

BCWSA



**MINUTES OF THE SPECIAL BOARD MEETING
December 5, 2022**

VIA ZOOM: John Cordisco, Patricia Poprik, Dennis Cowley, George Hutt and Bryan Allen

PRESENT: Benjamin W. Jones, CEO; Jason Hillaert, CFO, Nathaniel Rafalski, CTO and Anne M. O'Toole, Executive Assistant

VISITORS: Jeff Calhoun, DelVal Regional Finance Authority
Tim Care, PNC
Bucky Closser, Curtin & Heefner
Daryl Peck CPF
Chris Gibbons CPF

CALL TO ORDER:

BCWSA's Chairman, John Cordisco called the Special Meeting of the BCWSA to order at 9:00 am

PLEDGE OF ALLEGIANCE:

Those present, pledged allegiance to the flag.

PUBLIC COMMENT: None

Mr. Jones addressed the Board of Directors and stated that at the last regular meeting a Bond Resolution was adopted by the Board Members, and that the underwriters could proceed. There was some discussion on whether the portion of the DelVal loan should be left in place. Therefore, an additional amendment to the Resolution was prepared, and at the request of the Chair, a presentation by the representative from Delaware Valley Regional Finance Authority (Del Val), Jeff Calhoun who was in attendance. In addition, Chris Gibbons BCWSA's Financial Advisor and Bucky Closser, Bond Counsel were present.

Mr. Gibbons stated that the original resolution was passed at the last Board Meeting that converted the DelVal loan by refinancing that loan out to a conventional fixed rate bond issue over a 25-year term. There was additional discussion after the meeting using the DelVal fixed rate conversion of the loan to an interest rate swap rather than refinance through a bond.

Mr. Closser prepared for the Boards consideration an amendment to the 2022-05 Bond Resolution that was passed at the November 23rd meeting and to allow for a fixed rate conversion of the DelVal financing and issuing a bond for the remainder of the 2022 A projects.



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Jeff Calhoun was present and explained the history of Delaware Valley Regional Finance Authority. He stated it is an authority formed by Bucks, Chester, Delaware and Montgomery Counties with its Board members appointed by the Counties to provide a cost-effective financing alternative for local governments, school districts and authorities in Pennsylvania. Since its inception in 1985, DelVal has originated \$3.9 billion of loans to more than 210 borrowers. Over the past 37 years, DelVal has never had an unwanted termination of an interest rate swap. The DelVal Loan Program has been successful due to its low interest rates and low costs of issuance for its borrowers. (Mr. Calhoun's presentation is attached to the Minute Book)

Mr. Jones asked if there were there any questions from the Board of Directors.

Mr. Cowley directed a question to Chris Gibbons. Looking at the resolution, he asked if this transaction would save the Authority money on the whole bond issue and will this help or hurt us.

Mr. Gibbons responded: The total borrowing for Del Val will equate to \$5 million in savings. However, there are some risks to this type of loan. The \$5 million is a transference of risks. You are taking more risks, so therefore DelVal can lower your rate.

It was asked if there are terminations that would happen that would require the Board to pay back the \$5 million. It was explained that the risk that exists for DelVal and their partners that could trigger a loan repayment.

Mr. Cowley also asked if we could start paying down the bond. Mr. Gibbons stated that after ten (10) years we can start paying down the loan.

Mr. Cordisco asked based upon what DelVal presented today, what are the potential risks. Mr. Gibbons spoke of the swap counterparties, the market and the potential of the credit rating being downgraded. He stated that there is a risk but we will be compensated for taking the risk. Mr. Gibbons stated that the costs are in line.

It was asked if there are fixed debt service costs and is it for the entire term of the loan? Mr. Calhoun stated that DelVal has the authority under its indenture to change the spread of its existing loans. DelVal in its history had to do this only once. DelVal needed to accrue a small buffer for 1 to 3 months.

Mr. Cordisco asked what is the fee differential between Muni fixed and Del Val. Mr. Calhoun stated that there are no costs and no fees for issuance.

It was asked what was the cost of issuance for this \$50 million? Mr. Gibbons stated approximately \$380,000. We are talking about a conventional loan and that is a normal fixed rate. The costs were compared and are in line, and under the bond scenario you know your costs for the entire 25-year term.



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Ms. Poprik asked how much the Bucks County and Delaware County borrowed from DelVal. Mr. Calhoun stated approximately \$350 to \$400 million. Ms. Poprik stated she sat on the board of DelVal, and gained a positive perspective of the program. The chance of defaulting is so miniscule and she feels it is the Boards fiduciary obligation to approve this loan.

Mr. Poprik moved Mr. Hutt seconded the motion unanimously authorizing amending Bond Resolution No. 2022-05 to modify the Bond Parameters for the refunding of the 2022 DelVal Bonds. (Amendment to Resolution No. 2022-05 is attached to the Minute Book)

Mr. Cowley stated that the next meeting is Christmas week and the Board of Directors recommended to cancel the last meeting of the year scheduled on December 28, 2022.

OLD BUSINESS: Nothing to Report

NEW BUSINESS: Nothing to Report

ADJOURNMENT:

There being no further business to be presented to the Board, Ms. Poprik moved, Mr. Allen seconded the motion that unanimously adjourned the meeting.

1-19-2023
Date


SECRETARY

NEXT REORGANIZATION AND REGULAR BOARD MEETING: January 18, 2023 9:30 AM



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