

Citizens Audit Review & Financial Advisory Committee
October 15, 2014 7:00PM
Radnor Township Municipal Building
Finance Department, 2nd Floor
301 Iven Ave, Wayne, PA 19087

Meeting Minutes

The meeting was called to order by Chairman Mark Blair at 7:05 PM. The meeting was attended by CARFAC Committee members Mark Blair, Jeff Ruben, Joe Ellis, Carl Rosenfeld, Jerry Linden and Michael Antonoplos. Committee members Ed Caine, Karl Bupp and Laurent Chardonnet had conflicts and were unable to attend. Township staff members present were Assistant Finance Director Bob Tate, Finance Director Bill White and Township Manager Bob Zienkowski. Members of the Board of Commissioners present included John Nagle, Rich Booker and Elaine Schaefer. Outside professionals participating in the meeting included Michael Wolf (Boenning & Scattergood) and Dan Kozloff & Zach Willard (PFM). No members from the public were in attendance.

The Committee discussed the following items:

1. Approval of minutes from September 17, 2014 subject to correction of date on pages 2 & 3
2. Old Business:
 - a. IT Working Group Update: Mr. Linden updated the Committee on the meeting that the working group had earlier in the evening (10/15) and on the meeting with Sungard and the software review from the previous night (10/14). Mr. Linden indicated there was generally a positive response to the features available in the upgraded system and the Administration would move forward with subject specific demo's/webinars to review in further detail. The working group is scheduled for a follow up meeting prior to the November 19, CARFAC meeting.
 - b. Engineering Review Working Group Update: In Mr. Bupp's absence, Mr. Blair indicated that Mr. Bupp is working on the summary report for the Committee to review.
 - c. Monetize Assets Working Group Update: Mr. Antonoplos updated the Committee recapping the facilities tour that was conducted on September 12. Facilities toured were Skunk Hollow Park, Public Works Garage and North Wayne Lot / Senior Center. Discussion followed regarding difficulty relocating the public works facility and the Senior Center needs to make necessary improvements unless some redevelopment of that area could include an entirely new facility. Mr. Antonoplos expressed desire to meet with the Township Manager on these issues and discuss further.
 - d. Audit Working Group Update: With Messrs. Bupp & Caine absent, Mr. Tate noted that the Management Letter was presented to the Board of Commissioners on September 22, 2014 and thanked CARFAC for their continued guidance and support in working with the Finance department.
 - e. Long Term Strategy Working Group: Chairman Blair noted that there has been no activity with this working group as this particular priority has been tabled to allow focus to be given to other projects and to see if the political environment improves.

3. CARFAC Priorities for 2015

- a. Chairman Blair presented a review of CARFAC's 2014 priorities and a summary of accomplishments from prior years. Extensive discussion ensued on the priority of how best to monetize under-utilized Township assets with reference made to the Township's CRESA report. The Commissioners confirmed their support of monetizing the Township Building, the Senior Center and the Public Works building, provided suitable alternative arrangements are included in the proposal. Further discussion followed on the topic of engineering services with Commissioner Nagle requesting an analysis of a blended approach using both internal staff and outside professionals. Regarding the implementation of an enterprise information technology solution for the Township, it was noted that the project continues on track.
- b. In discussing priorities for 2015, Commissioner Nagle expressed support for continuing to operate the Township with a "business-like" approach toward the providing of services. Commissioner Schaefer emphasized the need for the Committee to continue its work on the Ardrossan purchase and see it through to completion. In addition, the Commissioner strongly supports an effort to reduce the Township pension liability, in particular analyzing how to exclude Police leave time from final pension benefit calculations. Mr. White commented that the Township's actuarial assumptions were revised to include a 20% bump-up to account for the leave time. Commissioner Booker questioned whether the removal of the 20% bump-up could help reduce the annual pension obligation and long term liability.
- c. Commissioner Booker suggested that CARFAC opine on how cost savings by reductions of full-time staff could help provide funding for trails, the Library and the proposed Police Narcotics unit.
- d. Manager Zienkowski thanked CARFAC for their continued involvement and support and recommended continued analysis of public-private partnerships and development of a sustainable Capital Equipment funding plan.
- e. Chairman Blair inquired whether CARFAC should opine on the Bio-Med development, in particular traffic studies and public improvements, to which Commissioner Schaefer stated that she would inquire of the full Board of Commissioners as to direction on this priority and would respond back to CARFAC.

4. Ardrossan

- a. Discussion on Purchase Agreement / Bond Issue: The Board of Commissioners approved the appointment of Public Financial Management (PFM) to serve as the Pricing and Disclosure Agent for the Ardrossan Bond transaction. Introduced from PFM were Daniel Kozloff and Zach Willard.
- b. Update from Michael Wolf of Boenning & Scattergood on status of bond financing:

- i. Schedule going forward to December settlement – and beyond until at least 2/1/2015 – Mr. Wolf discussed the timing of events from introduction of the bond ordinance in November in order to secure timely DCED approval to meet the proposed December closing date. Also discussed was the timing of the final approval of the Land Development Plans to ensure that all contingencies of the Purchase Agreement have been satisfied.
- ii. Update on current interest rates and lack of volatility in the market – Mr. Wolf presented 12 month and 6 year municipal interest rate charts, indicating rates are at a 12 month low and in line with the 6 year average.
- iii. The January effect – Mr. Wolf shared articles provided by Boenning & Scattergood.
- iv. Two possible options – address new money and refunding Series 2009

Mr. Wolf presented and discussion followed over the two options for the Township to consider

- Option 1 – Non-Bank Qualified (BQ) issue for all of Ardrossan in 2014, followed by a BQ issue in 2015 for refunding + new capital projects – the Non-BQ issue could \$12M to \$14M to cover the full purchase price of Ardrossan (\$11.654M) plus additional money to fund other projects to be identified. The 2015 issue would be a BQ deal with a 5 year call for \$5.5M to \$6.5M to settle on 2/3/2015
 - Option 2 – 2 BQ issues to get a 5 year call on each – discussion included the advantage of having a 5 year call on both deals – the first in December for \$10M would net the Township \$9.8M, requiring the Township to fund approximately \$2.2M from General Fund reserves to close. The second bond issue would be for \$5.5M to \$6.5M and would reimburse the Township for monies expended at closing and provide additional proceeds for other projects.
- v. Working in partnership with PFM – now through 11/14/2014 sale date.

Mr. Wolf and Mr. Kozloff both stated they were looking forward to working together through this bond issuance process and anticipate providing the Township the necessary analysis and information for making the decision over which option would be in the best financial interest of the Township.

5. New Business - None

6. Public Participation: None

7. Adjourn: Being no further business, Chairman Blair moved to adjourn at 10:05 PM.