

The regular business meeting of the Northampton Township Board of Supervisors was called to order at 7:36 p.m.

Members of the Board present were:

Barry Moore
Eileen Silver
Dr. Kimberly Rose
Frank O'Donnell
Larry Weinstein

Others present were:

Robert Pellegrino, Township Manager
Kurt Schroeder, Township Engineer
Joseph Pizzo, Township Solicitor

PLEDGE OF ALLEGIANCE

Chairman Moore led the Pledge of Allegiance and held a moment of silence in support of military and emergency services personnel.

FLAG PRESENTATION

Mr. Palestina stated a service flag will be placed in the flag display for United States Air Force Sr. Airman Austin Fizel. His parents, Marie and George were in attendance to place his service flag in the display. Also in attendance were the Marine Corps League Patriot Detachment, Veterans Advisory Commission members, Volunteer Fire Company members, Congressman Brian Fitzpatrick's Veterans Advocates Peter Chong, State Representative Helen Tai & State Senator Tommy Tomlinson.

SPECIAL ANNOUNCEMENTS

Chairman Moore called forward Pete Palestina who announced Former Congressman Mike Fitzpatrick and current Congressman Brian Fitzpatrick asked his help in putting together a flagpole dedication and flag raising at the home of Matt Bellina. Mr. Palestina noted that he is a Navy veteran battling ALS and he was one of the local constituents highlighted by Brian Fitzpatrick with his Right to Try legislation which President Trump signed into law a month ago.

A ceremony will be held on July 2 at 5:30PM at the home of Matt Bellina located at 38 Heron Rd., Holland. Mr. Palestina invited all veterans, veteran groups, scouts and residents to come and be part of this ceremony.

Chairman Moore called forward newly elected State Representative Helen Tai. Representative Tai introduced herself and outlined the purpose of her office and the new location at the corner of 232 and 413 in Wrightstown. Office hours are Monday through Friday, 9 am until 5 pm.

Representative Tai also invited all interested persons to an open house for her new location that is being held on Monday, July 9, 2018 from 5pm until 8 pm.

PUBLIC COMMENT

James Rothenburg, 6 Briana Drive, asked several questions of the Board on the Northampton Country Club Sale. He raised concerns with risks involved owning a Golf Course/Country Club, questioned the due diligence process, sequence in which the sale took place, and also risks with diving boards and the swimming pool area and possible litigation that could arise from owning this property.'

John Heenan, 8 Butternut Court, stated he doesn't believe in the process, read the appraisal and stated the appraisal only supports a profit if sold to a developer, stating owning a Golf Course is too risky and doesn't believe by the report there will be a profit from the Township owning it.

CONSENT ITEMS

The Board meeting minutes of June 27, 2018 were approved by unanimous consent.

ACCOUNTS PAYABLE

The accounts payable for June 13, 2018, in the amount of \$769,278.19, and June 27, 2018 in the amount of \$504,459.35, was approved by unanimous consent.

NEW BUSINESS

Consider Proposed Ordinance To Issue Municipal Bonds

Dr. Rose described the work between the Administration and RBC Capital on a proposed bond issue to fund the acquisition cost of the Northampton Valley Country Club, construction of the new police headquarters, acquisition of a conservation easement in the Agricultural Residential zoning district, various road, park system and trail improvements, capitalized interest and bond issue costs. She described that the Country Club acquisition cost would be \$12,500.00, the Police Facility - \$4,372,000, Fund 30 Capital Projects - \$800,000. Fund 31 Recreation Projects \$800,000, Farm Conservation Easement - \$1,510,000, Bond Issuance Costs - \$318,000 and Capitalized Interest for the Country Club - \$1,400,000. She then requested that Chairman Moore Describe the purchase of the Country Club and further requested that the Bond Counsel and Underwriter give a complete description of the bond issue following Chairman Moore's presentation.

Both Chairman Moore and Mrs. Silver mentioned that projects supported by the bond issue, other than the Country Club, have matching funding that significantly exceeds the Township contribution.

Chairman Moore stated that the appraisal from Gleason Real Estate Inc for the Country Club based on the land value as well as equipment, personal property etc. is \$12,700,000. The purchase price is \$12,500,000. He believes that this meets the Commonwealth requirement for an appraisal supporting the purchase price. He also stated that much of the due diligence needed to be completed after the agreement of sale. Chairman Moore requested that Mr. Pizzo describe the legal process followed for the purchase.

Mr. Pizzo, the Township Attorney, described the following examples of actions taken. He reviewed the applicable agreements currently held by the Country Club to insure they were assignable, worked with the Township Engineer and Title Company on outstanding title issues, reviewed financial issues with bond counsel, worked with the counsel for NVCC to extend the date to satisfy the financial contingency to September 30, 2018, and worked with the attorney contracted to complete the liquor license application. He also described the fact that the lease for the cell tower on the Country Club property will remain in place with the proceeds already assigned to a third party.

Mr Pizzo also announced that prior to this meeting there was an executive session with all five supervisors, the Township Manager, the Township Finance Director. The Township Engineer, the Bond Counsel, the Bond Underwriter and himself. The purpose of the meeting was to discuss various issues relating to the due diligence on the Country Club purchase.

Mr. Pellegrino, the Township Manager, described the various due diligence reports the Township reviewed for the Country Club purchase. There were two finance reports reviewed. The first was from the accounting firm of Bee Bergvall & Co. who reviewed the actual financials of the Country Club including books and tax records. The second report from NGF Consulting who reviewed projections for future revenue and expenses. Mr. Pellegrino stated that the report showed that the methodology was sound and the estimates were conservative. The report stated that the Country Club accounting was unorthodox. Mr. Pellegrino indicated that that accounts would be set up in accordance with the Township's standard chart of accounts. He further described the results of the property assessment report that indicated no lead or insect issues but described an aging HVAC system in addition to other issues that he described as minor. The Country Club swimming pool is an older pool with an undersized filtration system and requiring ongoing maintenance. The pool also has ADA accessibility issues that require immediate correction. Mr. Pellegrino summarized the Township's Engineer report on the Country Club as follows. The golf course irrigation system is well over 50 years old and was partially updated in the 1990's. Replacing the system would cost at least 1.5 million dollars. The Engineer recommended replacement over a 4 year period. Paving will be required for the entrance area, loop, loading area and parking lots. The lot near the pool needs to be resurfaced or rebuilt in whole or in part.

The Township Engineer stated that the golf course has been maintained and in overall good condition.

Daniel O'Brien, the Bond Underwriter, gave a presentation on the current bond market and an analysis of the debt service for the bond. The current market is favorable for financing with the current rate approaching 4%. He described bond sources as follows. Based on current market conditions and the AA3 bond rating for Northampton Township, the Par amount of the bond would be \$22,640.00 with an original issue premium discount of \$58,516.00 reducing the amount to \$22,581,484. The uses of the bond would be: Country Club Acquisition - \$12,500,000, Police Station – \$4,372,000, Open Space Easement - \$1,510,000, Other Projects - \$1,600,000, Capitalized Interest - \$2,267,667 (Country Club - \$1,421,891, Other Projects - \$845,776), Estimated Costs of Issuance - \$324,080 and Additional Proceeds \$7737. The Total Uses of the Bond Issue is \$22,581,484.

Debt Service for this Bond issue would be paid over 25 years. During the first 3 years of the bond issue net debt service will be paid from the capitalized interest. That will result in no increase in total debt service when added to existing aggregate debt service. Year four shows debt service of \$260,093 for the Country Club and \$151,784 for other projects increasing the aggregate debt service to \$2,826,653. For the balance of the 25 year period, the debt service for the Country Club and Other Projects shows annual increases in debt service each year. The aggregate debt service annual payment including prior debt remains relatively constant until 2036 when prior debt is paid off. At that point the aggregate debt service reduces significantly. The Township's Projected Country Club Operating Income exceeds Net Debt Service until 2030. At that point, Net Debt Service is Projected to exceed operating income. The debt service is then supported by the cumulative difference from prior years.

Mr. O'Brien stated that these bonds would be callable at 7 years and no earlier. He also estimated the average T I C for these bonds at 3.74%.

Mr. O'Donnell requested that Mr. O'Brien explain capitalized interest. He stated that capitalized interest is used for cash flow relief. No payments are made by the Township during the first two to three years of the bond issue. You borrow the Capitalized Interest to make these payments.

Mr. O'Brien explained that this Bond Ordinance is a parameters ordinance. This provides the financing team flexibility in choosing the bond sale date because the Bond Sale Date would not have to occur on the Day of a Board Meeting. It also permits such parameters as maximum yearly principal amounts, maximum total principal amount, maximum interest rates and maximum fiscal debt service.

Chairman Moore summarized the issues as follows. We are borrowing an additional 22.5 million dollars. The use of the proceeds have been identified. We will not be increasing taxes to pay the additional debt based on the Township's projections.

A motion was made and seconded (Rose – Silver) to adopt ordinance #597 authorizing the issuance of municipal bonds and to authorize the appropriate Township officers to execute any and all documents related to this transaction.

There were no comments from the public.

Mr. O'Donnell stated that the true cost of the bond for the Country Club needed to include the approximately 1.4 million dollars in capitalized interest and the estimated 224,000 bond expense attributable to the Country Club. That brings the approximate cost of the Country Club portion of the bond to approximately 14.125 million dollars.

Mr. Weinstein asked the bond underwriter [FO1][LR2][LR3] how much we would be paying back for the bonds and what would the effect be on our bond rating. The underwriter stated that the payback would be approximately 21.5 million for the Country Club and 12.8 million for the other bonds with a total payback of approximately 31.3 million dollars.

Chairman Moore asked about the current interest rate and our exposure between now and the time the bonds are sold. The underwriter would make no prediction with respect to whether or not rates will rise but did say that most analysts believe that the Fed will not raise rates at their next meeting.

Mr. O'Donnell raised an issue concerning the appraisal. The appraiser stated that he was qualified to appraise real estate but does not represent himself as an expert in the field of valuation of equipment, personal property or good will. Further he recommended that the Township consider hiring such a subject matter expert to accurately estimate the depreciated value for those business assets. These assets made up the difference between the 12.7 million value placed on the property and the 11.88 million as is market value of the land. Chairman Moore stated that if the land was sold for housing its value would be 15.6 million.

Mr. O'Donnell asked about the 30 year useful life described in the bond and how that would apply to some of the items listed in the agreement of sale. The bond attorney stated that the 30 year useful life relates to the land and the building not the fixtures and equipment.

Mr. Weinstein stated that he was in support of the bond for the police building. He noted that a prior bond issue had 3 million dollars allocated for the police station. In the budget hearings last year it was determined that an additional 3 million would be needed. That has since grown to another 1.3 million of local funding to complete the police station. He also indicated his support for many of the other projects in this bond issue. He did express reservations about the roundabout proposed for Richboro.

Mr. Weinstein discussed some of the issues raised in both the Bee Bergvall and NGF Consulting Reports that addressed the Country Club. Those issues were as follows. Because Bee Bergvall was not engaged to express an opinion on the books and records of the Country Club they did not do so. They noted that over the four year period overall revenue decreased by 5 % and gross profit decreased from 57% to 54% of sales. Operating income dropped 4% between 2014 and 2017. The reasons for the decline in revenue are primarily related to the 8% decline in banquet sales during this period. From the NGF report Mr. Weinstein noted the following

issues. They mentioned the potential for an increase in wage and benefit costs under municipal staffing and operation. Green and cart fee revenue per round has dropped by 20% between Fiscal Year 2015 and Fiscal Year 2017. Revenue per banquet declined by 4% during the same period. The Township was conservative in its projection thru year 2023 in that it shows expenses growing faster than revenues thru 2023. That is consistent with NGF experience in their evaluations of golf courses over the last decade.

Both Chairman Moore and Mrs. Silver expressed the view that Mr. Weinstein was highlighting the negatives while not addressing the positives. Chairman Moore expressed his opinion that there is substantial resident support for the Country Club. After further discussion from Chairman Moore and Mrs. Silver, Dr Rose called the question and Chairman Moore called for a voice vote.

Motion Passed 3-2 (ODonnell/Weinstein voting no).

Dr. Rose then accused Mr. ODonnell and Mr. Weinstein of voting against the funds for a new police building.

Chairman Moore called for a recess at 10:00 pm

The Board reconvened at 10:11 pm.

Chairman Moore announced It was determined after review, that a roll call vote is required for the Bond Issue Ordinance, and the that the vote be certified by the Board Secretary. Chairman Moore requested that Dr Rose reintroduce the motion she made earlier so a proper vote can be taken.

A motion was made and seconded (Rose – Silver) to adopt ordinance #597 authorizing the issuance of municipal bonds and to authorize the appropriate Township officers to execute any and all documents related to this transaction.

Chairman Moore called roll and the vote was recorded as follows:

Dr. Rose	yes
Mrs. Silver	yes
Mr. ODonnell	no
Mr. Weinstein	no
Chairman Moore	yes

During the roll call vote both Mr. O'Donnell and Mr. Weinstein responded to Dr Rose's accusation. Both expressed their long standing strong support for the police station construction and both stated that if the rest of the actions in this bond had been separated from the Country Club they would have voted yes.

Chairman Moore called for a recess at 10:17 pm and reconvened at 10:21 pm.

Chairman Moore called for additional public comment.

Eric Scott Goud, 74 Jericho Road, spoke on the support for the Bond issue and using the bond to purchase the Northampton Valley Country Club.

Consider Resolution Authorizing an Application to the Bucks County Open Space Program for Acquisition of Conservation Easement on Rook Farm, 650 Temperance Lane

Mrs. Silver outlined the resolution and noted the Township currently has a remaining allocation of \$431,154 available from the Bucks County Open Space Program for acquisition of open space parcels or purchase of conservation easements and the County Commissioners intend to close the program before year-end.

Mrs. Silver explained the Rook family recently approached the County and the Township about purchasing a conservation easement on their property at 650 Temperance Lane. The property is 75.23 acres of prime farmland with excellent soils, and is adjacent to several other preserved properties including the Solly, Tanner, and former Heuscher farms. The property was approved for inclusion in the Bucks County Farmland Preservation Program and funding has been committed for acquisition of an agricultural easement to prohibit future development.

Mrs. Silver stated in order to acquire the remaining allocation of open space funds that can be used toward the cost of a conservation easement on the Rook property, the County requires a Resolution from the Board of Supervisors authorizing an application to the Bucks County Open Space Program to use these funds. The application proposes acquisition of a conservation easement on 72 acres of the property, excluding the existing home, barn, and other outbuildings.

A motion was made and seconded (Silver-Weinstein) to approve Resolution R-18-11 authorizing the Township Manager to file an application to the Bucks County Open Space Preservation Board for funding to acquire an agricultural conservation easement on the Rook property, 650 Temperance Lane.

Chairman Moore called for public and Board comment. None was heard.

Motion Passed 5-0.

Consider Conservation Easement Agreement of Sale, and Easement Agreement for Rook Farm, 650 Temperance Lane

Mrs. Silver noted the Rook family has agreed to sell a conservation easement to the Township and County on a 75.23 acre property located on Temperance Lane. The property is bordered on two sides by Solly, Tanner, and former Heuscher farms that were previously conserved and cannot be further developed.

The Bucks County Farmland Preservation Program approved the property for inclusion in the program and the property also qualifies for inclusion in the Bucks County Open Space Program. Two appraisals document the average easement value at \$39,819, and the Rook family agreed to accept \$39,500 per acre to place the property in conservation status.

Partial funding for the acquisition will come from the Bucks County Farmland and Open Space Programs. Collectively these programs will contribute \$1,334,000 toward the purchase price of \$2,844,000, with the Township contributing \$1,420,000 from the proceeds of a new bond issue.

Mrs. Silver explained there are two documents that require Board approval for the easement acquisition. The first is an Agricultural Land Preservation Grant of Easement Agreement of Sale, and the other is the Agricultural Land Preservation Grant of Easement, the actual easement document that will be recorded against the property that limits future development. These documents are tri-party agreements between Bucks County, Northampton Township, and the property owners.

The Easement Agreement of Sale documents the purchase price at \$2,844,000 with closing to occur with sixty (60) days of its execution. For purpose of the Open Space Program, the Easement Area is limited to 72-acres to exclude the existing farmhouse, barn and other out buildings. The Farmland Preservation Program does not require exclusion of the buildings.

The Easement document details the limits on uses within the Easement Area and enforcement authority in the event of violations. The document provides that no industrial or commercial uses are permitted in the easement except for farming and those agricultural uses permitted by the Township. The Easement permits construction of accessory buildings for agricultural use, and areas for training of horses, including the installation of fencing.

The Easement prohibits quarrying, mining, and dumping of solid waste but permits selective logging, mowing, clearing to control invasive species, and small signs. The Conservation Easement created by the Grant of Easement is a covenant running with the land and is perpetual in duration.

A motion was made and seconded (Silver-Rose) to approve the Agricultural Land Preservation Easement Agreement of Sale, and the Agricultural Land Preservation Grant of Easement between J. Walter Rook & Sons, Inc., Bucks County, and Northampton Township to acquire a Conservation Easement on Tax Map Parcel 31-010-008, located on Temperance Lane, and to authorize the Township Manager and the Township Solicitor to execute any documents required to complete the easement acquisition.

Chairman Moore called for public and Board comment. None was heard.

Motion Passed 5-0.

Consider Resolution Authorizing Participation in the Whitpain Township Bid for Micro-Surfacing on Various Streets

Mr. Weinstein explained that the Township has been offered the opportunity to piggyback on a contract awarded by Whitpain Township, Montgomery County for micro-surfacing as part of our annual road maintenance program. Unlike road paving, micro-surfacing is intended to extend the life of roads that are not ready for resurfacing but show enough signs of wear that resurfacing is imminent in the next 5 to 10 years.

Whitpain Township publicly advertised and awarded contracts for its 2018 road-resurfacing program with the intent of opening the process to other municipalities that are members of the Delaware Valley Consortiums or Montgomery County Public Works Association. Northampton Township belongs to both organizations.

In order to piggyback on the contract, Whitpain Township requires a Resolution from the governing body of any municipality wishing to participate in the bid.

The lowest bidder for micro-surfacing is Asphalt Paving Systems in Hammonton, New Jersey at \$3.75 per square yard for a double application with crack sealing at an addition \$.27 per square yard as recommended by the Public Works Director. Our program this year anticipates using a micro-surfacing application on six (6) miles of the Township road system. The total project cost is approximately \$440,000, and will be paid using State Liquid Fuels Funds.

A motion was made and seconded (Weinstein-Rose) to adopt Resolution R-18-12 authorizing participation in the Whitpain Township 2018 Road Resurfacing Program for micro-surfacing on six miles of the Township road system, and authorizing the Township Manager to execute all required contracts with Asphalt Paving Systems for the micro-surfacing project.

Chairman Moore called for Board and public comment. None was heard.

Motion Passed 5-0.

Consider Authorization to Advertise an Ordinance Amendment Relating to Bamboo

Mr. O'Donnell outlined the draft ordinance amendment addressing bamboo. Specifically, the ordinance provides definitions, establishes general provisions, remediation, and removal. In addition, the ordinance identifies violations and penalties.

In summary, bamboo is not permitted to be grown unless a barrier is constructed according to strict standards preventing the encroachment of the bamboo. Existing properties may maintain the bamboo as long as it does not encroach on neighboring properties.

The proposed ordinance amendment has been reviewed by the Township Solicitor and is ready for authorization.

A motion as made and seconded (O'Donnell-Weinstein) to authorize a public meeting for Wednesday, August 22, 2018 at the Township building at 7:30 PM to consider an ordinance amending the Northampton Township Code, specifically Chapter 10 - Part 4, for the purpose of establishing regulations for the planting, cultivating, growing, control, and/or removal of bamboo and establishing penalties for violations.

Chairman Moore called for Board and public comment. None was heard.

Motion Passed 5-0.

Consider Bid Award for Gasoline, Diesel, and #2 Heating Oil

Mr. O'Donnell stated on behalf of the Bucks County Consortium, Upper Southampton Township advertised in the Bucks County Courier Times for bids to purchase unleaded regular gasoline, ultra-low sulfur diesel fuel and #2 heating oil for the contract period August 1, 2018 through July 31, 2019.

The price paid for these products is determined by the published price at the dock on the date of order plus a fixed per gallon delivery fee.

Based on the bid results, the Public Works Director recommends contract awards as follows:

1. Mansfield Oil Company of Gainesville, Inc. for unleaded regular gasoline at market price on the date of order minus 0.0047 cents per gallon delivery fee.
2. East River Energy, Inc. for ultra-low sulfur diesel fuel at market price on the date of order plus 0.0214 cents per gallon delivery fee
3. Suburban Propane, Inc. for #2 heating fuel at market price on the date of order plus 0.1955 cents per gallon delivery fee.

A motion was made and seconded (O'Donnell-Weinstein) to award contracts for unleaded regular gasoline to Mansfield Oil Company of Gainesville, Inc., East River Energy, Inc. for ultra-low sulfur diesel fuel, and Suburban Propane, Inc. for #2 heating fuel to for the contract period August 1, 2018 through July 31, 2019 at the bid prices quoted to the Bucks County Consortium.

Chairman Moore called for Board and public comment. None was heard.

Motion Passed 5-0.

LIAISON REPORTS

Dr. Rose made the following announcements:

- Thanked Pete Palestina for putting together the annual Bocce Game, a fun time was had by all.
- The Historic Commission raised \$76.25 at Northampton Days to purchase items needed to maintain the historical integrity of many items
- Summer is a busy time at the Senior Center with many activities being offered, call the Senior Center for more information on upcoming programs.
- With the July 4 Holiday on a Wednesday, Trash pick-up will move forward one day.

Mr. O'Donnell made the following announcement:

- The Municipal Authority plans on moving into their new building on July 23, 2018.
- The Library will hold their second annual Fall Gala on October 13, starting at 7:00 pm tickets are on sale now.
- The Library has many events happening this summer, go online and check out to see what may be of interest.
- St. Bede's will be holding its annual Patriotic Concert on July 3, at 7:00 pm. Bring a chair or blanket and enjoy the show.

Mr. Weinstein made the following announcements:

Volunteer Fire Company:

- Chief Adam Selisker reminds people to be diligent during thunderstorms and times of flooding.

Police Department:

- The new Police Building is moving forward and a lot of work is happening on the site.

Council Rock School District

- Updated on meetings, activities, and decisions taking place in the Council Rock School District. For the most recent information regarding the Council Rock School District, visit their webpage at www.crsd.org.

Mrs. Silver made the following announcements:

- Parks and Recreation Department offers a variety of discounted tickets to local attractions, sporting events, and amusement parks. For a complete listing, including pricing, visit the Parks and Recreation website.

- Painting with a Twist through the Parks and Recreation Department is holding a Parents and Kids painting night, on July 15 from 4 pm until 6 pm. You must pre-register through the Parks and Recreation Department.
- The Flag Day Ceremony was a success with David Christian as the keynote speaker
- A plaque has been purchased so the winner of the Bocce game will be placed on it, and the Supervisors plan on taking it back next year.
- Welcome Wrightstown Elementary to the Richboro Middle School, also welcome to Beth Fox as principal.

Chairman Moore made the following announcement:

- Provided an update on new housing developments coming into the Township as well as several sub-divisions taking place
- Provided an update on the Addisville Commons, with a State Liquor Store, two new restaurants and an Irish Pub, will be opening their doors.
- Rolling Hills Elementary is under renovation and is glad the Board supported in keeping this school open.

Manager's Report

Mr. Pellegrino stated a kick-off meeting is planned with the Pennsylvania Department of Transportation for work at the intersection of Jacksonville and Almshouse Road.

PUBLIC COMMENT

None.

The meeting was adjourned at 11:15 p.m.

Respectfully Submitted,

Frank O'Donnell, Secretary