

## LOWER POTTS GROVE TOWNSHIP AUTHORITY

August 8, 2011

The Lower Pottsgrove Township Authority held their regularly scheduled meeting on Monday, August 8, 2011. The meeting was called to order at 7:06 p.m. The following attended:

David Richards, Treasurer  
Mark Loshnowsky, Secretary  
Joseph McGeehan

William Dingman, Bursich Associates, Inc.  
Stephen Kalis, Fox Rothschild LLP  
Alyson Elliott, Assistant Township Manager

Also in attendance were L. Gordon Walker, Managing Director of PFM and R. Kurtz Holloway, Township Solicitor.

### COMMENTS FROM VISITORS

None.

### APPROVAL OF THE MINUTES

A *motion* was made by Mr. Richards, seconded by Mr. McGeehan, and unanimously passed by a 3—0 vote, to approve the minutes of July 11, 2011.

### OLD BUSINESS

#### *Developers Discussion & Update (CAP)*

Mr. Dingman distributed Report #51 and informed the Authority members that there was nothing new to report.

#### *Consent Order & Agreement with the Commonwealth of PA*

Mr. Dingman reported that the weather has been quite dry lately, so there has been no activity to report

#### *Force Main Report*

Mr. Dingman reported that the pump controller manufacturer dug a little deeper and found as-built drawings. The contractor will incorporate this information into the shop drawings. He said that everything is working out well and they do not have to worry about the extra money that was considered in the last discussion.

There is currently no field activity, but Mr. Dingman said he expects an early October delivery for equipment, with one month for installation. It looks like it will be operational in early November. He said the Borough has reviewed the submission and is ok with it to date.

#### *Resolution No. 2011-82: Authorization to Borrow from Delaware Valley Regional Finance Authority to Refund the Outstanding Emmaus General Authority Note*

Mr. Walker gave the Authority an update on the status of the economy, stating with the US S&P rating being lowered, Congress fighting, and tension with the Euro, bonds are looking favorable and interest rates are low. He said that the Delaware Valley Regional Finance Authority bond

will be at 1.5%, while the Emmaus General Authority Note rate is 2.5%. The new bond will be a variable rate. Mr. Walker stated that it is a good time to have a variable rate and anticipates that interest rates will remain low for quite some time. He added that it is not a bad practice to have a mix of variable and fixed rate loans.

Mr. Walker distributed a revised financing report, dated August 8, 2011 and explained that the Emmaus loan must be closed on September 29, 2011, at the request of the Emmaus Fund. The DelVal bond will be approximately \$215,000 less than the Emmaus bond, as Mr. Hawthorne and staff recommend using the Debt Service Reserve Fund from the Emmaus bond to pay down the debt being financed. The DelVal bond does not require a reserve fund. It was determined that the Authority did not have access to this money while it had outstanding debt with Emmaus and that utilizing this money to pay down the debt will save approximately \$78,000.

Mr. Walker explained that the DelVal bond will have significant benefits:

- The Authority can pay any portion or the entire loan off at anytime during the repayment period without fees or a pre-payment penalty.
- The Authority could change the loan into a fixed rate loan.

Mr. Walker explained that the loan will be paid off in the same year as the Emmaus loan (2020), due to a savings of 1% in interest and the \$215,000 reduction in the debt, the DelVal loan will save the authority approximately \$350,000.

Mr. McGeehan asked about the approximately \$30,000 in fees. Mr. Walker explained that his fees would be approximately \$22,000, Fox Rothschild's fees would be approximately \$5,000, and the Township Solicitor's fees would be approximately \$2,500. He added that DelVal kept a majority of the costs low by preparing the paperwork and resolution for approval. Their fees are approximately \$7,000.

A *motion* was made by Mr. Richards, seconded by Mr. McGeehan, passed by a unanimous 3—0 vote, to approve Resolution #2011-82, authorizing the issuance of the \$1,740,000 guaranteed sewer revenue note through the Delaware Valley Regional Finance Authority, repaying and closing out the approximately \$1,953,000 to the Emmaus General Fund Note, and using approximately \$215,000 from the Emmaus Debt Service Reserve Fund to pay down the debt being transferred to the Delaware Valley Regional Finance Authority, subject to the Lower Pottsgrove Township Board of Commissioners taking affirmative action to guarantee the Lower Pottsgrove Township Authority's debt.

## **NEW BUSINESS**

### ***Closing Certain Accounts and Transferring Monies to the Sewer Capital Reserve Account***

Mr. Dingman reported that Michele Christman, the Township's Finance Director, would like to close out extraneous accounts, such as the H2O Grant Fund account, the Sewer Development Treatment CAP account, and the Developers' CIP account and merge them with the Sewer Capital Reserve account. He reported that these accounts were established to separate how the

money was brought in, but there is no restriction on how the money in these accounts are spent. He said that Ms. Christman has enough of a paper trail to account for how the money is received and that closing out these accounts and merging them with the Sewer Capital Reserve account seems appropriate at this time.

A *motion* was made by Mr. McGeehan, seconded by Mr. Richards, passed by a unanimous 3—0 vote, to transfer the following monies to the Sewer Capital Reserve account and close out the emptied accounts:

- approximately \$455,300 from the H2O Grant Fund account
- approximately \$147,309.73 from the Developers' CIP account
- approximately \$35,812.08 from the Sewer Development Treatment CAP account

***Information***

Mr. Dingman informed the Authority members that the Manfredi Subdivision is pursuing the purchase of an additional EDU. He also stated that the Township has received a request from a hairdresser to determine how many EDUs might be necessary for the proposed use at 2135 East High Street. The site is currently a doctor's office and has two EDUs.

**TREASURER'S REPORT**

Mr. Richards read the Treasurer's Report for August 8, 2011:

<b>Sewer Revenue Account</b>	<b>\$2,226,307.29</b>
<b>Capital Improvement Reserve</b>	<b>\$361,389.28</b>
<b>Debt Service Res Emmaus Loan</b>	<b>\$160,847.33</b>
<b>Developers CIP Account</b>	<b>\$147,309.73</b>
<b>Develop Treatment Capacity</b>	<b>\$35,812.08</b>
<b>Wells Fargo 2011 Bond Issue</b>	<b>\$1,653,707.54</b>

A *motion* was made by Mr. McGeehan, seconded by Mr. Richards, and unanimously passed by a 3—0 vote, to approve the Treasurer's Report for August 8, 2011.

**BILLS FOR PAYMENT**

Mr. Kalis read the bills for payment:

<b>CAPITAL BILLS</b>	<b>\$0.00</b>
<b>SEWER CAPITAL RESERVE PLGIT</b>	
<b>Bursich Associates</b>	<b>\$2,375.26</b>
<b>McCullough Group</b>	<b>\$81,959.94</b>
<b>Mytana-Camera Head</b>	<b>\$1,715.00</b>
<b>WELLS FARGO 2011 BOND ISSUE REQUISITIONS</b>	
<b>2011-10 Bursich Associates, Inc.</b>	<b>\$7,288.31</b>

**OPERATING ACCOUNT REQUISITIONS**

**Requisition #00-281: Fox Rothschild**

**\$298.56**

**Requisition #00-280: Bursich Associates**

**\$1,633.50**

A *motion* was made by Mr. Richards, seconded by Mr. McGeehan, and unanimously passed by a 3—0 vote, to approve the bills for payment as presented.

**ADJOURNMENT**

There being no further business, a *motion* was made by Mr. McGeehan, seconded by Mr. Richards, and unanimously passed by a 3—0 vote to adjourn the meeting at 7:40 p.m.

The next meeting of the Lower Pottsgrove Township Authority is scheduled for Monday, September 12, 2011.

Respectfully Submitted,



Alyson Elliott

Assistant Township Manager/Recording Secretary