

July 9, 2014

The East Lampeter Township Board of Supervisors held a Special Meeting on Wednesday, July 9, 2014, at 4:00 p.m. at the East Lampeter Township Office, 2250 Old Philadelphia Pike, Lancaster, PA 17602. The meeting was called to order by Mr. John Blowers, Chairman and was followed by the Pledge of Allegiance. In addition to Mr. Blowers, supervisors present were: Mr. Dave Buckwalter, Mr. Corey Meyer and Mr. Ethan Demme. Mr. Glenn Eberly was absent. Also present was Mr. Ralph Hutchison, Township Manager, Mr. Charlie Thomas, Public Works Director and Mrs. Jeanne Glick, Finance Director. Also present were the East Lampeter Sewer Authority Members: Mr. Richard Robinson, Mr. Fred Clark, Mr. Vinod Patel, Mr. Wayne Beaner, and Mr. Todd Stumpf.

The following persons signed in as being present in the audience:

Matt Cichy, HRG Inc.
Rhonda Lord, Esquire, Bond Counsel
Scott Shearer, PFM Inc.
Bill Chillias, Esquire

Adoption of Ordinance to Guaranty the ELSA Bond Issue and Related Actions

Ms. Rhonda Lord reviewed the Ordinance. She stated that the ordinance approves the numbers that the Authority is going to approve in the Bond Purchase Agreement and it sets forth that the Board will guarantee the debt service on those bonds. She stated that it includes items to comply with the Department of Community and Economic Development which needs to approve any debt that the Board issues. She stated that the Bonds are to refund the 2009 Bonds and also for extraordinary repairs to the sewer system and to pay the cost of issuance on the bonds. She reviewed the following sections of the Ordinance:

- Section 1: The Board agrees to authorize the Authority to undertake the project.
- Section 2: Sets forth that the Board agrees to incur debt in the form of "lease rental debt."
- Section 3: Sets forth that the total amount of debt will be \$8,910,000.00.
- Section 5: Sets forth the Board will enter into a Sixth Supplemental Agreement of Lease with the Authority in connection with the Guaranty.
- Section 7: The Board is approving the form of the Guaranty Agreement. The Board agrees to pay the principal and interest on the bonds that the Authority and agrees to the debt service schedule.
- Section 9: Authorizing to file with the DCED.
- Section 10: Authorizing to set forth to DCED that the debt is self-liquidating meaning that the sewer revenue will be enough to pay the principal and interest.
- Section 12: Authorizing to get approval with the DCED.
- Section 13: Sets forth that the guaranty obligations are set forth in Exhibit "A" of the Guaranty Agreement.
- Section 15: Budget Covenant

Mr. Meyer asked if the Township has to put money in the budget just in case the Sewer Authority does not pay it. Ms. Lord stated no. Mr. Hutchison explained that it is not an additional sum in the sewer fund budget. The Township budgets to cover the cost of the debt service which is paid by the Township on behalf of the Authority to cover the debt. The Township's obligation under the lease with the Authority is that the Township will cover their debt service costs. Mr. Hutchison asked Ms. Lord if it matters if the Board acts on the Ordinance first or the Authority acts on the Resolution first. Mrs. Lords stated it doesn't matter.

Ms. Lord reviewed the ELSA Resolution stating that it is to refund the 2009 Bond. She reviewed the following sections of the Resolution:

- Section 1: The bond will be \$8,910,000.00.
- Section 3: The bonds shall be secured by the Indenture and will be the Sixth Supplement Indenture.
- Section 5: The Authority shall enter into the Guaranty Agreement with the Township.
- Section 6: The Authority shall enter into the Sixth Supplemental Lease with the Township.
- Section 8: Authorize to do final closing and authorize and execute final closing documents.
- Section 11: Makes sure money follows the direction set in the Indenture.
- Section 14: Herbert, Rowland & Grubic, Inc. is appointed as the Consulting Engineer.
- Section 15: Kegel Kelin Almy & Lord LLP is appointed as Bond Counsel.
- Section 19: Bonds will be qualified tax-exempt obligations.

Mr. Blowers asked about the difference in the amount between the draft ordinance and the ordinance presented. Ms. Lords stated they may have gotten a lower rate so they didn't need as much for the refunding. Mr. Hutchison stated he spoke with Mr. Scott Shearer on the phone earlier in the day. He stated that Mr. Shearer indicated that the competitive process was successful. Janney Montgomery Scott LLC was the low bidder. They priced everything out today per the RFP and the rates were better then presented to the Authority back in May. Mr. Hutchison also stated that the Township went through a Moody's Rating Process and we received the same rating as before an Aa3 rating.

The Board decided to wait for the East Lampeter Sewer Authority to adopt the Resolution authorizing the bond issue and related actions. The East Lampeter Sewer Authority started their meeting while waiting for additional information regarding the Authority's resolution. Mr. Scott Shearer, from PFM, did a review of the bids received and stated the lowest bid was from Janney Montgomery Scott LLC. He reviewed the Moody's Credit Rating regarding the bonds. He discussed the refunding of the bonds. The Board and Mr. Shearer had a discussion about the Credit Rating, bond insurance fees, lock in rate, and the August settlement date.

After the East Lampeter Township Sewer Authority adopted the Resolution authorizing the bond issue and related action, Mr. Meyer made a motion to adopt the Ordinance to Guaranty the East Lampeter Sewer Authority Bond Issue Ordinance #306. Mr. Buckwalter seconded the motion and it was passed by unanimous voice vote.

Ordinance No. 306

Other Business:

Mr. Blowers asked Mr. Hutchison about the final numbers on the city issues being \$500,000 less than the original amount. Mr. Hutchison stated that the city calculated the amount due to be \$2.4 million and that staff is working to check their figures.

Public Comment:

None

Adjournment:

A motion was made by Mr. Meyer and seconded by Mr. Buckwalter to adjourn the meeting. The motion was passed by unanimous voice vote. The next regularly scheduled meeting is to be held on Monday, July 14, 2014 beginning at 7:30 pm.

Respectfully submitted,

Ralph Hutchison
Township Manager