



# Township of East Whiteland

## Exploration of Sewer System Monetization Update

September 9, 2020

Prepared by:

**PFM Financial Advisors LLC in consultation with Township Staff**

---

PFM Financial Advisors  
LLC

---

213 Market Street  
Harrisburg, PA 17101

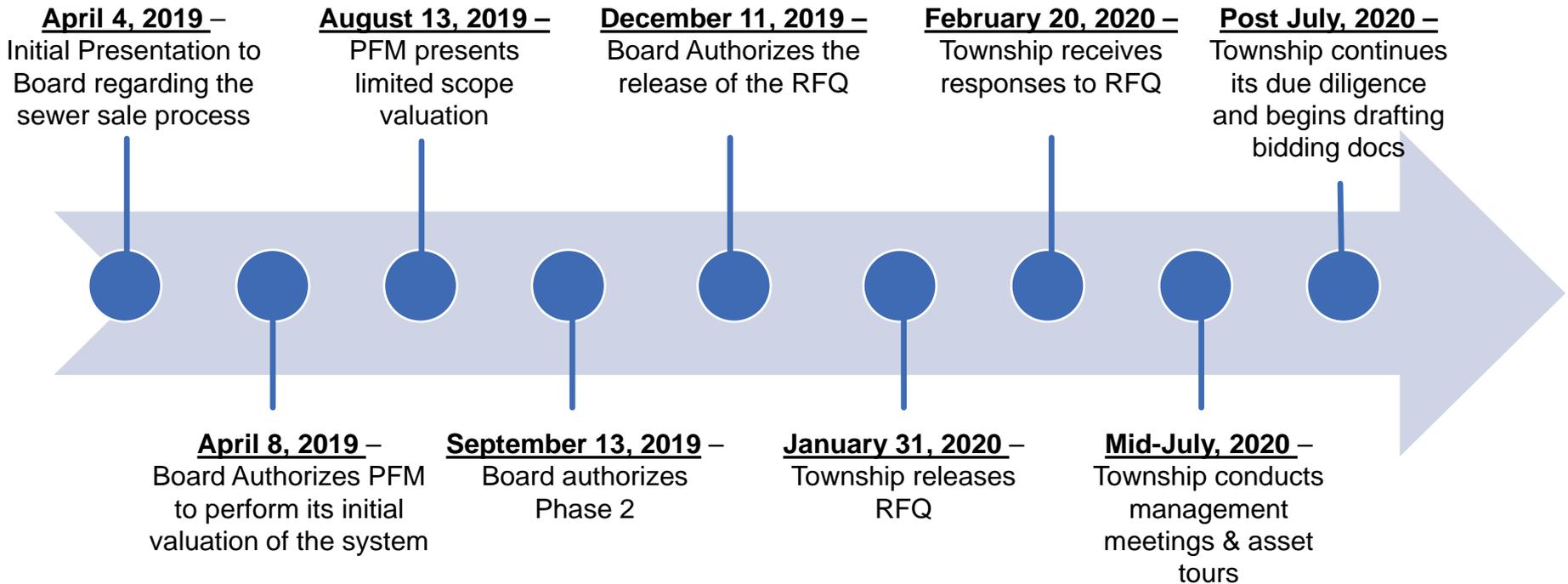
---

717.232.2723  
[pfm.com](http://pfm.com)



# Timeline of Past & Current Events

◆ The exploration process has progressed well over that past year





# Timeline of Upcoming Events

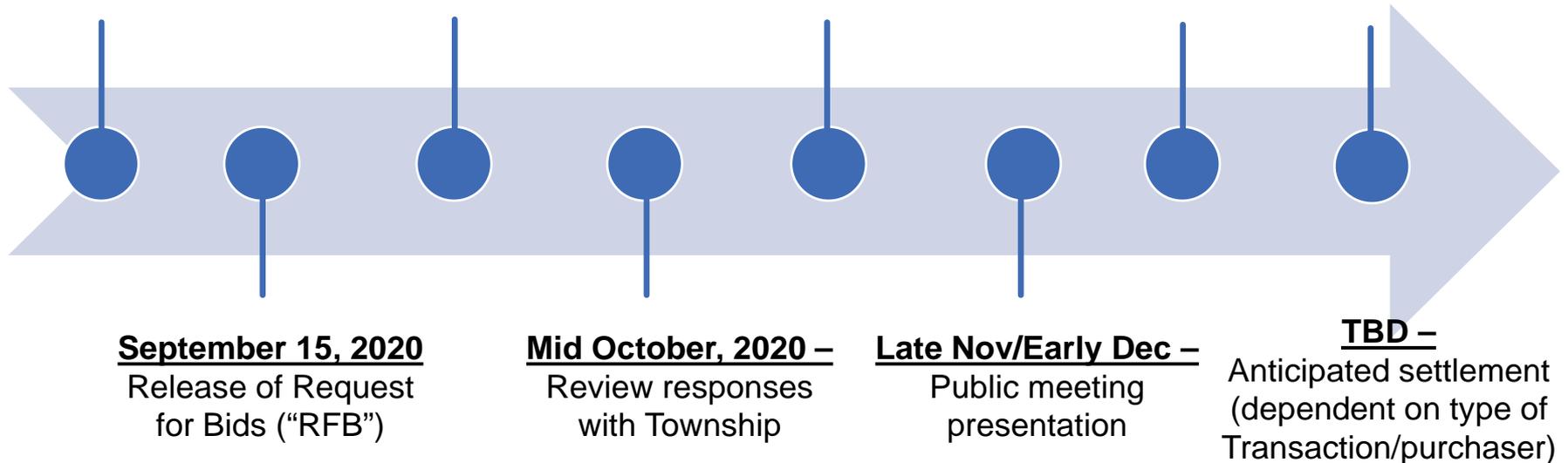
◆ The Township's goal is to have a decision by year end

**September 9, 2020** -  
Meeting with Board to  
discuss next steps

**October 13, 2020** -  
Receive RFB  
responses

**November 11, 2020**  
Public meeting  
presentation

**December 9, 2020** -  
Board considers vote to  
accept a proposal





# Highlights of the Request for Bids (“RFB”)

- The RFB (and bid package) are planned to be released only to the remaining short-listed bidders on September 15th and responses due on October 13th
- The bid package is comprised of the RFB and the APA or ALA
  - The RFB is the document that includes the various bidding forms in addition to defining the terms of submitting the bid, awarding the bid and timing of bid consideration
    - Ex. The bids remain valid thru Dec 15, 2020 unless extended under certain actions
  - The ALA (Asset Lease Agreement) and APA (Asset Purchase Agreement) are the documents that define all the business and legal provisions of the sale or the lease
    - Three bidders are interested in the APA and one bidder is interested in the ALA
- The Bidders will only have the option of bidding on a three-year rate freeze.
- Along with purchase price bidders will be asked to provide their indicative, non-binding sewer rates through and including 2030
- **In evaluating the bids, the Township wants to consider what is the best overall package, inclusive of all qualitative and quantitative aspects, as opposed to simply accepting the highest bid.**



# Highlights of the Asset Purchase Agreement (“APA”)

- ◆ The APA is the document relevant to the three bidders that are interested in buying the system
- ◆ The APA is the legal document outlining the terms of a sale and the assets to be transferred to the new owner
- ◆ Outlines all sewer related assets that the Township has elected to exclude in the sale (ex. spray irrigation system, treatment ponds and possibly a generator)
- ◆ A three-year rate freeze will be required
- ◆ Any and all existing contracts/agreements will be transferred to the successful bidder
- ◆ The Township maintains ownership of any and all storm water system facilities.
- ◆ The Township still maintains control over the drafting of its 537 Plan and related planning modules
- ◆ Service would continue as usual only under different ownership



# Highlights of the Asset Lease Agreement (“ALA”)

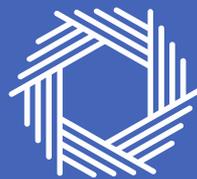
- The ALA is a variation of the APA, but involves a long-term lease (approx. 50 years) of the sewer system’s real property and assets rather than a sale.
- Lessee (VICO) will have the right to operate, maintain, repair and modify the system.
- Lessee shall charge rates and collect sewer rentals and may adjust rates under certain circumstances outlined in the ALA.
- Lessee shall charge and collect tapping fees and shall apply excess tapping fees to capital improvements.
- Lessee shall be assigned all rights under system contracts and permits (unless otherwise required by issuing entity).
- Lessee is required to operate the system in accordance with operating standards to be provided by the Township and its consultants.
- Lessee is responsible for capital improvements, which shall be funded in accordance with an Asset Management Plan to be provided under the ALA.
- Lessee is required to complete existing projects under the 537 Plan and the Township will maintain control over 537 Plan issues.
- The ALA provides for a hand back of the system assets upon termination of the ALA or expiration of the ALA term.



## Disclosure

The information and any analyses contained in this presentation are taken from, or based upon, information obtained from the recipient or from publicly available sources, the completeness and accuracy of which has not been independently verified, and cannot be assured by PFM. The information and any analyses in these materials reflect prevailing conditions and PFM's views as of this date, all of which are subject to change. To the extent projections and financial analyses are set forth herein, they may be based on estimated financial performance prepared by or in consultation with the recipient and are intended only to suggest reasonable ranges of results. Opinions, results, and data presented are not indicative of future performance. The printed presentation is incomplete without reference to the oral presentation or other written materials that supplement it. To the extent permitted by applicable law, no employee or officer of PFM's financial advisory business, nor any of PFM's affiliated companies, accept any liability whatsoever for any direct or consequential loss arising from negligence or from any use of this presentation or its contents. The ultimate decision to proceed with any transaction rest solely with the client.

# Thank You



pfm