

# Highspire Borough Joint Meeting between the Highspire Borough Sewer Authority and the Highspire Borough Council

June 9, 2009

The joint meeting of the Highspire Borough Sewer Authority and the Highspire Borough Council came to order at 6:21 p.m.

Council Members Present:                   Carolee Roman  
  A. Kay Sutch  
  Charles Dengler  
  Dottie Matesevac  
  Marie Hoch

Council Members Jared Goughnour and James Titus were absent.

Chairman of the Sewer Authority Von Hess began the meeting. He stated there were talks about the upgrade to the Highspire Sewer Plant being roughly \$10 million dollars. He noted the sewer authority had a lot of things going for them including the fact they have the land to do an expansion. The sewer authority has tried to fast track the project so they would be able to get the bidding process done while contractors still needed work. The bids have come back and the low bid is \$8.1 million. Von noted that due to the rough economy right now the Borough and Sewer Authority should receive a good interest rate on the bond that will be issued. He noted the rate increase should not be that bad. The increases will be gradual and the Borough should have options with when the increases will be incurred. Von noted the rate payers should be educated in the upcoming newsletters regarding the rate increases that will be endured. Von noted since we have an excellence low bid we want to fast track and get on with the bond issue so the bid can be awarded, which can't happen until the bond is in place. Von then turned the meeting over to Frank Leber of Rhoades & Sinon LLP.

Mr. Leber introduced Zach Williard and Scott Shearer of PFM the Authority's and Borough's financial advisors and Bill Carlin of PNC the Authority's and Borough's underwriter. Frank noted he is the Authority's and Borough's finance council. He noted that in order for the next steps to occur it is important that the financial team get there information lined up and everyone on the same page. He noted there are specific steps that must be done prior to the bid being awarded. Mr. Leber referred to a time line of the project which those in attendance were able to view. It is their hope to award the bid around August 13 once all financial documents have been completed. Mr. Leber discussed information regarding the bond and how the lease of the sewer plant is arraigned. He also discussed the difference of the General Obligation Bond and the Revenue Bond. Mr. Leber noted he distributed two resolutions; one for the Borough to pass and one for the Authority to pass. The purpose of the resolutions is to approve the preliminary costs to allow them to take the next steps. Mr. Leber then turned the meeting over to Scott Shearer for a market update.

Mr. Shearer, of PFM, noted that the time is good for the bond issue due to the recession. He noted that the market now is a lot different than the market was during the last bond issue. They will go out and get credit ratings. There is a good team on board to help out during this process. The rate levels are currently at low levels which are good. He then explained the chart regarding

credit ratings which those in attendance had to view. He's not exactly sure where the Borough will fall within the credit rating at this time. They will keep everyone up to date since this will affect the rate the Borough receives for the Bond issue. Mr. Shearer then turned the floor over to Bill Carlin of PNC to speak about the financial analysis.

Mr. Carlin noted that the interest rate will affect the amount of the payment. The Authority and Borough will have options regarding the annual debt service payment. Mr. Carlin referred to handouts which were available to those who were in attendance. He noted they are looking at a 25 year period to pay off the debt payments. He noted the figures that have been presented are a fixed rate; there is no variable rate. He noted the interest has been capitalized for the first six months; so while the construction is beginning we have the money to make the interest payment; also so the Borough can phase in rate increases. Mr. Carlin then spoke about the 2004 bond debt issue. He then went on to talk about the new debt issue and the options that are available to repay the bond and the impact of the existing bond and the new bond. He then went on to explain the handout that was provided. Mr. Carlin then turned the floor over to Michele Braas of Rettew.

Michele reviewed aspects of liquidating debt calculations and the impact it will have on sewer rates. Discussion was held on the aspect of raising rates and the impact on the rate payers. Von noted the figures presented are assuming the Borough and Authority do not receive grant money to help with the project.

Council Member James Titus joined the meeting at 7:00 pm.

Council Member Jared Goughnour joined the meeting at 7:10 pm.

Further discussion was held regarding the cost of the project and the amount that the Borough will pay in association with the amount Lower Swatara will pay. Mr. Leber then summarized the resolutions that were handed to the Council and Authority members.

Highspire Sewer Authority Chairman Von Hess asked his member for a motion to approve the resolution authorizing the preliminary plan of finances for the sewer plant upgrade project. Motion made by Member Sutch of the Highspire Borough Sewer Authority, seconded by Member Cole of the Highspire Borough Sewer Authority. Motion approved unanimously.

President Marie Hoch asked member of the Highspire Borough Council for a motion to approve resolution 10-2009, approving the preliminary plan of finances for the sewer plant upgrade project. Motion made by Member Dengler of the Highspire Borough Council, seconded by Member Roman of the Highspire Borough Council. Motion approved unanimously.

Authority Chairman Hess made a motion, seconded by Council Member Roman to adjourn the joint meeting at 7:35 p.m. Motion approved unanimously.

Respectfully submitted,

Jennifer Rabuck  
Assistant Borough Secretary