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TOM YERACE

For the first time since it was formed in 1820, Allegheny Township entered the world of Wall Street finance.

Township Manager Gregg Primm announced Monday that the township's first bond issue became a reality on Aug. 5 when \$2.4 million worth of financial guaranties were sold by PNC Capital, the bond underwriter, within three hours.

"We've paid off our debts and now we're looking to this bond issue to redo this (township) building, and all without a tax increase," Supervisor Joseph Ferguson said.

Primm said the borrowed money will be used not only to build an addition onto the municipal building but renovate the existing structure, too. He said the bond issue also will finance construction of an \$85,000 rubber roof and new gutters for the public works building.

In addition, every five years the township borrows \$500,000 to replace or update equipment in the public works department. Primm said, this year, the loan will be rolled into the bond issue since the bond rate makes it a cheaper option than a regular bank loan, and the amount designated is lower this time, around \$390,000.

“We locked into a really good rate,” Primm said, noting the bond rate is 2.14%.

He said the initial rate projection was nearly 3.2%. Supervisors Chairwoman Kathy Starr said the difference between the two rates translates into a \$175,000 savings in bond repayments.

Primm said the township chose to go through Standard and Poor’s in seeking its bond rating. Since the township never had a bond rating before, Primm said he had to produce 10 years of township financial records and answer questions regarding them. He described the process as “grueling” but, apparently, it proved to be worthwhile.

“The people helping us with the bond thought that, for a community our size, we would probably get only an ‘A’ rating,” Primm said. “It turned out we received a ‘AA’ rating.”

He said only one community in the state has a ‘AAA’ rating, and that is Cranberry Township, Butler County.

Now that the township finally has a bond rating, he said the trick is keeping it. Primm said that will involve sending the township’s financial report to the rating company on an annual basis.

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