to hire Pepper Hamilton as bond counsel for the refinancing, provided that Ferens' review determines there is no conflict, as that firm served as RRZ's attorney on the original bond issue.

Ferens said Pepper Hamilton is also the law firm for the Washington County bond pool that the Fayette County

Redevelopment Authority has tapped for loans on behalf of itself and Fayette County municipalities.

The move means that the law firm of Thorpe, Reed and Armstrong is out of the picture in terms of the Fayette County bond. Lisa Chiesa, who's handled that work for Thorpe, Reed and Armstrong, said that for the refinancing the bond counsel should have been "working hand in hand" with the investment banker all along.

Chiesa said the county's bond counsel provides a vital "independent" view of the proposal. She said she reviewed the refinancing proposal at Vicites' request and noted that the 2 percent savings threshold is the "minimum level of savings" that a bond issuer should strive for in a refinancing.

Vicites said he'd like to see savings of even more, perhaps in the 3 percent range. Cavanagh said he'll take a 5 percent savings if it's available, but noted the county must be prepared to act if the 2 percent materializes. Nehls said he'd refinance the bond if the savings are as little at 1.75 percent.

Muscattello said his firm will charge the same \$6.95 per \$1,000 worth of bonds issued as it did in 2000. He also said that other specifics of the deal "are the same as they were in 2000" and noted that the commissioners can still negotiate on fees.

Vicites said it appears that RRZ's fee had already come down from the \$7.50 per \$1,000 that Chiesa calculated in her review of the refinancing proposal. He said that type of fluidness is why he'd like to get benchmarks from other firms before making a decision.

Cavanagh said the county would have to hold a special public hearing before the commissioners can formally approve the bond refinancing. Muscattello said it would take at least a week, even under the most favorable conditions, to make the necessary arrangements to refinance the bond.

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