LOWER POTTSGROVE TOWNSHIP AUTHORITY February 14, 2011

The Lower Pottsgrove Township Authority held their regularly scheduled meeting on Monday, February 14, 2011 meeting was called to order at 7:00 P.M. The following attended:

David Richards, Treasurer	Rodney Hawthorne, Manager
Mark Loshnowsky, Secretary	Stephen Kalis, Solicitor
Joseph McGeehan	William Dingman, Engineer
	Gordon Walker - PFM
	Megan Santana-Fox Rothschild LLP

Mr. Gordon Walker presented the final financial report dated 2/14/11 along with the bond auction results. Mr. Walker mentioned the Authority is (AA) rated and this is a very good rating for an Authority. UBS Financial was the winning bid of 3.999841%. There were (6) changes in the bidding process by UBS. See attached Mr.Walker's executive summary of the LPTA financing dated 2/16/11. Ms. Megan Santana reviewed resolution 2011-81 the issuance of the bonds and acceptance of a proposal for the purchase notes from UBS Financial Services and the taking of all necessary action. Motion to approve Resolution 2011-81 was made by Mr. Richards and seconded by Mr. McGeehan. All Approved.

APPROVAL OF AUTHORITY MINUTES: Mr. Joseph McGeehan motioned to approve the minutes of January 10, 2011 and Mr. David Richards seconded the motion. All Approved.

OLD BUSINESS:

1. **Developers' Discussion & Update (CAP) and (CMP)---**Mr. Dingman submitted the CAP report #45. Bull dog Construction has been issued a letter to proceed on the force main construction. All other old business has not changed.

2. **DEP Consent Order and Agreement** ---Mr. Dingman had nothing new to report.

3. **Department of Environmental Protection Public Awareness---**Nothing new to report

NEW BUSINESS:

1. **Authorization for Authority Manager to make change orders up to $20,000---**Mr. Dingman would like Mr. Hawthorne to have the Authority approve the change orders up to $20,000. Mr. McGeehan wanted to make it time & material not to exceed $20,000. Mr. Dingman then brought up the change order for test pits. Bulldog construction have (5) in the contract and wants to go up to (45) test pits at $1500.00 a piece, this is need to find the current force main. We under no circumstances can afford to hit the old force main. A first motion was made by Mr. Richards to approve only one change order between meetings and Mr. McGeehan seconded the motion. All approved. A second motion was made by Mr. McGeehan to approve the change order for additional test pits totaling 45. Mr. McGeehan wants it not to exceed 67,500 for this bid item to include a $10,000 credit, this motion was seconded by Mr. Richards. All approved.

2. **Resolution # 2011-80A & B---** Motion to approve Resolution # 2011-80A authorizing any board member to executive any and all projects concerning the force main project and

easements was made by Mr. McGeehan and seconded by Mr. Richards. All approved. Motion to approve Resolution # 2011-80B to increase the Moyer easement form $500.00 to $1,750.00 was made by Mr. Richards and seconded by Mr. McGeehan. All Approved.

3. **Resolution # 2011-81**---Approval of this Resolution is listed in the first paragraph.

4. **Moyer Lumber Agreements-----** A motion to approve Moyer Lumber agreements excepting the right of way easements was made by Mr. McGeehan and Mr. Richards seconded the motion. All Approved.

5. **Increase in Test Excavation Pits From 5 to 45**----See New Business #1

6. **Street Opening Permit (Moser Road)---**Motion to approve the street opening permit along Moser Road for $2,343.00 was made by Mr. Richards and Mr. McGeehan seconded the motion. All approved.

7. **New Hatches---**Mr. Dingman submitted information on new hatches at $2000.00 a piece. Mr. Dingman wants (5) new hatches. The Board was in agreement with Mr. Hawthorne approving the new hatches time & material under $20,000.

INFORMATION: Cornerstone Realty has revised its request for Edu's and now wants to keep 10 Edu's with the property and turn back 7 Edu's to the Authority. The original request was to keep 7 Edu's and turn back 10 Edu's. The new revised request for Cornerstone Edu's for 1000 Armand Hammer Blvd. will be Cornerstone keeps 10 Edu's and returns 7 Edu's back to the Authority. Motion to approve this request was made by Mr. McGeehan and seconded by Mr. Richards. All approved.

February 14, 2011
FINANCIAL REPORT

I. TREASURERS REPORT:

Mr. McGeehan motioned to approve the Treasurer's Report, as reported by Mr. Richards, and Mr. Richards seconded the motion. All approved

SEWER REVENUE ACCOUNT	**$1,590,873.79**
CAPITAL IMPROVEMENT RESERVE	**$ 273,210.38**
DEBT SERVICE RES EMMAUS LOAN	**$ 351,500.00**
DEVELOPERS CIP ACCOUNT	**$ 147,281.46**
DEVELOP TREATMENT CAPACITY	**$ 35,805.28**

II. BILLS FOR PAYMENT

Mr. S. Kalis presented the following bills for payment, Mr. Richards motioned approval for payment and Mr. McGeehan seconded the motion. All approved.

CAPITAL BILLS

SEWER CAPITAL RESERVE PLGIT

BURSICH ASSOCIATES	**$**	**777.50**
BURSICH FORCE MAIN WWTP	**$**	**13,153.17**
BOROUGH OF POTTSTOWN	**$**	**2,343.50**
STANDARD AND POOR'S RATING SERV	**$**	**12,700.00**

SEWER CAPITAL RESERVE PLGIT PAID SINCE LAST MEETING

NORFOLK SOUTHERN RAILWAY CO	**$**	**9,000.00**
NORFOLK SOUTHERN RAILWAY CO	**$**	**5,000.00**

REQUISITIONS

#269	**FOX ROTHSCHILD, LLP**	**$**	**7,649.70**
#268	**BURSICH ASSOCIATES**	**$**	**3,728.00**

There being no further business, the meeting adjourned. The next meeting is Monday, March 14, 2011.

Respectfully submitted,

Rodney P. Hawthorne
Manager

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February 16, 2011

Memorandum

To: Rod Hawthorne
From: L. Gordon Walker
CC: Michele Christmas, Howard Kalis, Bill Dingman
Re: Executive Summary of LPTA Financing

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1. Purpose and Goal

The primary purpose of the financing is to provide the Authority with $2.9 million of new money for various Projects (see P. 7 of my 2/14/11 handout). The goal was to borrow these funds and end up with Authority annual debt service that is lower than the current annual debt service.

2. Current Debt Service

This consists of an Emmaus Note in a variable rate mode, the final year being 2020, and a series of fixed rate 2005 Bonds, the final year being 2016.

3. Restructuring

The debt service goal has been accomplished by refunding and restructuring all of the 2005 Bonds and some of the Note so that the final maturity of the 2011 Bonds is 2030.

4. Result

The result is this: Currently, the debt service is running slightly over $1.1 million per year. Upon completion of the 2011 financing, starting in 2012, the debt service will approximate $850,000/year.

5. "Bank Qualification"

Federal law states that if a municipal entity keeps its' tax-exempt borrowings to $10 million or less in a calendar year, the issue is "bank qualified," meaning that banks can effectively purchase the Bonds. Because of this expanded market for the Bonds, there is a savings here of ½ to ¾ of 1% in the interest rate. LPTA has done this, as the Bonds are being issued in an amount of $9,930,00.

6. Refunding Portion of the Emmaus Note

In order to keep the issue size at less than $10 million, LPTA is refunding $1,575,000 of the Emmaus Note, leaving $1,915,000 outstanding.

7. Credit Rating

LPTA has received an excellent credit rating from Standard & Poor's, a "AA". To my knowledge, there are only a few higher rated "AAA" issuers in Montgomery County. This resulted in a lower interest rate (3.999%) than would otherwise be the case.

8. Internet Bidding

I recommended that LPTA sell its' Bonds via an Internet Bidding process, which I believe resulted in the lowest possible interest rate. We had five syndicates bidding a total of 32 times on Monday February 14.

9. Debt Service Reserve Fund

As security for the Emmaus Note, there is presently a Reserve Fund of $351,500 on deposit at a local bank. U.S. Bank has agreed to release $157,500 of this after Closing, which is equal to 10% of the amount of Emmaus Note we are refunding. In order to have the balance released, LPTA would have to refinance the balance of the Note, which could be done in 2012, or later.

10. Closing

Closing is expected to occur on March 22, 2011.