

BOARD OF SUPERVISORS
MEETING MINUTES
August 31, 2015
6:30 P.M.

MEMBERS PRESENT:

Richard Scott-Harper, Chairman
David Connors, Vice Chairman
Robert Hittinger
Michael Pickel
Robert Weer

STAFF/OTHER PRESENT:

Steven Brown, Township Manager
Jacqui Guenther, Finance/HR Director
Lucien Calhoun
Jeff Calhoun

I. CALL TO ORDER

Mr. Scott-Harper called the meeting to order at 6:30 p.m.

II. PUBLIC COMMENT

There was no public comment.

III. FIRST BUSINESS

Public Works Building financing

Mr. Brown introduced the subject by saying cost estimates for the projects, except for site work, have been provided. The cost absent site work is approximately \$3 million. The site work would be roughly \$500,000, bringing the total to \$3.5 million. He also said Delaware Valley Regional Finance Authority has funds available to the Township to borrow now but there is a timing issue and they will run out of funds.

Mr. Lucien Calhoun stated that their funds will be committed by the end of the year. He anticipates it would be the second half of 2016 until they could provide more. He also stated one of the reasons for this is that the present rates are very good, especially compared to the options. He said that the cost of a bond issuance would be at least three times higher and a bank loan really is not an option as they rarely go beyond seven years with a fixed rate. He said that there is no pre-payment penalty and if rates go lower, the Township could take advantage of that at no additional cost. He also noted that the Township would require a bond rating if it did not presently have one. Mr. Calhoun said he believed that fixing the rate for the length of the borrowing is the best option for this project because the rate is so low. In response to a question from Mr. Connors he stated that if the Board decides to proceed by September 10th, the Board could act on the necessary ordinance at their October meeting and settle on the loan in November.

Mr. Jeff Calhoun reviewed the market and the fact that present interest rates are at near historic lows for their offerings.

Mr. Connors and Mr. Pickel expressed concerns with the cost of the project and the amount of borrowing that would be necessary. Mr. Scott Harper and Mr. Weer concurred but

stated the cost is explainable and necessary. Mr. Scott Harper stated if the Board borrowed \$3.5 million there is enough in capital reserve for 10 years of debt payments. Mr. Connors said he believes the \$1.68 million figure of cash-on-hand for the project is probably conservative. He also said while he did not really want to add on costs that he and Mr. Pickel supported the construction of a sidewalk along State Road near the Avon Grove High School. He was also concerned with leaving some funds in capital reserve. Mr. Weer agreed that the sidewalk project was needed and should be considered.

The Board discussed borrowing either \$3.5 million or \$4 million. Mr. Weer made a motion to borrow \$3.5 million, Mr. Pickel seconded the motion. Mr. Hittinger made a motion to borrow \$4 million, Mr. Scott Harper seconded the motion. Mr. Scott Harper said the Township needs to make sure it has the funds to finish the project. Mr. Hittinger stated that the application and spending are two different things and supported the \$ 4 million borrowing. Mr. Scott Harper said that funds could be returned if they were not necessary or used, which would reduce the debt. Mr. Connors said he was interested in funds being returned if they were not used or needed and that capital reserve was used to pay for some of the cost to reduce the borrowing.

Mr. Weer rescinded his motion.

A vote was taken on Mr. Hittinger's motion to borrow \$4 million, which was approved by a 5-0 vote.

Lamborn Hunt phase B

Mr. Jan Oberdoerster, Mr. Darren Sedlak and Mr. Eric Horn arrived and were present to represent the Lamborn Homeowners Association board to discuss the progress of work towards dedication of phase B. Mr. Scott Harper and Mr. Brown explained the situation being Keystone is very slowly making progress, the residents are very concerned because of that and that calling the bond to complete the project is problematic. It is the Township's experience that bonding companies will challenge that and the Township will not get as much money as needed to finish all the work.

Mr. Sedlak said he has been in Lamborn since the start of the project and understands the situation and Keystone. He stated that their HOA Board does not believe now is the time to call the bond. He and Mr. Oberdoerster said the HOA Board was generally more concerned with "big picture" issues in phase B and believe it is looking better as time progresses. Mr. Sedlak explained that he believes the Township should continue to push and work with Keystone as long as they are moving forward.

Mr. Sedlak also said their Board is interested in making changes to landscaping plan. Mr. Brown will contact Keystone to discuss that possibility and to set-up a meeting. Mr. Sedlak and Mr. Brown discussed the ownership of the open space and Mr. Brown is to have the Township Solicitor determine who owns the phase A and B open space. Mr. Oberdoerster was concerned with the sight distance at the intersection on S. Guernsey Road looking north. Mr. Brown will also investigate this matter.

The Supervisors stated they had not received weekly updates as promised by Keystone at the August Board of Supervisors meeting. They would like an explanation. They also want Keystone to provide a work plan for the next 30 days so it can be discussed at the September 2, 2015 meeting of the Supervisors.

X. ADJOURMENT

The meeting adjourned at 8:05 p.m.

Respectfully submitted,

Steven C. Brown
Township Manager