

Citizens Audit Review & Financial Advisory Committee
September 17, 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 the Chairman Mark Blair at 7:08 PM. The meeting was attended by CARFAC Committee members: Mark Blair, Karl Bupp, Jeff Ruben, Joe Ellis, Carl Rosenfeld, Laurent Chardonnet and Jerry Linden. Committee members Ed Caine and Michael Antonoplos had conflicts and were unable to attend. Township staff member present was Assistant Finance Director Bob Tate and Finance Director Bill White. No members from the public were in attendance.

The Committee discussed the following items:

1. Old Business:

- a. Ardrossan: Discussion on Purchase Agreement / Bond Issue: Mr. White provided an update to the Committee that the Seller has requested the Township to move the close date forward to the end of 2014, from Q1 2015. Further, that the Board of Commissioners met to consider the request and have directed staff to work with Boenning & Scattergood to achieve the new time frame. Based on this update, CARFAC reviewed the following as it relates to the transaction:
 - i. Risk: Mr. White provided CARFAC with an update that the risk of the purchase falling apart still (and will continue to) exist up until closing. Discussion ensued surrounding what the Township would be able to do with the \$10,000,000 if the bonds were issued and the land purchase did not occur. Options reviewed included using those funds for other township projects or putting the funds in escrow and paying them off at their first call date five years down the road. CARFAC requested that Mr. White follow up with the Solicitor to get answers to: (1) Does the Seller have the necessary agreement with the trust to hold up his end of the agreement? (2) What confirmation or assurances does the Township have that the deal goes through; assuming the land development plan is approved in October? (3) Does the Township have recourse for damages if we issue the bonds and the deal falls through? (4) Is the "Radnor Taxpayers Association" opposition a legitimate threat to the land purchase as it relates to the risk of issuing bonds and having the purchase delayed / terminated?
 - ii. Schedule: The Committee reviewed the schedule as prepared by Boenning & Scattergood
 - iii. Financial Advisor: Mr. White provided a brief recap of his memorandum (attached) that summarized the GFOA Best Practices as they relate to municipal debt issues. The Committee discussed the need for an FA as recommended by Mr. White and agreed that seemed the most prudent way to proceed. As such, the Administration was going to include the RFP authorization at the Board of Commissioner's September 22 meeting with an aggressive schedule to have a FA on board by the October 13 Board of Commissioner meeting.
 - iv. Refunding Opportunities: The Committee discussed the importance to make sure that we are evaluating any refunding opportunities that may exist. The Committee asked if the land purchase fell apart, if the funds could be used to refund other issues. The answer to that proposition was no, but we could add to the borrowing now to include refunding of other bonds if we deemed it to be prudent.

- v. Deal Structure: The Committee asked that the FA perform various types of bond structures to ensure that the Township is getting the absolute best price. Mr. White assured the Committee that the basic structure is the most economic, but we could run multiple scenarios to document that to be the case. Additionally, CARFAC asked if the Township could use other land as collateralization to help bring the price of the new bonds down. Mr. White was going to run this question by the Solicitor and Bond Counsel.
 - vi. Bond repayment options / source of funds: Mr. White presented a concept to the Committee where (a) the full amount of the bond repayment requirements be paid through the voted taxes and (b) direct the dedicated realty transfer revenue to fund an ongoing park improvement program. The primary benefit of such a program includes creating a dedicated revenue stream, that already exists, to fund the ongoing park facility replacements / improvements into the future, rather than funding these needs through the capital program. The problem with the capital program is that it's only as strong as the political will, which lends itself to the lack of planning. CARFAC agreed to consider this funding plan with the Ardrossan Bond Issue and/ or the 2015 budget process.
 - vii. Follow Up Meetings: The Committee agreed that it could use the October 15 regular CARFAC meeting as the next logic point to provide an update and to keep the process moving forward. CARFAC requested that the FA and Boenning & Scattergood attend to review scenarios and options.
- b. IT Working Group Update: Mr. Linden updated the Committee on the meeting that the working group had earlier in the evening (9/17). Items reviewed included drafting the scope / goals / objectives of the project as well as scheduling a demonstration for September 30, October 7 or October 14. Then, the working group is scheduled for a follow up meeting prior to the October 15 CARFAC meeting.
- c. Engineering Review Working Group Update: Karl Bupp updated the Committee that he is working on the summary report and will have that out in time to review and accept it by the October 15 meeting.
- d. Monetize Assets Working Group Update: In Mr. Antonoplos' absence, Chairman Blair 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. Highlights included: (1) The difficulty relocating the public works facility and the Skunk Hollow operations anywhere within the Township without clear cutting trees. Such a decision would be politically difficult regardless of the financial benefits. However, possible sites could be Skunk Hollow, Young Tract, or Chew Tract. (2) Senior Center needs funding to make necessary improvements unless some redevelopment of that area could include an entirely new facility. Chairman Blair then commented on the possibility of the Township doubling the amount of operational funding and touched on the discussion that Mr. Antonoplos had with the Senior Center Director during the tour about contacting State Representative Adolph for funding.

Mr. Chardonnet questioned the focus of the work being done and touched on the need for a concrete plan to monetize these certain assets including the Township Building, Encke driving range, public works, and others identified in the Cresa report. That plan

should then be presented to the Board regardless of whether specific partners have been identified. He suggested that this working group be refocused to this end.

- e. Audit Working Group Update: Mr. Bupp updated the committee that the Management Letter was completed and ready for presentation to the Board of Commissioners on September 22, 2014. He and Mr. Caine would be attending the Board meeting to discuss the letter with the Commissioners. Further Mr. Tate updated the Committee on the IT Report that is referenced in the management letter, noting that the Administration is working on corrections to the items identified by the auditors.
 - f. Long Term Strategy Working Group: Mr. White let the Committee know that per the Township Manager, this particular priority should be tabled to allow focus to be given to other projects and to see if the political environment improves.
2. New Business:
- a. 2015 Budget Calendar (attached): Mr. White presented the draft calendar to CARFAC noting that it was on the Board's September 22nd agenda for approval. Then, CARFAC scheduled a special meeting on September 30 or October 7 to review the budget prior to the October 13 public presentation. Additionally, Mr. Bupp touched on the need for the Township to continue to promote continuous improvement / efficiency to find ways to *reduce* costs; regardless of the increasing revenue environment of the past couple years.
3. Public Participation: None
4. Adjourn: Being no further business, Chairman Blair moved to adjourn at 9:37 PM.