

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
MINUTES – JULY 3, 2019

The regular meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on July 3, 2019. Mr. Grenier called the meeting to order at 7:30 p.m. and called the Roll.

Those present:

Board of Supervisors:

Daniel Grenier, Chair
Frederic K. Weiss, Vice Chair
Kristin Tyler, Secretary (left meeting in progress)
Suzanne Blundi, Treasurer
John B. Lewis, Supervisor

Others:

Kurt Ferguson, Township Manager
David Truelove, Township Solicitor
Andrew Pockl, Township Engineer

Absent:

Kenneth Coluzzi, Chief of Police

COMMUNITY ANNOUNCEMENTS

Mr. Lewis thanked the Governor, State Senate, and the State House for passing Act 43 which changes the rules which allows Municipalities to offer Referendums for dry to wet Townships. He stated the provisions were changed that would allow community members to have a Petition of 500 registered voters to have a Referendum for Liquor Licenses in Lower Makefield Township. Mr. Lewis stated he supports making it easier for Municipalities to choose whether they want Liquor Licenses or not.

PUBLIC COMMENT

Mr. Harold Kupersmit, 612 B. Wren Song Road, asked if the Township is prepared to consider refinancing to save money so that they can get the lowest possible rate. Mr. Kupersmit discussed his problems with Mr. Santarsiero.

Ms. Christine Sanchez, 1358 Brentwood Road, stated she is against the selling of our sewers. She stated if the Board decides to sell it, she knows that our rates will increase because the company will want to make a profit. Ms. Sanchez asked the Board if the money they get from selling the sewers will be used to retire Township debt. Mr. Grenier

stated this is an Agenda item and should be discussed at that time and not during Public Comment. Ms. Sanchez stated she would like to finish speaking at this time. Mr. Grenier again advised Ms. Sanchez that this is an Agenda item and will be considered at that time. Ms. Sanchez continued speaking and asked if the money will be used to retire debt and fix our roads or used for “pet projects.”

Mr. Zachary Rubin, 1661 Covington Road, stated an inquiry was made to the Pennsylvania American Water Company as to when they took over our water rights. Mr. Rubin thanked Mr. Ferguson who did inquire about it, and the answer was it was in 1954 when the American Water Company got the exclusive rights to provide water to our Township. Mr. Rubin stated the 1950 Census showed that there were 3,211 residents in Lower Makefield; and he assumes that most of the water pipes and the sewer pipes have been laid since the 1950s which is probably newer than most of the Bucks County Townships and Municipalities. Mr. Rubin asked if the Township Manager could inquire about the fluoridation of the water. He stated Falls Township and Yardley Borough are “on board;” and he stated the representative from the Pennsylvania American Water Company had stated that if Artesian Water Company in Newtown “gets on board,” they could move forward with fluoridation. He asked that someone from Lower Makefield contact Pennsylvania American or Artesian Water to see if they are agreeable so that we can move forward.

Mr. Ferguson stated he knows the Executive Director of Newtown Artesian if the Board would like him to make that contact.

Mr. Lewis moved, Dr. Weiss seconded and it was unanimously carried to have Mr. Ferguson meet with the Executive Director of Newtown Artesian Water and reimburse for lunch if required.

Mr. Tim Collins, 479 Jenny Drive, thanked the Board of Supervisors and past Boards since the Quiet Zone is very successful. Mr. Collins stated coming off of Stony Hill Road into Ashley Estates onto Judith Drive is one of the few entrance roadways without any illumination. He stated in the night, you cannot see the island. He stated many years ago someone put in a small solar light, but you cannot see it. He asked if the Township could do something about this. Mr. Collins noted the CSX crossings at Heacock and Oxford Valley and Stony Hill are “deplorable.” He stated when SEPTA put in their track, they did a good job, but CSX did not; and CSX never changed anything. He stated CSX has had ties there for over a year which means they are going to do some track work, but they have not done anything. He stated someone needs to contact CSX about this. Mr. Ferguson stated he has a discussion with the PUC about the ties and some of the areas, and Chief Coluzzi is arranging for a discussion with CSX representatives.

Mr. Collins stated at the Stony Hill crossing a lot of the plastic “whippets” are missing which appears to be vandalism, and they should consider replacing these. Mr. Collins stated coming down Oxford Valley Road to make a right onto Stony Hill Road at the traffic light the blacktop on the turning side has a large hole which should be fixed. Ms. Tyler stated Mr. Hucklebridge should be advised; and he will either have it fixed if it is the Township’s responsibility or Mr. Hucklebridge will pass it along to the proper authority if it is not the Township’s responsibility.

Ms. Beth Cawley, James Court, asked if all sewer comments will be allowed after PFM makes their presentation or are the comments being taken specifically to PFM.

Mr. Grenier stated they will discuss the sewers during the PFM presentation.

Ms. Cawley stated she feels a rigorous quantitative analysis should be performed for the various alternatives that should be considered for keeping or selling the sewer system. Mr. Grenier stated they will discuss that once PFM makes their presentation.

Ms. Cawley stated she thinks it would be helpful not to have “important sewer meetings” the day before a holiday when a lot of people go out of town. She stated she feels it is more transparent and more fair to residents to set the date of an important meeting regarding the sewer which is going to impact everyone financially for the next fifteen years not to be the day before a National holiday when in fact many people are out of town. She asked that the Board consider this the next time they set meetings.

Mr. Ethan Shiller, 1578 Willow Pond Drive, stated while his questions do not have to be answered tonight, they should be placed on “an action where you come back with the answers.” Mr. Shiller stated he understands there were some changes in the software/registration for tee times at the Golf Course; and one of the changes impacts single users allowing them to register as a single user with other single users so that they show up at a time and three or four of them can go out together. He stated now those users are being prevented from the registration system to get a common tee time. Mr. Grenier stated they will pass that along. Mr. Shiller asked if this will be evaluated for the next Board meeting or “go to Committee.”

Ms. Tyler suggested Mr. Shiller send an e-mail about his concerns to Mr. Ferguson who can discuss it with the management team at the Golf Course. Mr. Shiller stated he will not send an e-mail, since that is what Public Comment is for. He stated they should take this as an “action item,” adding the Board of Supervisors is responsible for this.

Mr. Shiller stated he believes the 90 day vacancy Ordinance deals with the fact that if you are not in your residence for 90 days someone from the Township comes out and advises that the property is vacant whether it is being maintained or not; and even if you are paying taxes, you are given a warning. Mr. Truelove stated he would

have to review this, but he recalls that there is a Vacant Building Ordinance which he believes has to do mainly with building maintenance issues and whether or not the property is being maintained as it is required to be. He stated there is a Registration process, but he does not have it in front of him. Mr. Shiller stated the property is being mowed and well kept, but because the property is in the process of “an Estate or someone is selling it within the family” it has been vacant for at least a year or two. He stated Code Enforcement “seems to be making this an issue that someone has to physically be living there.” Mr. Shiller asked that someone get back to him on this.

Mr. Lewis stated it is possible to search the entire Township Ordinance and Codes online. Mr. Shiller stated he read it and “knows every single detail about that.” He stated he needs to make sure “everyone here is aware of it so that the problem can be resolved since e-mails do not always work, he has tried that, and gone through the process and it needs to be brought to the Board’s attention to handle immediately through the Township Manager.” Mr. Grenier asked Mr. Shiller if there is a specific property he is interested in, and Mr. Shiller stated he can get that to Mr. Grenier in an e-mail since he does not know the address.

DISCUSSION OF PFM PHASE I SEWER PRESENTATION AND MOTION TO APPROVE RESOLUTION NO. 2399

Mr. Grenier stated PFM was hired to conduct a Phase 1 review of the sewer collection system which is the pipes and pumping stations, etc. He stated Phase 1 is limited to the evaluation of potential values of the sewer system; and it does not include anything to do with selling the system, creating requests for Bid, creating requests for information, or requests for proposals as those are later Phases if the Board chooses to proceed. Hard copies of the presentation were made available this evening.

Mr. Scott Shearer, Managing Director of PFM, was present. Mr. Shearer stated some of this information he will be discussing was discussed at the public meeting in April when his firm was given the authorization to proceed with Phase 1. He stated there will also be a consideration this evening as to whether the Board would approve a Resolution to potentially move forward with Phase 2 and Phase 3.

Mr. Shearer stated Phase 1 was a due diligence Phase where they did a lot of analyses determining various base line values and discussing this with potential interested parties. He stated Phase 1 was for PFM to understand the system, although there is more to learn if the process continues. Mr. Shearer stated if the Board decides they want to proceed to Phase 2 that would be the phase going from RFQ to RFB, and

they would continue to do due diligence. He stated in Phase 2, they would look at various alternatives; and they would also put out an RFQ (a Request for Qualifications) to a host of potentially-interested Parties. He stated these could be operators of various utility systems, private equity firms, investment banking firms, and a list that they would send an RFQ out to. He stated typically they would get back three to five interested parties since this is a unique asset with a limited pool of those interested and deemed qualified to continue.

Mr. Shearer stated based on the responses of the RFQ, he would then have another discussion with the Board as to who they would deem to be pre-qualified based on operating history, financial capability, etc. Mr. Shearer stated they can always pre-qualify and after they learn more about the party, the Township may decide they no longer want a specific party involved in the process anymore. Mr. Shearer stated they would bring those who the Township is interested in into the Township and have management meetings where PFM, the Township administration, legal counsel, and the engineers will talk about the system and go through some of the financial aspects of the system, the territory covered, etc. He stated those interested would most likely want to have a tour of the Township showing them the various pump stations and to understand where the flows are going to. He stated he believes the main parties who would be interested in this transaction probably already have a good sense of Lower Makefield. He stated they would also tell the Township a lot about themselves so it is a “learning experience from both sides of the table.” Mr. Shearer stated this is a point where the Township would decide who they want to consider going forward with.

Mr. Shearer stated PFM would then, in conjunction with the legal team, start drafting the Asset/Purchase Agreement which would ultimately be the document between the buyer and the seller if they get to that point. He stated typically there are a few rounds of the draft document being circulated to the potential interested parties who will comment on the document. He stated the various responses are shared with the Board to see if they want to make certain changes to the document. Mr. Shearer stated once they are comfortable with the document, and if the Board wants to continue with the process, that is when the actual RFB (Request for Bids) is sent out. He stated the RFB is comprised of a few pages of logistical information as to how to send the response back, the dollar price, etc. and the Asset/Purchase Agreement that will ultimately be bid on. He stated this process would conclude Phase 2.

Mr. Shearer stated Phase 3 would be from acceptance of a proposal if the Township wanted to proceed and to adopt an Ordinance to accept one of the proposals and go through Closing. Mr. Shearer stated the timetable for this could be two to three months if it is an unregulated Bidder or up to a year if it is a regulated Bidder meaning regulated by the PUC; and they do not know that at this point of time.

Mr. Shearer stated Phases 2 and 3 are more exploration so that everyone feels they can make a decision if and when the time comes; and entering into these Phases does not commit the Township in any way, shape, or form that they will ultimately follow through and accept a proposal or close on a transaction. He stated no decision is made until an Ordinance is approved to accept a proposal in the future.

Mr. Shearer stated during Phase 1, PFM was authorized to do the limited scope evaluation. He stated the Township staff and engineer gathered a lot of data which PFM analyzed and put in their various models. He stated that data would also be used if the Board decides to go to Phase 2 and would be accessible to the pre-qualified Bidders in a virtual data room once those pre-qualified Bidders sign the Confidentiality Agreements so that everyone has the same information. Mr. Shearer stated if the Board decides to proceed, the Bidders will be requesting a lot more information; and as that information is gathered, it is all put into the data room so that all Bidders have access to the same information. He stated they do not want any party to say that they were slighted in any way and everything needs to be on an absolute level playing field.

Mr. Shearer stated they did their valuation, and as shown on Page 4 of the hand out they wanted to get a base line threshold of the value of the system. He stated they looked at this from the Income Approach where they look at revenues and expenses going out about 20 years and making various assumptions. He stated they also looked it from a Cost Approach which looks at various asset listings that comprise the system similar to what the auditor uses for the Authority Audits. Mr. Shearer stated they also looked at it from a Market Approach which is where they look at other comparable sales in the market that have been occurring to give an idea of comparable sales.

Mr. Shearer stated they did a limited scope valuation, and there are certain things that they cannot quantify whether it is market conditions, investor demand, or other reasons why someone may want the system; and that is not built into their valuation.

Mr. Shearer noted Page 5 with regard to the Income Approach. He stated they started with the end of year, 2018 numbers, which was the base year. He stated 2019 was the first year, and then they went out twenty years looking at revenues and expenses and making various assumptions as to future rates, treatment expenses, and capital needs not only for the Township's collection system, but also potentially extensive capital

needs of the treatment plant in Morrisville. He stated all of that is put into their models; and in some of the models they included the full freight of the Morrisville projects, and in some models they did not since that would be some years away and something else could happen. He stated they also ran different models with the Income Approach since there could be a regulated entity such as Aqua or American which are regulated by the PUC and there are others that are not regulated such as other Municipal Authorities.

Mr. Shearer stated for 2019 they did reflect the increase that was implemented for the user rates in 2019, and there is also an expectation that rates will need to increase again in 2020 for the extensive capital projects so that was built into the model as well since they wanted to make sure they were using the most up-to-date data. Mr. Shearer stated whether the Township keeps the system, sells the system, or does something else there will more than likely be substantial rate increases in the future because of the various capital needs.

Mr. Shearer stated also in Phase 2 in conjunction with the Administration, they will also look at other models not part of the valuation models as far as what things look like whether the Township keeps the system or sells the system, and what could be the potential impact on the rates and the potential impact to the ratepayers and the taxpayers in the Township. He stated that is not part of the valuation and is still analytical modeling that they will do in conjunction with the Administration in the future so that the Board has that information when they get to the point that they want to make a decision.

Mr. Shearer stated Page 6 of the hand out has more information on the Market Approach. He stated with the Market Approach they typically focus on the price per customer. He stated there are slightly less than 11,000 customers that the Township has with a little under 13,000 EDUs (Equivalent Dwelling Units). He stated for this they look more at customers as opposed to EDUs. He stated sometimes there are sales for \$5,000 to \$7,000 per customer, and that will be vetted more as they go through the process and have the management meetings to see what the market entails. He stated they use different ranges for the valuation as well that they feel is appropriate for this kind of system since they are only talking about a collection system and not a collection and treatment system since there are different prices per customer depending on the system. He stated they also consider if there are many pump stations or if it is all gravity system which plays into the price per customer as well.

Mr. Shearer stated Page 7 deals with the Cost Approach, and this changed a lot after the passage of Act 12 in 2016. He stated prior to Act 12 being adopted, especially for purchases by regulated entities, they were only purchasing systems based on the depreciated original cost since that is all they could really collect back from the rate-

payers over time. He stated once Act 12 was passed in 2016, it was changed from depreciated original cost, or book value of the system, to fair market value. He stated that is why they are seeing a lot more Municipalities, Townships, etc. considering selling their systems because the values have increased substantially because of that Legislation.

Mr. Shearer stated going off numbers that were in the Authority's Audit, they started with total capital assets, took out depreciation, and they also took out the capital contributions to the other Authorities. He stated there is capacity that has been bought in the treatment plants that was taken out for this evaluation. He stated if the Board gets to the point where they want to send out an RFB, that is where possibly some of the Bidders may put a lot of value in that capacity; but from a valuation standpoint, that is not something that is included since typically it is more tangible assets that are put in the valuation. He stated this gets to the depreciated original cost; however, today you do not really see any systems being sold at the depreciated original cost and it is some kind of multiple of that whether it is one and a half times the book value or two times the book value if they would proceed with the sale.

Mr. Shearer stated Page 8 discusses the Transaction Development which would be in Phase 2 including drafting the RFQ and the management meetings. He stated they would summarize the results of the Requests for Bids. He stated during that time period throughout Phase 2, at the Board's desire, PFM would be happy to come back and give public updates as to what they are hearing from the Bidders, the time line, etc.

Mr. Shearer noted Page 9 with regard to Transaction Execution in Phase 3, and they would work with the legal team and the winning Bidder. He stated they would also work with the Township on use of the proceeds which is a very important part of the overall plan. He stated he knows there are some ideas being discussed, and they can run models in tandem with the Township Administration on various alternatives and what makes the most sense if the Board wants them to do that adding most of the clients ask them to assist them with that.

Mr. Shearer noted Page 11 of the handout regarding the capital projects which becomes very important for the Income Model which would include projects involving the Township collection system as well as for the potentially-large Morrisville project.

Mr. Shearer stated with regard to a potential time line as shown on Page 13 if the Board wanted to proceed, they would send out the RFQ in July, and get those back in August to start pre-qualify the Bidders. He stated they would have those Bidders sign the Confidentiality Agreement and let them into the data room. He stated he is showing August through November to start to negotiate a Purchase Agreement with the Bidders as well as have management meetings and tours. Mr. Shearer stated they could be in a position to release the RFB in November and receive the Bid in December if they stay on this timeline. He stated they would like to be in a position to be able to get a proposal for the Board's consideration toward the later part of this year so they have good information going into next year's Budget season.

Mr. Grenier stated while they cannot get into too much detail, he asked Mr. Shearer if he can provide a range of numbers or base number he would be comfortable giving with regard to the valuation; and Mr. Shearer stated he feels they would be at \$30 million or above. Mr. Grenier stated those who have used the approach using a certain dollar value per customer, have had some "astronomical" sale amounts adding that Lower Makefield has 11,000 customers, and they have seen the \$5,000 plus range per customer. Mr. Shearer stated they had seen some numbers like that earlier on after Act 12 was passed; however, now based on what has occurred through the PUC over the past few years, they have seen some of those numbers come down to more realistic numbers. Mr. Shearer stated they have seen some that were \$10,000 per customer but those also included multiple treatment plants as well which Lower Makefield does not have.

Mr. Grenier stated at the same time as the Township is considering this option, the Township is also evaluating a number of different options for treatment on a similar timeframe as the one that has been provided by Mr. Shearer. He stated the Township will continue to look at those options as well, and they want to have all of the information to make a decision. Mr. Shearer stated those discussions are important to PFM's analysis and modeling as well.

Mr. Grenier stated what was done in Phase 1 was a model versus testing the model by acquiring Bids if the Board decides to move forward and they will then see what the values might be that a potential purchaser might put on the system; and Mr. Shearer agreed.

Ms. Blundi stated this is very preliminary at this point. She stated she and Mr. Shearer had a discussion about whether the proceeds could be used to pay down debt. Mr. Shearer stated some of it legally has to be used to pay down debt; and if there is any debt outstanding that has liens on the system or liens on the revenues of the system that has to be paid down at Closing.

Mr. Shearer stated they cannot close the transaction unless that debt is paid off. He stated other non-Sewer related Township debt would also be part of the analyses to be considered and to consider what makes the most sense.

Ms. Blundi stated Mr. Shearer also pointed out that even if the Township does nothing with the sale, because of the various changes in the Pennsylvania regulations we will still have to invest a significant amount of money into our own system and into where the sewage is treated. She reviewed the obligations that we have with regard to the sewers. Mr. Shearer stated his forecast only went out seven years, and when they go out further than that, there will be more needs as well.

Mr. Grenier stated Mr. Ferguson is doing a “side-by-side pro forma.” Mr. Ferguson stated the seven years that Mr. Shearer has noted is the seven years that we can specifically quantify projects that will have to be done although there could be additional items that come up since it is an aging sewer system. He stated the numbers they worked with are consistent with the Sewer plan that was passed last year coordinating with the Sewer engineer and the Public Works Department on the expenses. He stated part of the increase will start next year, and the increase they will have next year to fulfill the minimum requirements is another 40% rate increase for DEP-mandated projects next year to stay in compliance with the 537 Plan. He stated that is the rate that Mr. Shearer factored in for next year, and that is the starting point. Mr. Ferguson stated the goal in the end would be to quantify and work with PFM if the Board approves moving with them to be able to provide an analysis to the Board and the public as to where we see the rates during the seven year period. Mr. Ferguson stated they have made certain assumptions; and he stated they assumed in year 5, which is a conservative estimate, the cost of a new treatment plant. He stated part of the challenge is that part of the debt we have – principal and interest currently is approximately \$52 million; and the principal and interest on a new facility would be between \$75 million and \$80 million that we would be “on the hook for.” He stated those were the numbers that were factored into what the rates would be for the next seven years as they put the pro forma together. Mr. Grenier stated the \$75 million to \$80 million is the \$50 million they are assuming for a new plant plus interest, and Mr. Ferguson agreed.

Dr. Weiss stated with regard to Capital expenses for the 537 Plan in the future, there are seven different sewer areas, and the Township sewer engineer indicated it is going to cost millions of dollars to start in the first area and over the course of ten to twelve years, they could get a real picture of the future Capital expenses just for our sewers, and they would then have to add the cost of the new treatment plant as well as the Capital expenditures to keep the current plant going until the new plant is on line.

Mr. Ferguson stated he would like to have the ability to investigate in the RFQ process the creative approach that was presented to the Sewer Authority and the Board of Supervisors which would be not necessarily looking to get the most money they could get. He stated the concern is that when people sell the system and get \$50 million to \$60 million, this then translates into higher rates so the purchaser can try to recoup some of the money. Mr. Ferguson stated they would work to sell the system at a price that would be below what someone would be willing to pay or have it set at a fixed rate where companies would be quoting the amount they would charge ratepayers, with the idea then that the savings, because they would be underpaying for the system, would be plugged back into lower/fixed rates for residents.

Mr. Ferguson stated as Mr. Shearer has indicated previously there are different things that need to be evaluated. He stated a PUC-regulated company like Aqua or Pennsylvania American has certain limits on how long they can freeze rates. He stated years ago they indicated that the longest they would freeze rates was two years. Mr. Ferguson stated companies that are Municipal Authorities have more flexibility to freeze rates for a longer period of time. He stated if they move forward he feels PFM will be tasked with investigating how that can be framed in such a way that will keep an eye on what the ratepayers will pay, and the ability to compare that when we get quotes, to what we know at a minimum of where we will have to set rates at to fulfill DEP requirements with the 537 Plan.

Mr. Grenier asked that they discuss how the PUC regulates Aqua or PA America's rate structure versus how a Sewer Authority deals with rates. Mr. Shearer stated with regard to a regulated company, whenever there is an acquisition it needs to be filed with the PUC as well; not for them to approve or disapprove the acquisition but more so to approve how much of the acquisition price the ratepayers will "be on the hook for." He stated there are a number of branches of the PUC including the Office of Consumer Advocacy, and they work as an advocate for the ratepayers. Mr. Shearer stated with regard to rate increases going forward Aqua and American are probably going to be on a schedule of going to the PUC for a rate increase every two to three years. He stated that process is costly and time consuming, and many times they file in June, and they do not hear for six to eight months later. Mr. Shearer stated Aqua went in for a rate increase last year which was granted this year, and that was the first time they had gone in about seven years; but they are now hearing that those two companies will now be going on a two to three year cycle going forward. He stated the PUC does scrutinize every document and raise a lot of questions with multiple bureaus of the PUC looking at this information. He stated the PUC fights on behalf of the ratepayers to keep rate increases to a minimum and to make sure that projects are being done prudently. Mr. Shearer stated ratepayers can go to the Hearings and question rate increases by a regulated company.

Mr. Shearer stated with regard to a Municipal Authority, it is a different process; and it is the Municipal Authority that governs the rates under the Municipalities Authority Act. He stated the Act stipulates that the rates have to be uniform, but there is no oversight that you see with the PUC. He stated there are Municipal Authorities that are very good systems with low rates, and there are others that have very high rates and their systems are distressed. Mr. Shearer stated if they have the Bidder meeting, it is important to talk to the various Bidders and see how the Municipal Authorities conduct their business as far as their public meetings and get information from the regulated companies as well as to the PUC process.

Mr. Lewis asked how many sewer sales occurred in Pennsylvania in the last year. Mr. Shearer stated less than five have closed in the past year, and there are probably close to fifteen that are in process. Mr. Lewis asked if any of the five that closed are in neighboring Counties, and Mr. Shearer noted Limerick Township. Mr. Lewis asked what they got for their sewer system, and Mr. Shearer stated it was approximately \$75 million. Mr. Lewis asked how many people live in Limerick Township, and Mr. Shearer stated he did not recall the details although he could get that information. Mr. Lewis asked if PFM performed the advisory services for that, and Mr. Shearer stated they did. Mr. Shearer stated Cheltenham is currently going through the PUC process, and East Norriton is almost ready to be filed with the PUC. Mr. Lewis asked what Cheltenham got, and Mr. Shearer stated they got \$50 million and East Norriton was about \$20 million. Mr. Lewis asked Mr. Shearer if he did both of those transactions as well, and Mr. Shearer agreed they did. He stated they also did a few others that did not go through the PUC, and he noted one in Chester County which was purchased by Bucks County Water and Sewer Authority. He stated that was a small system and was sold for about \$4 million. He stated Springfield Township in Montgomery County was purchased by Bucks County Water and Sewer Authority as well for approximately \$16 million.

Mr. Lewis asked Mr. Shearer if there were any Municipalities in Pennsylvania that PFM did not do that closed, and Mr. Shearer stated there was one in Chester County which was another small system. Mr. Lewis stated there are other companies that perform the same financial advisory services that PFM does, and Mr. Shearer agreed there are. Mr. Lewis stated with regard to the rates that are paid for professional services, he knows that PFM's was a percentage of the sale amount; and Mr. Shearer stated that is part of it. Mr. Lewis asked what was their percentage of the sale amount in the other Municipalities where they did business. Mr. Shearer stated it varies depending on the size and scope of the project. He stated he believes that the Phase 2 hourly rates are all the same although some may have different caps. He stated the percentage ranges from 30 to 40 basis points to 150 basis points depending on the size of the system. He stated typically the larger systems have a lower basis point percentage. Mr. Lewis asked what would be a large system that would have a lower basis point fee,

and Mr. Shearer stated it would be something like Limerick which was a fairly large system. Mr. Lewis asked the number of people in that system; however, Mr. Shearer stated he would not recall the customer count. Mr. Lewis stated Limerick is not very large. Mr. Grenier stated Limerick Township is about half the size of Lower Makefield. Ms. Tyler stated there are 19,000 residents. Mr. Lewis stated that was considered a large system and qualified for a lower basis point fee. He stated Lower Makefield would be considered a large system as well since there are 32,000 residents and 12,000 customers. Mr. Shearer stated it also comes down to the value of the system.

Mr. Shearer stated with regard to their Contract as it relates to the basis points, it is basically a “not to exceed.” He stated when they go through the process if the dollar amount comes in much higher than expected or if the work that they need to do was done much quicker than expected, they work with their clients and evaluate their time and will discount once they evaluate their time. He stated they are extremely “fair,” and they have done that for their clients, and they will offer that to Lower Makefield as well.

Mr. Lewis stated in Phase 2, there is no analysis of potentially leasing the pipes to an operator to do enhancements and capture the economies of scale; and he asked if that is expressly prohibited from the Phase 2 review. Mr. Shearer stated it is not, and they would put that in the RFQ that the Township is considering this; and that they should be prepared to discuss that at the management meeting. He stated they will then do the analysis on that.

Mr. Lewis stated the rate increase they assumed for the Capital expenditures was 40% a year; and Mr. Shearer stated it was 40% for 2020 although they may have backed that off to 30% to 35% for their model. He stated depending on the model they assumed a two-year rate freeze, and for a Municipal Authority they assumed 2 ½% per year going forward. He stated for a regulated entity, they assume right after the rate freeze about a 25% increase and then about 10% every three years thereafter which is the average increase granted.

Mr. Lewis asked Mr. Shearer if the primary mission was to lower the total cost of ownership of sewer collection and sewer treatment, how does selling the sewer system achieve that end. Mr. Lewis stated they could consider this as an asset where they maximize the value of the asset or they could think about what is the lowest total cost of ownership that the ratepayers in the community will face over the next fifty years. Mr. Lewis stated he does not understand how selling the collection system improves the total cost of ownership for ratepayers over the next fifty years. Mr. Shearer stated that is something that will be vetted through the management meetings and the analysis that they will do.

Mr. Shearer stated he feels they should ask the Bidders this question as well, but PFM will also do their own due diligence during the Phase 2 process and have more discussion about that.

Mr. Lewis asked Mr. Shearer if they did Middletown Township's sale; and Mr. Shearer stated they are their current financial advisors, but they were not part of the sale that occurred ten to fifteen years ago. Mr. Lewis stated when they sold it ten to fifteen years ago, they took the approach that they paid down all of their sewer debt and then created a fund. Mr. Lewis asked Mr. Shearer if PFM manages that fund, and Mr. Shearer stated they are one of the managers of the fund. Mr. Lewis asked if the people in that community experienced lower sewer rates than the people in Lower Makefield, and Mr. Ferguson stated it is Bucks County Water and Sewer, and it is less than in Lower Makefield. Mr. Shearer stated Bucks County Water and Sewer Authority have different rates but on average they are in the \$500s per year.

Mr. Lewis stated by accepting a lower price, we are trying to buy insurance for the ratepayers that they will not have a rate increase for a fixed period of time. He stated his question is how valuable is that insurance. He stated if we could maximize the total sale price and return that to ratepayers, that would be the same as if we told the buyer they could not raise their rates above a certain point. Mr. Shearer stated that is an option, but they do not have an answer today about that since they are not yet at that point. He stated they will get into that as they continue into Phase 2. He stated if the Board decides they want to send out the RFB, that would be instrumental as to how they draft the RFB and how things will be scored whether it will be based on the highest price or based on the alternative idea they have discussed where there is a set price, and they will ask for the rates.

Mr. Lewis stated he was in favor of proceeding with Phase 1 because a valuation is helpful from a strategic perspective; however, it does not seem like they have addressed the strategic issues. He stated the collection is 20% of the total cost of the sewer bill, and 80% is treatment. He stated the Township is going to sell the 20% of the cost, but now someone else will raise rates without any control from the Municipality. Mr. Lewis stated he still does not understand how this will benefit ratepayers over the long haul.

Mr. Lewis stated there also seems to be tremendous variation in the rates, and initially they received an estimate that was 1% of the sale price; and this afternoon they had .85 which was added to the Resolution. Mr. Lewis stated Mr. Shearer had indicated that larger systems can go for .30 in terms of fee so he feels there

is potentially more room for discussion. He stated it also leads him to believe that given the wide price variation, we have not done our due diligence on a very large expenditure of professional services.

Mr. Lewis moved in compliance with Resolution No. 2391 that we bid out financial analysis for Phase 2 and Phase 3.

Mr. Lewis stated there is a Resolution that requires they RFP all professional services, and he feels this “fits the bill,” when it is something that looks like it is \$600,000 in professional services. He stated given the variation in prices between 30 basis points and 75 basis points, there is room to work; and given that there are other potential advisors, he feels they would be able to achieve a much lower fee structure.

Ms. Tyler seconded the Motion.

Mr. Ferguson stated he would like to note that Mr. Shearer’s blended average that he set for the system is \$30 million if they are doing a calculation on the fee.

Mr. Lewis stated given the wide variation and multiple choices of potential providers, he feels the Board owes the taxpayers some additional due diligence. Mr. Lewis stated this is not a set rate circumstance, and we can negotiate a fee. He stated Mr. Shearer could also negotiate a fee now. Mr. Lewis stated he would be at 30 basis points. Mr. Shearer stated he has indicated that the average professional fee to do something like this is about a half million dollars depending on the scope. He stated the .85 in his eyes is a cap. He stated when they finally settled Limerick, he indicated they would be reducing the fee by approximately \$20,000 to \$25,000; and in Springfield Township they did the same. He stated they go back and look at the time and amount of work that was put in to close the transaction. He stated these transactions are different from a bond transaction, and they are extremely time consuming. He stated especially in Phase 3, the amount of work to get to closing can vary a huge amount. He stated if a Municipal Authority would be the winning Bid, they would not then have all the PUC work to do; and they would come back to the Township and indicate that there was less work than they thought, so they will reduce that.

Mr. Lewis stated the Agreement reads, “Upon successful conclusion of the transaction, PFM will charge a fee of 0.85% applied to final closing price similar to Phase 2. If the transaction does not close, there will be no fee charged for Phase 3.” Mr. Lewis stated there is no discount if the price goes higher. He stated he is willing to negotiate this or they could consider the Motion that he has on the floor to RFP out the services.

Mr. Grenier asked Mr. Ferguson to discuss why he recommended PFM and what other options there may be. Mr. Ferguson stated he does not have other companies to recommend. He stated if you look at the sales that have gone on in the region, PFM has done most of them although there are several that they have not done. He stated the Township has a relationship with PFM. Mr. Ferguson stated he has become familiar with Mr. Shearer in this process and has a level comfort with regard to facilitating the sale, and that the sale is contingent with no cost. He stated there are also timing issues, and he added that MMA has given the Township a deadline to make a decision by the end of the year. He stated if this is put out for an RFP, the Township will not have the time to align this option up with the other options they are considering. He stated in Manager circles, PFM is widely regarded as the “go-to company” for bonds which we have done in financial services as well as these types of sales because of their knowledge, their objectivity, and their thoroughness to not just look at a sale but also to look at the impact. He stated PFM is also very familiar with our debt structure.

Mr. Grenier asked if we were to bring in another company to do Phase 2 and Phase 3, how much time and money would have to be spent to get to the point we are at this time. Mr. Ferguson stated work that was done to get to the current point was substantial and involved three to four staff members, the sewer engineer, and himself with multiple, hours-long conference calls regarding the system, the timing of improvements, and the financial analysis of those improvements. He stated the cost to the Township for this was \$7,500; and he feels PFM’s time probably cost more than that. He stated it involved a couple of months of intense work to get to this point. Mr. Shearer stated the actual hours put in for Phase 1 would have generated a fee much larger than \$7,500, but they provide that discount; and they take the Phase 2 and Phase 3 contingent. He stated he would be happy to modify the Resolution to be “not to exceed” 85 basis points. Mr. Grenier stated it actually says that already. Mr. Shearer stated they are flexible and are assuming they will move forward with the Plan that has been discussed which sets a purchase price and the Board would evaluate rates. He stated that would be the \$30 million purchase price. He stated if they choose to go a different route and maximize the value of the asset, they would reduce their fee at the time of settlement although he does not know at this point what the purchase price could be. Mr. Shearer stated they know there is a lot of work to do, but they do not know which “path they will go down.”

Mr. Lewis stated he specifically asked in April if this could go out for an RFP; and at the time Resolution No. 2391 was in place so he is not sure why they could not have considered other providers between April and July 3. Mr. Lewis stated he believes that a strict reading of Resolution No. 2391 indicates all professional services must go out for an RFP. He stated unless the Board plans to revise that Resolution, amend it, or Appeal it, he feels they would have to abide by that ruling. Mr. Truelove stated it

depends on what the intent of the Board was at the time. He stated if the intent was that it was for all professional services including those that are not “one-offs,” the Board can strictly adhere to that or they can decide to waive it or modify it under certain circumstances especially depending on whether they believe that the services are unique.

Dr. Weiss stated he feels that when they retained PFM initially, not only for Phase 1 but when they saw the initial proposal, the Board was under the assumption at that time that if Phase 1 went according to plan, they would engage them for Phase 2 and Phase 3 contingent upon a sale. He stated even if he is mistaken, there is a timeline that they must adhere to and there are still unanswered questions before the Board can make an educated decision.

Mr. Ferguson stated he does not believe it was a Resolution, rather it was a Motion made by Mr. Lewis after discussion to RFP them out. He stated he did review the Minutes.

Dr. Weiss stated he understands the need to RFP all of the professionals; however, this is not an engagement of an ongoing process that will last for years, and this is something that will be done by the end of this year. He stated he understands the possibility of doing an RFP for this, and if the Board decides to go in that direction, we can; however, that will change the calculations of what the Board wants to do and force the Board to make a decision without all of the information on the Morrisville Municipal Authority’s plans and maybe obligate the Township into far more dollars than the few basis points difference one firm versus another firm may charge which would probably be absorbed by any final sale price if the Board went that way. Dr. Weiss stated at this point he is against the Motion.

Mr. Lewis stated on November 7 the current Chair made a Motion to do RFPs for professional services which was amended to finally approve it for all professional services. Mr. Lewis stated Resolution No. 2391 includes provisions and recalls that November 7 Motion for RFPs and that for all professional consultants and vendors engaged there should be RFPs. Mr. Lewis stated each of the professional services firms we use have one-year Contracts so they are all in essence short-term providers. Mr. Grenier stated except for Remington and Vernick, none of them actually have Contracts, and Mr. Lewis agreed adding they are therefore at will.

Ms. Blundi stated at the time Mr. Lewis made the Amendment she recalls that the current Chair wanted to start with some RFPs, and Mr. Lewis made a point that it should be all of the vendors that we have in place at this time, and that we should do all of them. Ms. Blundi stated from her experience in Government

service, it is important to do this type of open bidding process, unless the field of expertise is so narrow; and this is recognized by all levels of Government. Ms. Blundi stated to go through the process of an RFP, and delay the timeframe would put the Township into only an option which would be to build the plant in Morrisville. She stated while that may be where we wind up, she would like to get there with better information. Ms. Blundi stated she spent a lot of time researching firms, and she could not find other vendors although tonight she did hear that there was another firm who did a smaller project in the area. She stated she is not looking to “derail” getting information needed since this issue has “been kicked down the lane for so long.” Ms. Blundi stated she is not in favor of the Motion or delaying the needed information so that the Board can make an informed decision. Ms. Blundi stated as stewards the Board has to look at what is best for the Township both short term and long term. She stated right now they are looking at a sewer increase of 25% this year, 40% next year, and Capital projects due because of State law and Federal regulations. Ms. Blundi stated they are looking at adding another \$51 million in debt to the existing debt if we do not look at all options; and she stated she wants to get the information so the Board can make informed decisions.

Mr. Lewis stated this is 20% of the sewer bill, and it is pipes from the street to the collection point. He stated 80% of the problem remains which is the treatment. Mr. Lewis stated selling the Township’s system has nothing to do with solving the treatment issue. He stated there is not a timeline that is of any concern for us although he agrees that Morrisville has asked in a letter if Lower Makefield plans to stay with them; however, he stated the Board could make that decision now without selling the sewer pipes. Mr. Lewis stated they can also choose to go to Lower Bucks or choose other options, and those are not dependent on whether we sell the sewer system or not. Mr. Lewis stated with regard to the debt, the Township does have \$30 million of debt of which \$13 million is sewer debt. Mr. Lewis stated on the current debt repayment schedule, we are slated to be debt free in fifteen years. Mr. Lewis stated it has also been suggested that we could refinance the debt which also means that the debt could be stretched out if they felt the debt was too burdensome now. Mr. Lewis stated those choices have nothing to do with whether or not we sell the pipes. He stated he feels from that perspective, we need to deal with this issue and this issue only and exempt out the other 80% of the problem which is the treatment.

Mr. Grenier stated when dealing with the sewers, he feels it is a holistic approach they need to look at because of the magnitude of the sewer system. He stated he feels it is very important to have all of the information and all the numbers before

the Board makes any decision. Mr. Grenier stated he has been the Sewer Authority liaison for two years, and he is also on the Sewer Sub Committee which specifically is looking at the other options for dealing with treatment. Mr. Grenier stated he personally does not want to separate out any of the analyses because they are linked, and he wants to have all of the information so he can make an objective decision.

Dr. Weiss stated the 80% that Mr. Lewis says is not in our control is not quite correct in that when you look at economies of scale, the costs over 11,000 residents versus 150,000 potential residents is quite different. He stated he feels a more holistic approach is mandated.

Mr. Lewis stated he is not saying the Board is not in control of the other 80%, and he agrees that these issues should be looked at holistically. He stated if they make a decision to sell, who they decide to sell to may lock out an optimal choice that would benefit the community and give us some control over future rate increases. He stated before he would vote on something that could cause that, he wants to make sure he is “getting the best deal,” and it seems that he has found at least an \$250,000 opportunity for cost savings. Mr. Lewis asked for a show of hands from those in the audience how many felt the Board should RFP out professional services, and many people in the audience raised their hands.

Mr. Ethan Shiller stated it took many years to get Resolution No. 2391 with regard to professional services. He stated if the system were to sell for \$30 million the fee would be below \$100,000 up to over \$250,000 which is significant. Mr. Shiller asked Mr. Shearer what other companies are in “this space.” Mr. Shearer stated with regard to the small system he mentioned which was sold in Chester County, he does not believe they had an advisor. Mr. Shiller asked if there are any other companies locally “in this space” other than PFM, and Mr. Shearer stated one he knows of is Susquehanna Advisors. Mr. Shiller stated that is at least one they could potentially have “come up to speed.”

Mr. Kupersmit stated the Board has two options one being to go with Morrisville who wants to spend \$118 million for a new plant or they could get a consortium and re-invent wastewater treatment “in the whole World.” Mr. Kupersmit also expressed his concern with superbugs.

Mr. Zachary Rubin asked Mr. Shearer if Susquehanna Advisors is the same as Susquehanna Group, and Mr. Shearer agreed. Mr. Rubin asked Mr. Shearer if he is prohibited from giving political contributions, and Mr. Shearer agreed. Mr. Rubin stated he believes that Susquehanna Group gave \$100,000 to Anthony Williams when he ran for Governor four years ago, and he understands they are very

involved in political activities, and a number of their contributions he would vehemently oppose. Mr. Rubin stated if Susquehanna is the alternative, he would urge the Board to vote against the Motion.

Mr. Doug DeMuth, 1735 Jockey's Way, stated the city of Chester used a company called Econsult out of Philadelphia.

Mr. Peter Lachance stated he is the elected Constable of Lower Makefield, and he does not give out his address. Mr. Lachance stated with regard to a sole source, he would be concerned that the consulting firm that is getting all of the data and doing the analysis is also the one that "wins a big piece or work" in the third Phase. He stated his main concern is that if it does go sole source, the Resolution states that there is an 85 basis point maximum to be charged on the sale price which biases the decision to be made against any kind of an O & M Contract so that would have to be negotiated as well. He stated the percentage that they would have to charge to do that work would be a lot higher because there are not a lot of proceeds.

Motion did not carry as Mr. Lewis and Ms. Tyler were in favor and Ms. Blundi, Mr. Grenier, and Dr. Weiss were opposed.

Mr. Lewis asked that given the Motion failed, should they Move to strike Resolution No. 2391 because we are no longer following it. Mr. Grenier stated based on the analysis provided by the solicitor, he would disagree with that. Mr. Lewis stated the solicitor gave a "not sure/maybe." Mr. Lewis asked Mr. Truelove if this meets the spirit of Resolution No. 2391. Mr. Truelove stated as noted earlier, he feels it depends on what the Board was intending; and it was his understanding at the time that it was for "retained services." He stated the Board could decide that if it was applicable, they could waive the provisions just as they occasionally do for the Responsible Contractor's Ordinance under certain circumstances. Mr. Truelove stated if the majority of the Board feels that there are circumstances here that require prompt action based upon deadlines that have been imposed by another entity that controls a substantial amount of the cost, that would be one reason to consider waiving the Resolution's applicability if indeed it is considered applicable.

Mr. Lewis stated when the Board failed to live up to the Green Building Ordinance, at that time Supervisor Fritchey acknowledged that the Board was not meeting the Ordinance and immediately sought to revise the Ordinance. Mr. Lewis stated either the Board should significantly amend Resolution No. 2391 or Move to strike it because it seems that the Board is not willing to follow it.

Mr. Lewis moved to repeal Resolution No. 2391 and the unanimous Motion of November 7, 2018 which required Requests for Proposals for all professional services. Motion died for lack of a Second.

Mr. Lewis moved to amend Resolution No. 2391 to allow for this particular situation.

Mr. Lewis stated at this point the Board has violated the Resolution. Mr. Grenier stated he does not agree with the fact that the Board violated the Resolution. He stated the goal of the Motion which he initially made, and which was amended by Mr. Lewis, was to RFP our on-going professional services. He stated at the time he had called out the solicitor, conflict counsel, engineer, traffic engineer, sewer engineer, and “probably one or two others” of similar nature where we had an on-going relationship for professional services. Mr. Grenier stated as an example the Township solicitor is present every Board meeting providing information on his on-going services over an extended period as does the engineer. Mr. Grenier stated that was the goal of the Motion that he made. Mr. Grenier stated for “one-off” projects, he would leave that up to the Board.

Mr. Lewis stated he finds this “troubling given the passion that was exuded on November 7 and thereafter about this particular issue.” Mr. Lewis stated he is having a “hard time squaring that previous passion with a decision that in my mind is not time sensitive as there is no proven case for that.”

Mr. Grenier stated the Motion has failed, and he feels the Board should be moving onto other topics. Mr. Lewis stated he has more Motions. Ms. Tyler suggested that since the Motion lost, she would like to continue to discuss the sewers; and they can consider Resolution No. 2391 at some other time.

Motion to amend Resolution No. 2391 died for lack of a Second.

Mr. Grenier stated the Board has been provided a Resolution that was recommended for approval by the Sewer Authority on Thursday when they heard a similar presentation from PFM. He stated the Sewer Authority recommended that the Board of Supervisors move forward with a Resolution to engage PFM for Phases 2 and 3. Mr. Grenier stated if they engage PFM for Phases 2 and 3, that does not in any way obligate the Township to pay them anything unless the Township goes through with the sale.

Dr. Weiss moved and Mr. Grenier seconded to approve Resolution No. 2399 authorizing PFM to begin the Phase 2 and hopefully Phase 3 process with the rates as stated in the Resolution.

Mr. Lewis stated he would like to make Amendments to the Resolution. He stated the first one is they should specifically call out that we are considering a Lease option for someone to operate the sewer pipes but not take full ownership of them. He stated secondly, the Board will have to figure out the fee structure. He stated it reads in the Contract: "Upon successful closing PFM will charge of .85 applied to the final closing price." He stated the Resolution does say "not to exceed;" however, the actual Contact with PFM says 85 basis points. Mr. Lewis stated he is at 30 basis points because we are large facility, and he does not see why we could not get 30 basis points.

Ms. Tyler asked if they could do it tiered, and Mr. Lewis stated he would be fine with a tiering structure. Mr. Lewis asked if they would want to tier it such that they would get "X percent of the first \$10 million and Y percent of the next \$10 million so that there is an incentive for them to keep pushing.

Mr. Ferguson stated one of the options they are evaluating is to suppress the sale price in exchange for lower rates so that if they are going to sell it for \$30 million as opposed to \$50 million in exchange for lower rates for the ratepayers, it gets more complicated than just tiering it. Ms. Tyler added that PFM is taking this on a contingency, and the Township could walk away, and PFM would get zero. Mr. Grenier stated if they go with a PUC version, it could take a year of work versus an un-regulated version that would take considerably less.

Ms. Blundi stated she is fine with the provision that they want to explore all options including the leasing option, and Mr. Grenier stated he agrees. Dr. Weiss stated he would agree to that Amendment as well.

Ms. Tyler stated it would be approval of the Resolution adding the language that we are also considering the leasing option. Mr. Lewis stated that would be on Page 1 of Resolution No. 2399 in the last "Whereas" to read "...consider the possible sale of the public sanitary sewer system or a potential lease arrangement with an operator..."

Mr. Truelove stated with regard to a fee structure, he feels the difficulty is asking Mr. Shearer to negotiate something now when he is not really sure what they may look like. Mr. Truelove stated there is a "not to exceed," so there is that provision that allows that discussion to be ongoing depending on what the process is. Mr. Lewis stated that is not in the Contract. Mr. Grenier stated there is a "not to exceed in the Resolution." Mr. Truelove stated the Resolution would form the basis for the relationship with the Contract to be modified based upon the Resolution. Mr. Truelove stated Mr. Shearer has already stated publicly that he would agree to a not-to-exceed provision.

Mr. Grenier asked if they could make an Amendment to the Motion that under Phase 3 Services in the Agreement where it says, "PFM will charge a fee of .85%," that it be amended to say, "PFM will charge a fee not to exceed .85%." Mr. Lewis asked if they would amend the Contract to say that, and Mr. Grenier agreed. Mr. Truelove stated the Contract would then conform to the Resolution. Mr. Lewis stated the fee structure on a potential lease arrangement would basically "crush" the fee.

Mr. Shearer stated they are fine with keeping the basis point fee the same. He stated the whole Phase 2 engagement is hourly whether it is sale, Lease, or any option. He stated the effectuation of a lease is a much simpler process than a sale or a concession type transaction; and based on that, they are fine with keeping the "not to exceed .85 basis points."

Mr. Lewis stated there could be a Lease where the Township is getting paid a concession from the operator of the sewer pipes each year; and Mr. Shearer stated there could either be an up-front payment or an ongoing payment from a concessioner. Mr. Lewis stated that would have a total Contract value of a certain period of time such as five years to twenty years that could be calculated. He stated they could say "not to exceed .85% of final closing cost or total Contract value," and that would give PFM a way to get paid on a Lease arrangement if the Township chooses that option. Mr. Shearer stated he was speaking more to an O & M Agreement which is very simple to execute, and they are fine at keeping the 85 basis points on that smaller amount. He stated if it is a Concession Lease that could actually be more complicated than a sale in certain instances. He stated the Contract states the percentage is applied to the final closing price. He stated they could indicate that is the closing price/Contract value.

Mr. Lewis asked if they could remove Phase 3 from the Contract and just do Phase 2 so that they would have time to determine the final pricing.

Mr. Shearer stated PFM would be fine amending it to state "closing price or Contract value."

Mr. Truelove stated currently the two proposed Amendments are in the last Whereas paragraph on Page 1 of the Resolution, after the words: "public sanitary sewer system" and before the word: "within," put "or potential Lease arrangement" and two lines below that after the words, "final close price" and before "Phase III services," put "or Contract value."

Dr. Weiss asked Mr. Shearer if they decided to Lease the system, what would that do to the rates compared to where they are now. Mr. Shearer stated the rates are going to go up because of having to handle the Capital requirements. He stated the rate regime

would be set within a Concession Lease Agreement. He stated that gets “extremely complicated,” and he added there are not as many Concession Leases done especially for smaller sized systems; and typically you see a Concession Lease for systems that are well over \$100 million-type systems because there is a lot of ongoing maintenance with a Concession Contract and a lot of ongoing legal work and ongoing administrative work that would take place. He stated they could evaluate all of that during the process. Mr. Shearer stated rates are going to go up whether the Township keeps the system as is, whether it is a sale, or whether it is a Concession Lease.

Dr. Weiss stated currently we self-manage our system, and there are two employees. He asked if hiring a company to do what our two employees do would potentially add to our costs, and Mr. Shearer stated it potentially could. Ms. Tyler stated they would have to look into that. Dr. Weiss stated he is having a hard time understanding how adding another layer would reduce our costs. Dr. Weiss stated even though he would like to consider it in the matrix, he does not know why they would consider adding a management company to our costs. Mr. Shearer stated they could talk to the Bidders about that to get their opinion.

Mr. Lewis stated he feels Dr. Weiss is making a case for why he does not want to sell the sewer system. Dr. Weiss stated there is a big difference between the potential sale of the system and leasing the system. He stated in selling the system the Township no longer has to worry about the condition of the system, and it is given to a much larger company that deals with this on a daily basis with hundreds of thousands of customers, and the cost is spread out among hundreds of thousands of customers. Dr. Weiss stated it is a misnomer to think that Lower Makefield would have different rates than a different Municipality in the same company. Dr. Weiss asked if Lower Makefield sells the system, after the rate freeze, would Lower Makefield have a different rate system that was different from someone else with the same company; and Mr. Shearer stated they would more than likely be migrated to the same rate. Dr. Weiss asked if “hypothetically” would the new rate be 60% higher than it is today or 20% higher because it is spread out over a larger customer footprint. Mr. Shearer stated that would depend on what is in the Agreement. Dr. Weiss asked Mr. Shearer historically what he has seen as to how rates migrate; and Mr. Shearer stated what they have seen with a Municipal Authority is that if the acquired system’s rates are higher at the time of acquisition than what the purchaser’s rates are, after the rate freeze, typically an entity like Bucks will have the rates then migrate back down to their uniform rates which would be a lower rate. He stated typically with that there is a lower purchase price. Dr. Weiss stated over time then Lower Makefield, as integrated with the larger company, would probably see lower rates. Mr. Shearer stated that would depend on the entity. He stated one of the analyzes they would be doing in conjunction with the Administration is what the Township’s rates would

look like whether it is the status quo model or whether it is a sale. He stated if it is a sale to a regulated company, that will have a different outcome because it will more than likely be spread out over a much wider rate base. He stated if it is sold or there is an arrangement with a Municipal Authority, they will have to look to see what their rates are; and they cannot do an analysis until they see who is interested. He stated what the rate trajectory will look like under different options will be part of the analysis.

Dr. Weiss withdrew his Motion.

Ms. Tyler moved and Ms. Blundi seconded to approve Resolution No. 2399 adding the inclusion of a Leasing option subject to including language in the Contract with PFM of not to exceed .85 basis points of the closing price or Contract value.

Mr. Doug DeMuth stated for the Limerick system, the rate base was held for three years, and then it was estimated to raise 84% the following year. He stated at the last Sewer Authority meeting, they briefly discussed an opportunity to Lease potentially to buy the Morrisville Municipal Wastewater Authority, and he would hope that would be built into the set of options that are being considered. Mr. Grenier stated he was at that meeting with Dr. Weiss; and not as part of this Contract but as part of the Sewer Sub-Committee option review, he feels that is something they will look at based on what they have been hearing from Morrisville.

Mr. Ethan Shiller asked if they could amend the Amendment to remove Phase 3 and just go ahead with Phase 2. He stated the Board could always have another Motion, and that would keep everyone on the timeframe they wish to proceed with and allow them to collect additional information that they want, and to further discuss in “Executive Committee” and with PFM what the rate should be for Phase 3. He stated there is nothing forcing the Board at this time to do a Motion or a Resolution that includes Phase 2 and 3, and he asked that the Board break it out like they did with Phase 1.

Mr. Lewis stated he would be in favor of breaking out Phase 3, and in that way they could lock down the rate structure and calculate that based on options, and negotiate a rate that would work best for the Township. Ms. Blundi stated they would not move to Phase 3 until Phase 2 was completed, and then they would decide whether they would move to Phase 3. Mr. Lewis stated they have already agreed that they are going to spend up .85, and they have not negotiated that rate down at all. Ms. Blundi stated if we do not go forward, PFM gets nothing. Dr. Weiss stated the rate is only contingent upon the actual sale of the system.

Mr. Shiller asked that they do two separate votes, and vote tonight with the Resolution amended to include Phase 2; and then at a meeting after they receive a presentation on Phase 2, the Board would then vote on Phase 3. Mr. Grenier stated the Board would not go on to Phase 3 without having a public meeting and discussion about everything that went on at Phase 2. He stated there may be a number of meetings depending on the level of information received.

Mr. Shiller asked if PFM's presentation will be posted on the LMT Website, and Mr. Grenier stated it will.

Mr. Shiller asked Mr. Shearer who defined the objectives, and he asked if PFM defined the objectives or were they defined by the Board of Supervisors or by the Township Manager. Mr. Shearer stated the original objective of Phase 1 was to provide a limited scope valuation. Mr. Shiller stated he is not asking what the objective was, rather he is asking who told Mr. Shearer what the objective should be. He stated he wants to know who told PFM what their objective was for the Phase 1 analysis and valuation. Mr. Ferguson stated PFM presented that to the Board, and the Board approved that as a Motion for that objective for \$7,500. Mr. Shiller asked whose request that was based on. Mr. Ferguson stated it was based upon PFM's public presentation to the Board on what would constitute Phase 1. Dr. Weiss stated the Board asked PFM to come in.

Mr. Shiller asked Mr. Shearer based upon the valuation he did to determine the base line asset value, did he use the last evaluation of the public sewer system "to start from or did you evaluate everything from scratch." Mr. Shearer stated it was "from scratch." Mr. Shiller asked on pre-qualifying the "bidding teams and initiating due diligence in Phase 2 – the transaction development" what is the intent in pre-qualifying Bidders. Mr. Shearer stated that will be made by the Board or will be delegated to the Manager, and it is pre-qualifying them to continue through the process. Mr. Shiller asked what they are bidding for, and he asked what he is looking to qualify them to Bid for. Mr. Shearer stated they are being pre-qualified based on their operating experience, financial capability; and at that point they will still not know if they will be doing a Lease, an O & M Agreement, or a sale so it is for them to be pre-qualified to be part of the vetting process. Mr. Shiller asked what are the qualifications they are looking into for the criteria, and he asked if Mr. Shearer is saying based upon their experience when they acquire Municipal sewer systems or is he looking at their experience when they leased sewer systems; and Mr. Shearer stated they are looking at both. Mr. Shiller stated there are qualifications that PFM has set forth, and he is trying to understand what that list may be. Mr. Shearer stated that will all be laid out in the RFQ. Mr. Shiller asked Mr. Shearer if he has done that for other Townships so that he could

list some of those qualifications. Mr. Shearer stated it is a long list of the criteria. Mr. Shiller asked for the “top five.” Mr. Shearer stated they are happy to provide the RFQ.

Mr. Shiller stated Mr. Grenier had mentioned to Mr. Ferguson a willingness to do comparisons of a side-by-side rate increases between the sale of the system versus the investment into MMA. Mr. Grenier stated if the Township maintains the system and does not sell it, the Township is required to do several Capital expenditures over an extended period because of the Act 537 Plan such as pipe lining, upgrades to pump stations, etc. Mr. Grenier stated they have discussed a 40% rate increase next year. Mr. Grenier stated based on the Capital expenditures that the Township has to do over the next several years, Mr. Ferguson is doing a pro forma that shows what the rates will look like over that time period irrespective of whether the Township sells the system or anything having to do with MMA.

Mr. Shiller asked Mr. Shearer out of all the Municipalities that he has represented how many has he not made a recommendation to sell or Lease. Mr. Shearer stated there have been a handful where the Board has decided not to move forward. Mr. Shiller stated he is asking Mr. Shearer about PFM’s recommendation to the Board not to sell or lease. Mr. Shearer stated the analysis they come back with is the information for the Board to make a decision whether or not they want to proceed. Mr. Shiller asked if PFM ever comes back with a recommendation. Mr. Shearer stated they can give one, but typically the Boards states they just want to have the information so that they can make their own decision. Mr. Shiller asked if any of the Municipalities have asked PFM for a recommendation. Mr. Shiller stated he wants to validate that PFM has “never not come back making a recommendation or suggesting to a Municipality that they should not lease or not sell their sewer system.” Ms. Blundi stated Mr. Shearer indicated that he gives them the facts, and the Board decides. Mr. Shiller stated just like the Board looked to the Township Manager for recommendations when “they started this,” he assumes they are looking to PFM for recommendations.

Mr. Shiller asked if the Board’s recommendation is to sell or lease, does the PUC have to approve that decision. Mr. Shearer stated the PUC may have to approve the acquisition depending on who the buyer is. Ms. Tyler stated if it is a regulated buyer they would. Mr. Truelove stated a Municipal Authority would not have to go to the PUC. Mr. Grenier stated Bucks County Water and Sewer is a Municipal Authority, and is not “a PUC Authority.”

Mr. Peter Lachance stated the lease option would have to appear in two places in the Resolution, and Ms. Tyler agreed. Mr. Lachance stated when an organization who wants to do an O & M Contract looks at what they are going to pay, they look at how much work has to go into the system. He stated the more repairs that need to be done, the less money the Township will get. He stated the reason to do an O & M Contract, which is why he raised this the last time this was discussed, is to enhance the value of the system. He stated the “art of lowering the I & I in the system” is something that the Township probably does not have a lot of expertise in, and there are people who do this all of the time, and there is not just one way to line a sewer. Mr. Lachance stated an O & M contractor would come in and fix things the most equitable way, and they could structure an O & M Contract so that they would not make Capital purchases beyond a certain amount without coming to the Board, and that would be a difference between an O & M Contract and a lease. He stated the Board would then know what is going into the system. He stated after five to ten years or whatever is the length of the Contract, they would have a system that is working a lot better than it is today; and if the Board decided to sell it, it would be worth a lot more, and that is the reason for an O & M Contract.

Mr. Lachance stated he was confused last time whether we would still have the option to control what we do on the sewer treatment end; however, it seems like we will have that option regardless of what is done here. Mr. Lachance stated if they sell it to a privatizer, they may want to control where it goes and how it gets treated. He stated he wants to make sure that they treat that as a separate item. Mr. Lachance stated we should have control over what happens to the wastewater treatment, and he “would not trust a private contractor to do the right thing, and they will do the easy thing.”

Mr. Bob Lang, 2111 Dawn Lane, stated no matter what we do with the system, costs are going to be incurred for the Capital improvements for the projects, and residents are going to have to pay more money. He stated it does not make sense to sell “the project to subsidize other things.” He stated the Board is in a difficult situation because of prior Supervisors. Mr. Lang stated costs will be higher if they sell the system because there will be “other management incurred with it.” He asked what is next if they sell this item, and he asked if they will sell the “Senior Center” or the ballfields. He stated he does not want to sell this since it is an asset. He stated “all those other things are assets as well.” Mr. Lang stated Mr. Shearer is “in it for personal gain, and he would not trust him as far as he could throw him.” Mr. Lang was advised that Mr. Shearer is a hired professional. Mr. Lange stated he is a hired professional but he is in it for personal gain. Mr. Lang stated “his end game is to make a sale, and he is not going to recommend anything that is against his company.” Mr. Lang stated anything that

happens with “sale and proceeds of money,” he finds it difficult to “give a windfall of funds to a political group. He stated the money is going to disappear in ways that the public is not going to benefit with for a long period of time.” Mr. Lang stated he is a lifelong “member” of Lower Makefield Township. He stated whether the “problem was a situation of lack of planning for the improvement and Capital needs for the sewer system, selling does not make fifty years from now any better.” Mr. Lang stated the loss of an asset that does not gain anything for the Township in the long run is a “challenge to finance other projects that anybody else wants to do.” Mr. Lang stated the Board has to communicate to the residents, and they have been left with a “tough situation.” He stated selling the project and letting somebody else tell them their rates are going to go up, “takes a lot of heat off,” the Board. He asked that they not “kick the can down the road as the politicians have done that for years.” He asked that the Board tell the public they need to make improvements and move forward without “giving away a lot of money.”

Ms. Beth Cawley asked why PFM would want anything other than a sale because that is when the “mother lode comes in for them.” She stated when they sell it is when they make their “real money.” Ms. Cawley stated she feels Mr. Lewis was thinking about what is best for the Township residents rather than just getting a “huge amount, doing whatever you want with the money, and go back to the ridiculous, frivolous spending that has occurred in previous Boards, and this Board also.” Ms. Cawley stated a Dog Park was not needed by the Township. Ms. Cawley asked how the Board could agree to things when they did not “know they were in debt up to here.”

Dr. Weiss stated Ms. Cawley has said “nothing true to this date.” Dr. Weiss stated he “has heard enough,” and that “Ms. Cawley has made her points “numerous times.” Ms. Cawley stated she has not yet said what she came up to say, and Dr. Weiss does not know what she is going to say. Mr. Grenier asked Ms. Cawley to allow Dr. Weiss to respond to her “initial accusations,” and then she will be allowed to speak.

Dr. Weiss stated until this day the only thing this Board has approved was the Budget and the expenditures thereof. He stated there have been no major projects that this Board has approved. He stated when they found out that the one project that they did approve, the Makefield crossing zone, was done wrong, they had the contractor take care of it at no further cost to the Township. Dr. Weiss stated he understands Ms. Cawley’s concerns about selling the system. He stated if this Motion is passed, they will go to Phase 2 and if necessary go through Phase 3; and at that time, they will make a decision with input. Dr. Weiss stated to say that they are going to sell the system with the information they have at the present time, is premature. Dr. Weiss stated he appreciates Ms. Cawley’s concerns; however, if the Board decides to go ahead with Phase 2 and then with Phase 3 and decides that retaining

the system is not in our best interest, “they will make those decisions.” Dr. Weiss stated if the Board decides that keeping the system is in our best interest, they will make that decision. He stated until this Study is complete and they go through this process, he does not feel “they have any idea.” He stated right now the only utility we deal with in the Township on a Township level, is the sewers; and everything else is privately held.

Ms. Cawley stated at the April meeting when Dr. Weiss was “screaming at the audience, it got deleted miraculously from the film that was shown so that is what she means by transparency.” Ms. Cawley stated she feels the Township should hear the way Dr. Weiss speaks to residents. Dr. Weiss stated he does not recall that, and he has no problem with the meetings being recorded and this being part of the Record.

Ms. Tyler asked that the meeting get back on track.

Ms. Cawley stated whoever purchases the sewer is in it to make a profit and not doing it as a good-will gesture to a community, and they want to make money. She stated rates will be higher than if we keep the asset ourselves.

Mr. Lewis stated if our cost to operate the collection facility is out of scale with what others could operate it when combined with their system, it is possible, though unlikely, that a sale would potentially yield lower prices; however, that has not been proven or offered up so he is skeptical of that.

Ms. Cawley stated she has heard that when “it is sold to these companies” as other Municipalities are purchased, everyone absorbs the cost. Mr. Lewis stated that depends. He stated there is collection and treatment; and with regard to treatment, if it is going to a particular facility, there are costs associated with that, and those have to be passed through to ratepayers. Ms. Cawley asked if the rates are increased as other Municipalities are brought in. Mr. Grenier stated if a private company purchases it, they have to put in a proposal through the Pennsylvania Public Utilities Commission, and they review their proposals for a rate increase on a two to five year space. Mr. Grenier stated generally speaking they keep the rates flat for two to five years much like PECO does. Ms. Cawley stated but then rates can go up 10% every year. Mr. Grenier stated what the PUC has in place are a number of different offices including the Office of the Consumer Advocate and the Office of Rate Counsel. He stated they will fight for the consumer to keep rates at a reasonable rate so that they cannot be increased “astronomically and cause a hardship.” He stated this would be part of the Phase 2 and 3 analysis, but they are not near that at this point.

Ms. Cawley asked if any Board member could say that a company would not be buying this to make a profit. Ms. Tyler stated they are all very cognizant of the ramifications of the transaction, and the fact that they are giving up control over an asset. She stated tonight they are trying to move forward to make an evaluation, and the public can help the Board make that evaluation when the Phase 2 report comes out and they have the Sewer Sub Committee that will help them as well. She stated they will make an informed decision. Ms. Cawley asked if the public could have ninety days to “view these things” and comment on it and get the information out to the public. Ms. Tyler stated she is not sure how they will do it, but they will have public meetings like they are this evening. She stated if they need to have a special meeting, they could do that as well.

Ms. Cawley asked if there will be a “rigorous, quantitative analysis performed for the various alternatives that should be considered for keeping or selling the sewer system and an evaluation that addresses the impact on the ratepayers and taxpayers over the next five, ten, fifteen, and twenty years.” Ms. Tyler stated that is the entire point of the exercise. Ms. Cawley asked if the alternatives will be ranked based on service level and rates. She stated “assumptions used in the comparative analysis should be consistent as well as the criteria for ranking.” Ms. Tyler stated they will be evaluating the information they are presented, and the professionals will be guiding them. Ms. Cawley asked if it will be an independent group that evaluates. Mr. Ferguson stated it will be PFM, the staff, the sewage engineer, himself, and other professional staff making the presentation to the Board.

Ms. Cawley stated Mr. Shiller was trying to ask why PFM would not want it to be sold. Mr. Ferguson stated if PFM indicates that the value of the system on a blended average is \$30 million, and the Bids come in at \$8 million PFM would not need to make a recommendation not to sell it, and it would be obvious that it would not be worth it to sell it. Mr. Ferguson stated all PFM is going to do is present the information. He stated if it comes in at \$28 million, the Board will have to decide if it is worth it or not; and PFM is not going to tell the Board whether to sell it or not sell it, rather they will present it objectively, and the Bids will speak for themselves.

Ms. Cawley stated she felt maybe it was premature to proceed with PFM’s unsolicited proposals to prepare Bid documents before the comprehensive alternative evaluation. Mr. Lewis stated he agrees. He stated maybe there is a number he would consider if it came back in a Bid. He stated he does have a significant concern that we may be making a decision we think is the right one but will lock us out of a potentially better situation. Mr. Lewis stated he has had experience with the PUC, and they are a “challenge sometimes to deal with when you are an advocate for people for service.”

He stated if a public option occurs, that may have higher potential short-term rate increases, but lower long-term control so there is a balance that they need to consider.

Mr. Grenier asked that they consider the Motion on the Table as opposed to whether or not they are going to sell the system as we are months away from that.

Ms. Cawley stated “obviously we need to dump millions and millions of dollars into the sewers since it is old and the infrastructure is crumbling;” however, she feels it is a good thing to put the money into the sewers and improve it and everyone will realize that their rates have to go up for those Capital projects. She stated they should put the money in, improve the infrastructure, but hold onto the asset; and she hopes that is what the Board will vote to do. Dr. Weiss stated that is one of the options that the Board will consider.

Motion carried with Mr. Lewis opposed.

Ms. Tyler left the meeting at this time.

APPROVAL OF PAY APPLICATION NO. 3 FOR CONTRACT NO. 2 FOR THE 2018 ROAD PROGRAM IN THE AMOUNT OF \$23,418.98

Mr. Pockl stated after this payment is approved, there will still be \$8,563.92 left in the account; and that will be paid once the line striping and crosswalk is stamped.

Dr. Weiss moved and Mr. Lewis seconded to approve Pay Application No. 3 for Contract No. 2 for the 2018 Road Program in the amount of \$23,418.98.

Ms. Blundi asked for a further explanation. Mr. Pockl stated the 2018 Road Program had two Contracts – the first for Oxford Valley Road and that Contract has been paid in full and that work is completed. Mr. Pockl stated the other Contract was for milling and overlay of the Township roads and the work on Makefield Road.

Ms. Blundi asked for an update on Makefield Road. Mr. Pockl stated over the past two weeks the contractor has placed sealant down in between the asphalt joints between the new asphalt that was placed and the existing roadway asphalt. Mr. Pockl stated he suspected that was contributing to why the contractor could not put the stamp down and the coloring of the crosswalk because they needed to heat the asphalt in order to do that; and when they were trying to do that, that was drawing

water up to the surface. Mr. Pockl stated he suspected that water was getting into the asphalt by the joints, and they have now sealed the joints. He stated they were going to wait a few days after the joint was sealed which was on Thursday. Mr. Pockl stated there was some additional rain, and typically rain still gets into the asphalt paving. He stated the contractor anticipates working on it next week.

Motion carried unanimously.

Mr. Pockl noted that the Board received his report in their packet, and is able to answer any questions.

PROJECT UPDATES

Mr. Ferguson stated with regard to the Woodside Road bike path at a previous meeting a Resolution was passed for the first Grant which was more focused on professional services and easement acquisitions. He stated one of the requirements for the first Grant was to have an Agreement put together that showed the State that we could acquire those Easements. Mr. Ferguson stated an Appraisal was done on those, and they will be approaching the two property owners who have already expressed a positive reaction to the program. He stated they will speak to those property owners hopefully next week and formalize that approval. He stated they will have the solicitor create a one-page Agreement that the Board would be considering at the July 17 meeting. Mr. Ferguson stated also for the meeting on July 17, Mr. Pockl will be preparing a Resolution for the other portion of the Grant which is the larger one in the amount of approximately \$400,000.

Mr. Pockl stated they did speak to both property owners, and they have agreed to the price per square footage as displayed in the appraisal. He stated one of the property owners requested additional tree removal as part of the work to be done. He stated they have given him verbal approval to proceed with putting an Agreement together.

Mr. Grenier asked about the width of the easement, and Mr. Pockl stated it is 8'. Mr. Grenier asked if that is inclusive of the area that already has gravel, and Mr. Pockl agreed. Mr. Pockl stated there is existing right-of-way beyond the face of curb, and this would be another 8' into the property line. He stated there were plantings on one of the properties and those would be either relocated or restored.

MANAGER'S REPORT

Township Facebook Page Launch Date Discussion

Mr. Ferguson stated Ms. Tierney has a skill set that is wide and varied, and she has been coordinating staff regarding timing of a launch for a Township Facebook page; and they are looking at a date of a week from Friday. He stated the Social Media Policy was distributed to the Board today that was drafted with staff and has gone through a legal review. Mr. Ferguson stated the Facebook page will operate similarly to the Park & Rec Facebook page that the Board is familiar with.

Ms. Tierney stated she provided this evening a brief outline of the plan for the launch and how it will be integrated into an overall communication plan for the Township. She stated they started out this year with a Park & Rec Department mailer that will be a bi-annual mailing. She stated while it started out as a Park & Recreation guide, they will start incorporating more information about the Township with news that would be useful to Township residents by including brief articles.

Ms. Tierney stated a week from Friday, they will launch the Township Facebook page, and will do this as the same time as we revitalize our Twitter account. She stated there are currently sparse announcements on the Twitter account, and they will link those two through a Hootsuite account to add more dimension to our social media platform. She stated Hootsuite will enable her to post everything all at once to all social media platforms.

Ms. Tierney stated the social media policy was written so that it would not focus on just Facebook alone, and that there is room to expand into other avenues to get the information out. Ms. Tierney stated the Park & Rec and Police Twitter will remain the same.

Ms. Tierney stated in addition to Twitter and the Facebook launch, they plan to expand into other social media platforms by the end of August. She particularly noted LinkedIn and Instagram so we can hit some other of our target markets within the Township. Ms. Tierney stated at one time the Township had attempted to do an e-mailing platform where people could sign up to receive Newsletters and information about the Township. Ms. Tierney stated she has reached out to many other Townships to see what they use, and Constant Contact seems to be one that a lot of the Municipalities like, and Lower Makefield will be using Constant Contact to do the same time. She added that it is free, and it can be launched through the social media account and it can be offered to Township residents who can sign up for what type of news they want to receive.

Ms. Tierney stated we will also continue to have the Township TV channel and the Township Website. She stated with all of this, the prime way to communicate with the Township is to contact the Township either by phone, e-mail, or face to face; and they will not be using social media as a platform to resolve issues or make decisions. She stated the purpose of the social media is primarily to get news out to Township residents.

Mr. Lewis stated the Township has had a Twitter page for a couple of years. He stated he has noticed that the Township has news items on the Township Web page, but those do not always become tweets on Twitter. He stated he has no idea what the engagement is on the tweets we have now, and he asked Ms. Tierney if she knows what we are getting for engagement on those. Ms. Tierney stated there is not much engagement at all; however, with Hootsuite we have the capability to use WordPress and announce the same thing through our Website as we do through all the other social media accounts. Mr. Lewis asked if using Hootsuite, she will integrate with the Township's Website; and Ms. Tierney stated they have the potential to do that in the future.

Mr. Lewis stated his concern and policy recommendation is that no item be posted first to social media that is not on the Township Website, and that any news item that is on the Township Website gets posted sequentially to all social media. He stated they would then get out of the feeling by people that they have to support Facebook with the same "level of passion" that they do Twitter, Myspace, or any of the others. Ms. Tierney stated the idea is to make a multi-layered opportunity to get information out since there is a wide population and there are a lot of people within our population that use a lot of different ways; and now they will have the opportunity through mail, TV, the Internet, and social media all to get the same news.

Mr. Lewis asked Ms. Tierney through the registrations with Community Pass, is she able to liberate those e-mails from the Community Pass system and use them. Ms. Tierney stated residents have the opportunity to sign up for news e-mails, Park & Rec news, and alerts; and they could utilize them in those capabilities. Mr. Lewis asked if you would be forced to use Community Pass as an e-mail system, and Ms. Tierney stated you would not. She added that Community Pass' capabilities for e-mail are not as great as she would like. She stated she has been trying to work with Community Pass to see if they would integrate with Constant Contact so that they could all work together. Mr. Lewis asked Ms. Tierney if she can extract the core data in Community Pass, and Ms. Tierney stated she should be able to do that. Mr. Lewis stated if she can do that, she could create a flat file and load that into Constant Contact and use that to start. Ms. Tierney stated that

would start as a base; however, those residents only signed up for Park & Rec news and she would not want to put them into other mailing lists. Mr. Lewis stated she could offer them the ability to opt out.

Mr. Lewis asked if there would be a standard e-mail template that the Township has, and Ms. Tierney stated Constant Contact will make a template per Department etc. so that you can have a standard newsletter. She stated if they did decide in the future to have a monthly newsletter or put information out through Constant Contact there is the capability to do that.

Mr. Lewis asked if there will be commenting on the platforms. Ms. Tierney stated they did include a policy for commenting because there are some social media platforms where you cannot “freeze” comments. Mr. Lewis asked which ones are those, and Ms. Tierney noted Twitter and Instagram. She stated they will have to make the policy clear on the Web page and anywhere else where people can get information that we will not be making decisions based on posts and comments. She stated they also have a strong policy about what kind of comments they will allow, and there can be no harassing, etc. Mr. Lewis stated with respect to Twitter you cannot delete a comment, and Ms. Tierney agreed. Mr. Lewis stated there are issues with Facebook since there have been some issues with Facebook’s commenting and review structure. He stated we could incur a potential liability with the State’s Record Act if we allow people to comment and moderate that in any way. Ms. Tierney stated what she does with Park & Rec is that the comments are not live, but she does look at them. She stated if there is something that is important to post out, she will do a follow up post. She stated when someone makes a comment, it will show up on their page; but it does not show on our live feed. Mr. Lewis stated he would not want to incur the “hassle” and monitoring cost particularly on Facebook. Ms. Tierney stated it has worked fine with Park & Rec; however, she understands there is a lot more to the Township page and the type of Township news that would be put out. She stated they will need to be consistent in what they are doing, and they will need to keep up with the social media policy and security as things move forward, adding that things are always changing. She stated they will have to review the policy annually.

Mr. Lewis asked who will be authorized to post on the site. Ms. Tierney stated that would be up to Mr. Ferguson although she imagines Department Heads would have that ability. Mr. Lewis asked if there would be work flow access that all messages be approved before they are launched. Ms. Tierney stated that is how the site is set up now, and everything has to be pre-approved. Mr. Ferguson stated those would run through him. He stated if something came up during off hours such as a power outage or a road would need to be closed, it coordinates through him now; and if something was going to be put up to advise the residents about that, it would be

run through him before it is put up. Mr. Ferguson stated Ms. Tierney has advised him that with this system, if an employee was out on the road, he would have access on the phone in the field to post messages. Mr. Lewis stated the Website has a content management system, and there should be processes about who can make updates and that those are approved, and that should be documented as to who can technically communicate with the broader populace so that everything is trackable. Ms. Tierney stated there are capabilities through Hootsuite that you can have an initial process and they can track who is posting. She stated as far as a policy, she stated there is a policy specific to employees who post on official Township sites. Ms. Tierney stated there are different sections as to posting – one is for Township personnel and how they post on their own private site and conduct themselves and another one for public participation and how we are engaged with the public.

Mr. Lewis stated he wants to make sure that everything is trackable and that there is universality so that one piece of news goes to all of the sites simultaneously. Ms. Tierney stated they will not be launching every social media platform initially but with time and evolution as they see how people are responding, they will consider new sites and what people are engaging with.

Mr. Lewis asked if there is an intent to do social media advertising as well with the platform. Ms. Tierney stated there is that possibility if there is something that we need to advertise. She stated she did use the marketing tool for Facebook for the Pool this year.

Mr. Lewis stated the Economic Development Council has a LinkedIn page although he does not know whether it has been updated lately, and he stated that should be included as well. Ms. Tierney stated she is not sure that is Township run.

Mr. Lewis stated he believes that an individual who was previously on the Council gave the rights to Mr. Fedorchak, the former Township Manager.

Mr. Grenier stated he understands this has been vetted by legal, and Ms. Tierney agreed it has. Mr. Grenier stated whatever they post, they want to make sure it shows up on all the sources. Ms. Tierney stated it will all post at one time. Mr. Grenier asked if they anticipate from a Township Facebook page perspective that we will be creating events, etc. like we do on the Park & Rec Facebook page. Ms. Tierney stated currently the primary need is on the Park & Rec page unless there is a specific Township event such as leaf collection, etc. Mr. Grenier thanked Ms. Tierney for the work she has done on this. He stated once it is started, he knows that they will be analyzing it to see where they can make it

better. Ms. Tierney stated both Constant Comment and Hootsuite provide analytics so they can see what posts people like and what posts have information that people are looking for.

Mr. Zachary Rubin stated he applauds the launching of the Facebook page; however, he is the Chair of the Electronic Media Advisory Council, and this is in their purview to review. He stated they are a citizens group made up of concerned citizens as an advisory group, and the document before the Board was never seen by the Committee. He stated it is their job to discuss protocols and philosophies and procedures; and this should have gone through their Advisory Committee, and it was not. He stated in the future they should engage their Committees. Mr. Rubin stated there are people who have great expertise on their Committee, and there are people on their Committee who are willing to do the investigation and go out to other Townships which they have in the past. He stated their Committee has been advocating a Facebook page in the Township for over six years.

Mr. Grenier stated the Board was provided a thorough presentation from Ms. Laurinaitis from their Committee regarding Facebook and social media policies as the basis for starting all of this. Mr. Rubin stated she is only one member of their Committee; and there are four other people on the Committee as well as vacancies. Mr. Grenier stated one of the primary considerations taking it from that “phase” to where it is now was bringing it in front of legal counsel. Mr. Rubin stated this should have gone to the Advisory Committee first, and they could have addressed all of the concerns that Mr. Lewis brought up.

Approval of Resolution No. 2396 Authorizing Execution of Documents in Connection with Application for Traffic Signal Approval for Yardley-Newtown and Creamery Roads

Mr. Ferguson stated this and the following Resolution are concerning traffic light Permits that are centered around a Grant concerning traffic signalization. Mr. Ferguson stated this Resolution will allow him to be the signer for the Permit for Yardley-Newtown and Creamery Roads.

Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to approve Resolution No. 2396.

Approval of Resolution No. 2397 Authorizing Execution of Documents in Connection with Application for Traffic Signal Approval for Yardley-Newtown and Mirror Lake Roads

Mr. Ferguson stated this is the same concept and would be for the paperwork associated with Yardley-Newtown and Mirror Lake Roads.

Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to approve Resolution No. 2397.

Approval to Authorize Acceptance of Bucks County Consortium 2019-2020 Fuel Bid

Mr. Ferguson stated this was provided to the Board in their packet.

Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to accept the Bucks County Consortium 2019-2020 Fuel Bid.

APPROVAL OF RFPs FOR PROFESSIONAL SERVICES FOR ENGINEER AND SOLICITOR

Mr. Ferguson stated the Board has been provided the RFPs for engineer and solicitor. He stated as noted in a recent e-mail the engineer RFP included a draft Agreement consistent with what we currently have with Remington & Vernick. He stated the solicitor RFP included no such draft Agreement but made reference to the firm providing to the Township a draft Agreement for the Township to read through and decide the Terms and Conditions of that Agreement. Mr. Ferguson stated there was some clarification provided on items concerning political contributions that were specified in the Agreement itself. The date for the RFP response was listed as August 30, and that was just a random date in the future that he had picked.

Dr. Weiss moved and Ms. Blundi seconded to approve the RFP for engineering services.

Mr. Lewis stated he had suggested that Bidders refrain from making donations 90 days after the submission of the RFP. He stated he knows that did not make it into the draft, but he would like to see that added either as a question or a requirement. Mr. Lewis stated this was included in the Manager's memo, and he is asking for a prohibition on soliciting funds from Bidders for a period of 90 days post the submission date of the RFP. He stated that would be for any candidates for Lower Makefield office. He stated once the 90 days is up, they

could make as many donations as they like. Mr. Grenier stated Mr. Ferguson had included August 30 as the RFP receipt date, and it would then be 90 days from August 30 or from whatever day this is put out. Mr. Lewis stated it could be 90 days from the issue date. Mr. Grenier asked if Mr. Lewis is focused on anyone running for office or those currently in office as well, and Mr. Lewis stated it could be 90 days for any current LMT office holder or potential LMT office holder. Mr. Grenier stated a lot of firms have already donated to different groups and events because the 2019 elections have already started. He stated there could be groups that have already donated, and Mr. Lewis stated that would be disclosed. Mr. Grenier stated in addition to that, it would state that there could be no additional donations for 90 days from the issue date; and Mr. Lewis agreed. Mr. Lewis stated that is getting into the spirit of Resolution No. 2391 which he would like to keep in place if they can.

Mr. Lewis moved to Amend the Motion that no Bidder may contribute to any Lower Makefield Township candidate or existing elected Lower Makefield Township official for 90 days after submission.

Dr. Weiss agreed to accept the Amendment. Ms. Blundi stated she would agree. She stated she is the only candidate, and she is glad to see that they are codifying what she has been doing. She stated the Motion is putting the onus on the Bidder and the Bidders cannot donate, and Mr. Lewis agreed.

Mr. Zachary Rubin stated he is against the Motion because it is un-Constitutional. He stated Citizens United said, "money is speech;" and what the Board is doing is prohibiting "speech." Mr. Rubin stated instead of passing this Motion, they should be advocating a Constitutional Amendment to take money out of politics; and until then, what the Board is doing is violating a Supreme Court decision, and it is un-Constitutional. Mr. Truelove stated he is not sure how it applies to this situation although he knows that in New Jersey there are prohibitions against certain types of contribution scenarios similar to this which have been upheld. He stated Allentown also has an Ordinance.

Mr. Lewis stated Bidders choose to participate in the RFP, and this would be a Condition of participating in the RFP. He stated they are not actually limiting their speech in any way, and they could choose not to participate in the RFP.

Ms. Blundi stated if Mr. Rubin is correct and the ability to donate to campaigns is equivalent to speech in all circumstances, then telling someone they do not have to exercise their right would not be Constitutional. Mr. Lewis stated

Mr. Shearer from PFM is subject to the MSRP rules, and is prohibited from making contributions. Ms. Blundi stated that is something different. Mr. Rubin stated that should be extended to any private entities when money is involved; however, until Citizens United is overturned, what the Board is doing violates what happens in this Country.

Mr. Grenier stated in addition to this matter, there are also a number of additional questions in the RFP with half of them related to disclosures of various donations over time periods to different groups irrespective of whether or not this particular part of the Motion passes.

Mr. Lewis stated he would be willing to Table this if they want to have further discussion or the Board could vote now. Dr. Weiss stated he feels this is more a matter of ethics on the part of the Bidder and the Board members, and he has no problem going forward with this Amendment. Ms. Blundi stated she is the only person that this will apply to given the time period of the RFPs. She stated she has stated publicly and will continue to state that she will be not taking such contributions to her campaign. She stated she is conflicted because she is not sure that Mr. Rubin has not raised a valid point. She stated whatever is done, she will continue to keep the position that she has stated.

Mr. Ferguson stated with the August 30 date, if the Board decided they wanted to Table this to answer the question, there could be an answer provided on July 17 if the Board meets on that date; and the response from the Bidders could get moved back to September 3 or 4. Mr. Grenier asked Mr. Truelove if he feels his response on July 17 would be any different from what he advised this evening, and Mr. Truelove stated they could do research and have an answer on or before July 17.

Mr. Lewis moved to Table the Motion. Motion died for lack of a Second.

Motion as Amended carried unanimously.

With regard to the solicitor RFP, Mr. Ferguson stated he feels the Motion for this would be consistent with what the Board just did for the engineer.

Mr. Grenier stated the only difference here is that in the case of the engineer there is a Professional Services Agreement that they are attaching since they have already gone through the process with Remington & Vernick, whereas there has never been one in place for a solicitor. He stated what they would be asking for as part of the

RFP is for any potential solicitor to provide the Board with a copy of what they typically use as a Professional Service Agreement for the Board to review and negotiate. Mr. Ferguson stated when they select who it is, they would then have that discussion. Mr. Grenier asked if the dates for this would be the same as for engineer, and Mr. Ferguson agreed.

Dr. Weiss moved, Mr. Lewis seconded and it was unanimously carried to accept the RFP for professional services for solicitor with the same proviso Amendment as previously considered and accepted for engineer which is that no Bidder may contribute to any Lower Makefield Township candidate or existing elected Lower Makefield Township official for 90 days after submission.

SOLICITOR'S REPORT

Mr. Truelove stated the Board met in Executive Session commencing at 6:30 p.m. and items related to litigation, Real Estate, and informational items were discussed.

ZONING HEARING BOARD MATTERS

With regard to the Pembroke FV LP Variance request for the property located at 1000 Floral Vale Blvd in order to replace the existing sign with an internally-lit monument sign, it was agreed to leave the matter to the Zoning Hearing Board.

There being no further business, Mr. Lewis moved, Mr. Grenier seconded and it was unanimously carried to adjourn the meeting at 11:05 p.m.

Respectfully Submitted,

Kristin Tyler, Secretary

