



Summary of the Proposed Sale of the West Vincent Township Sewer & Water Systems

November 20, 2017

PFM Financial
Advisors LLC

1 Keystone Plaza
Harrisburg, PA
17101

(717) 232-2723
pfm.com



Township Goals/Purpose

- ◆ Township desires to exit the water and sanitary sewer business and instead focus its resources and energy on other core government functions while ensuring safe and adequate utility services for its residents

- ◆ Keep utility rates reasonable while ensuring appropriate investment in system infrastructure
 - The Township's multiple sewer treatment facilities and one water facility are unique and would take meaningful Township resources to operate and maintain in the future.
 - On-going capital improvements
 - Township system rate increases

- ◆ Generate up-front proceeds (\$) – Final deployment of proceeds would be determined in the near future



Monetization Team*

◆ Township Administration

- Erica Batdorf, Township Manager
- Tammy Swavely

◆ Hamburg, Rubin, Mullin, Maxwell & Lupin

PC - Solicitor

- Joe McGrory, Esq.
- Rob Sebia, Esq.

◆ Cedarville Engineering Group, LLC –

Township Engineer

- Bryan D. Kulakowsky, PE

◆ PFM Financial Advisors LLC- Financial Advisor

- Scott Shearer
- John Frey
- Ben Kapenstein

◆ Dilworth Paxson LLP – Transaction Counsel

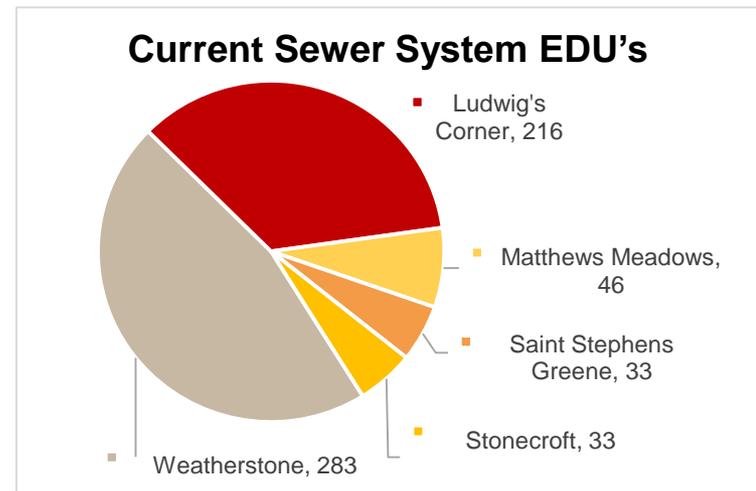
- Marc Feller, Esq.
- Tom Wyatt, Esq.

*Represents the main parties involved from each entity, however others not listed contributed to the process



System Overview

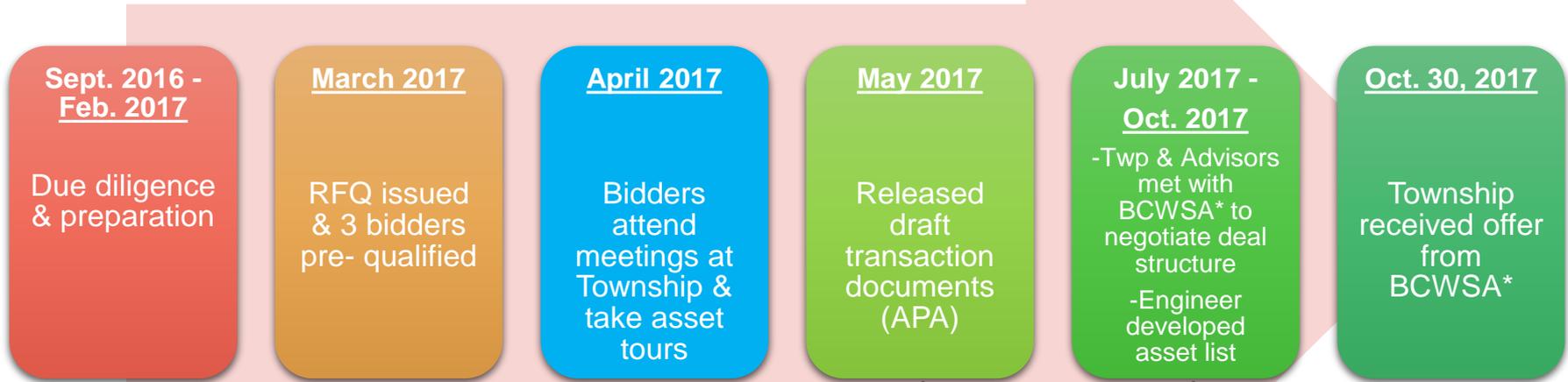
- ◆ System is comprised of 5 separate wastewater systems
 - An additional system is expected to come online in near future
- ◆ Township also owns and operates a water treatment plan in St. Stephens Greene.
- ◆ Township currently has no employees solely dedicated to the system
 - The system is maintained by 3rd party operators
 - Billing is currently done by the Township





Timeline of Recent Events

To ensure that the Township followed a competitive process of high integrity, transparency, and thoughtfulness, the following process/timeline was followed during the past 15 months:



- ◆ Explored possible deal structures
 - Focus on balancing \$ with future rates
 - Received feedback from pre-qualified bidders
- ◆ Came to conclusion that BCWSA provided best overall value
 - Municipal Authority has better flexibility with deal structure



Bucks County Water & Sewer Authority Offer

- ◆ Monetary offer of \$4,000,000
 - Township has no debt to pay off (all systems contributed by developers)
 - Township keeps all proceeds (net of transaction costs)

- ◆ Five (5) year guaranteed rate freeze, after which rates would be the greater of the (then current) rates or BCWSA's rates

- ◆ Matthew's Meadows and Stonecroft system rates will be lowered to \$255/quarter
 - Current Rates: -Matthew's Meadows = \$336/quarter
-Stonecroft = \$375/quarter

- ◆ BCWSA will be given sewer utility franchise of entire Township in accordance with Township's Act 537 Plan as well as all future Act 537 Plans



Benefits of Sale to BCWSA: Future Sewer Rates

- ◆ The major benefit of selling to BCWSA is the ability to establish a longer rate freeze and potentially have a lower estimated rate trajectory in the future
 - With PUC regulated companies, this can be much harder to accomplish
- ◆ BCWSA's Compound Annual Growth Rate ("CAGR") in its rates:
 - 1.10%~ over the last 20 years
 - 0.17%~ over the last 10 years



Other Benefits of Sale to BCWSA

- ◆ Township will sell system to a qualified, experienced operator
 - Technical expertise & efficiencies
 - Best industry practices
- ◆ Township can reallocate any resources (including employee time) currently being used on sewer/water operations to other areas of the Township
- ◆ Township will retain any cash available in sewer/water fund(s) at time of closing which can be used for other Township needs
- ◆ Potential for a short closing time with no PUC approval needed



Bucks County Water & Sewer Authority Highlights

- ◆ BCWSA is one of the largest non-profit Water and Sewer Authorities in Pennsylvania
 - Provides Service to 92,000 Customers representing 500,000 people
- ◆ Manages and Maintains over 100 Pumping Stations, 1,200 miles of Water & Sanitary Piping and Four Treatment Plants
- ◆ Experienced Staff for Engineering, Field Construction, Project Management & Operations
- ◆ State of the Art Equipment and Technology





Projected Closing Timeline

PROJECTED CLOSING TIMELINE	
Monday, November 20, 2017	Presentation of BCWSA offer to Board
Monday, December 04, 2017	Board votes on BCWSA offer
December 5, 2017 - January 30, 2018	Closing logistics
Wednesday, January 31, 2018	Closing - Township receives payment

Thank You



pfm