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## S&P SAYS CAMBRIA IMPROVED – SAVES COUNTY OVER \$3 MILLION

EBENSBURG, PA – Yesterday, the Cambria County Commissioners agreed upon terms with M&T Securities on the sale of the County's bond issuance. The bonds, totaling approximately \$48.6 million, were priced in the municipal bond market at a fixed, effective, all in rate (inclusive of all closing costs and fees) of 2.93% for a 15-year term.

President Commissioner, Doug Lengenfelder, commented, "We are extremely pleased with the outcome of our bond issuance. We worked hard to improve the fiscal condition of the County, turn that into a higher credit rating from Standard and Poor's, refinance nearly all of the County's outstanding debt at a lower rate and generate over \$3 million in net savings."

The \$48.6 million in bonds will either directly payoff existing debt or be set aside, in trust, to payoff over time all of the County's debt, excluding approximately \$150,000 in leases that did not possess favorable terms for refunding. Many of the County's outstanding debt had effective interest rates of 5% or higher and were variable in nature, leaving the County exposed to higher payments if or when interest rates were to rise.

Commissioner Mark Wissinger added, "Our ability in this transaction to save the residents of Cambria County over \$3 million in future interest expenses was enough for us, the Commissioners, to proceed, but I believe the real win was our ability to negotiate fixed terms so that we know exactly what our liabilities are going to be over the next 15-years, even if interest rates go higher, as they seem to be heading."

The County's outstanding debt can be considered a "legacy cost" (cash short-falls funded by short-term borrowings that turned into long-term borrowings) or previous capital projects that were funded using less than advantageous lease agreements. All of this will all be refinanced. This includes, most notable, the 2007 Wi-Fi Lease for \$6.8 million, the prison lease and several bank loans that the County accrued over the past several years.

Commissioner Thomas Chernisky noted, "We thought that it was particularly important that this refinancing did not extend the term of any of the bank notes or leases that we had outstanding. Our objective was not to 'kick the can down the road' but to legitimately lower our payments through gaining lower interest rates and through our continued negotiations with M&T Securities, I am happy that we were able to achieve that objective."

All this was made possible by the County's recent improved financial position, which was reinforced by Standards and Poor's recent credit rating of the County. The County was rated BBB (Stable) by the rating agency on July 30, 2014. Standard and Poor's cited many improvements in the County's financial position, particularly the sale of Laurel Crest, the inclusion of a \$250,000 reserve fund in the 2014 budget and oversight by the County Commissioners on limiting expenses.

"All three Commissioners were pleased with the improved rating from S&P. This confirmed we are moving the County in the right direction, but we also understand that we still have a long way to go until we are on solid financial footing. We plan on continuing our efforts to improve the economic condition of the county and continue to work with S&P to improve our rating," President Lengenfelder concluded.