

GENERAL MUNICIPAL AUTHORITY OF THE TOWNSHIP OF MANHEIM
FRIDAY APRIL 22, 2022, MINUTES

Roll Call:

The regular meeting of the General Municipal Authority of the Township of Manheim was held on Friday, April 22, 2022, at 8:05 a.m. at the Manheim Township Municipal Building, 1840 Municipal Drive, Lancaster, Pennsylvania. Authority members present were Stacey Morgan-Brubaker, M. Dale Weaver, Benton Webber, Matthew Creme, and Adam Smith. Also present were William C. McCarty, Esquire, Rick Kane, Township Manager/Secretary, and Jennifer L. Steigelman, Township Finance Director and Susan Schaeffer, Assistant Secretary. The meeting was called to order by Mr. Webber. He led all in attendance in the Pledge of Allegiance. Mr. Webber announced the Authority held an executive session on April 5, 2022, in connection with pending litigation.

Public Comment: There was no public comment.

Appointment of a Recording Secretary

Mr. Smith moved to appoint Township Manager, Richard C. Kane, to fill the unexpired term of James D. Drumm, as Recording Secretary. Seconded by Mr. Weaver. The motion carried unanimously.

Minutes:

Mr. Creme moved to approve the minutes of the January 21, 2021, regular meeting. Seconded by Mr. Smith. Motion carried unanimously.

Financial Reports:

Ms. Steigelman presented the final financial reports for fourth quarter 2021, and the preliminary financial reports through March 2022. Mr. Smith moved to approve the final and preliminary financial reports. Motion seconded by Mr. Creme. Motion carried unanimously.

Invoices for Approval for Payment:

On a motion from Mr. Weaver and seconded by Mr. Smith, the following invoices were approved for payment:

• Barley Snyder LLC	\$ 946.00
• C.S. Davidson	\$ 318.07
• Russell, Krafft & Gruber	<u>\$ 490.00</u>

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\$1,654.07 Total

Motion carried unanimously.

Presentations/Public Hearings: There were no presentations/public hearings.

Old Business:

Approve 2020 Audit

The auditors keep inaccurately describing the Township's outstanding debt. The Authority's only connection to this debt is the Township allocated some of those funds to the Authority to build its last project, which is part of the basis for which the Authority charges a tapping fee. Mr. McCarty has asked the auditor to correct this statement as these are not general obligation bonds. These statements were not corrected by the auditor in the final version of the audit. The audit statement therefore inaccurately describes the nature of that debt as being a general obligation of the Authority, which it is not. Ms. Steigelman will again contact the auditor to emphasize the need to include the language provided by the Authority's solicitor as follows:

Township's General Obligation Debt

On June 25, 2014, the Township incurred general obligation debt in the aggregate principal amount of \$9,995,000 in connection with the General Obligation Bonds, Series of 2014, issued by the Township for the purpose of advance refunding a portion of the outstanding General Obligation Bonds, Series of 2009 of the Township and paying related costs and expenses, including the costs of issuing the bonds. Included in this debt was \$1,145,000 to refund a portion of the **Authority's Township's** General Obligation Bonds, Series of 2009 **related to Authority projects**. The Authority will, to the extent possible, pay to the Township the amounts necessary to pay the debt service when due. The portion of the General Obligation Bonds, Series of 2014 related to the Authority's water projects, which was to mature through December 1, 2029, bore interest at rates ranging from 2.50% to 3.00%. On December 5, 2019, the General Obligation Bonds, Series of 2014 were currently refunded by the Township with the issuance of General Obligation Bonds, Series of 2019.

On December 1, 2016, the Township incurred general obligation debt in the aggregate principal amount of \$2,140,000 in connection with the General Obligation Note, Series of 2016, issued by the Township for the purpose of

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currently refunding the remaining portion of the outstanding General Obligation Bonds, Series of 2009 of the Township and paying related costs and expenses, including the costs of issuing the note. Included in this debt was \$2,120,000 issued to refund a portion of the **Authority's Township's** General Obligation Bonds, Series of 2009 allocable to funds provided by the Township to the Authority for Authority capital projects. The Authority will, to the extent possible, pay to the Township the amounts necessary to pay the debt service when due. The portion of the General Obligation Note, Series of 2016 related to the Authority, which was to mature through October 1, 2025, bore interest at rates ranging from 1.58% to 3.00%. On December 5, 2019, the General Obligation Note, Series of 2016 was currently refunded by the Township with the issuance of General Obligation Bonds, Series of 2019.

On December 5, 2019, the Township incurred general obligation debt in the aggregate principal amount of \$5,000,000 in connection with the General Obligation Bonds, Series of 2019, issued by the Township for the purpose of currently refunding the remaining portions of the outstanding General Obligation Bonds, Series of 2014 and General Obligation Note, Series of 2016 and paying related costs and expenses, including the cost of issuing the bonds. Included in this debt was \$1,350,000 issued to refund **the Authority's** **that** portion of the General Obligation Bonds, Series of 2014 and General Obligation Note, Series of 2016 **related to proceeds provided to the Authority for capital projects**. The Authority will, to the extent possible, pay to the Township the amounts necessary to pay the debt service when due. The portion of the General Obligation Bonds, Series of 2019 related to **the Authority projects**, which matures through December 1, 2029, bears interest at rates ranging from 1.25% to 4.00%.

As part of refunding the General Obligation Bonds, Series 2014 and General Obligation Note, Series 2016, the Township contributed \$6,043,000 from its reserves. \$1,236,000 of this contribution was applied to the **Authority's** portion of the debt **related to Authority projects** and is reported as a contribution from primary government on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2019.

During the year ended December 31, 2019 and prior to the refunding, the Authority paid \$229,000 of the **Township** debt service. The outstanding portion due to the Township for the general obligation bonds related to the Authority's projects was \$1,350,000 at December 31, 2019.

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During the year ended December 31, 2020, the Authority owed the Township \$120,150 for debt service. However, due to timing, this payment was not processed until after December 31, 2020. Therefore, the outstanding portion due to the Township for the general obligation bonds related to the Authority's projects was \$1,350,000 at December 31, 2020.

After considering the payment above which was processed in January 2021, the maturities required on the long-term debt obligation at December 31, 2020 are as follows:

General Obligation Bonds Series of 2019			
	Principal Payment	Interest Payment	
2021	\$ 121,500	\$ 32,292	
2022	122,850	29,862	
2023	128,250	24,948	
2024	133,650	19,818	
2025	139,050	14,472	
2026-2029	584,550	29,540	
	\$ 1,229,850	\$ 150,932	

During the year ended December 31, 2020, the following changes occurred in **the Township's** long-term debt **related to Authority projects**:

During the year ended December 31, 2019, the following changes occurred in long term debt **of the Township related to Authority projects**:

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5. Non-Recourse Debt Issues

As discussed in Note 1, the following non-recourse debt issues **of the Authority** were outstanding at December 31, 2020:

<u>December 31, 2020</u>	
Lancaster Bible College, 2010	\$ 10,941,505
Lancaster Bible College, 2014	9,252,572
Lancaster Bible College, 2015	4,625,700
Lancaster Bible College, 2018	1,881,945
Presbyterian Home, Inc., 2011	6,353,765
Presbyterian Home, Inc., 2019	<u>6,529,909</u>
	<u>\$ 39,585,396</u>

Mr. Creme moved to approve the 2020 General Municipal Authority Audit as revised by Mr. McCarty's comments. Seconded by Mr. Smith. Mr. Creme stated since the audit is an external document that communicates to the Authority's stakeholders, lenders, etc., and since the Authority only now just approved it, the auditors should be able to provide the Authority with a revised copy of the audit the Authority just approved. Ms. Steigelman will ask the auditor to provide a revised copy or an errata sheet. Motion approved unanimously.

Status of the City of Lancaster Water Bureau's Request to Increase Rates

Mr. Kane provided copies of Pennsylvania Utility Commission's (PUC) decision regarding the City of Lancaster Water Bureau's (City) request to increase rates. The City has agreed it will not file for another water rate increase before January 1, 2024. The City received 62% of the rate increase requested, not the full amount. Most Township residents will see their quarterly water bills increase from \$70.52 to \$86.28. The Authority recommended sharing this information on the Township's website, especially the Frequently Asked questions document. They further recommended the difference between the rate increase the City requested and the amount approved by the PUC be posted on line along with the period of time over which no further rate changes could be made.

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The Authority went into an executive session to discuss pending litigation at 8:36 a.m. and came out of executive session at 9:40 a.m.

New Business

Collection of Tapping Fees – Mr. Smith moved to suspend the collection of the tapping fees effective immediately, and return any checks received since the March 7, 2022, court order, pending the ongoing litigation. Seconded by Mr. Weaver. Motion approved unanimously. The Authority also scheduled a special public meeting to be held on Friday, May 27, 2022 at 7:30 a.m. at the Municipal Office, 1840 Municipal Drive and instructed Township staff to advertise this meeting.

Correspondence/Other Business: There was no correspondence/other business at this meeting.

Adjournment:

There being no further business, on a motion by Mr. Creme, seconded by Mr. Weaver, it was moved to adjourn the meeting. Motion carried unanimously.

The next meeting will be on July 15, 2022.

Respectfully submitted,

Richard C. Kane
Recording Secretary