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Stacy A. Mitchell
Direct Phone 856-910-5006
Direct Fax 877-295-6880
smitchell@cozen.com

November 20, 2014

Kristi Izzo
Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton NJ 08625

REC'D
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CASE MANAGEMENT

**Re: In the Matter of the Petition of The Atlantic City Sewerage Company for Approval of a Financing Program Involving the Issuance of Long Term Debt Through December 31, 2017
Docket No.: WF14020168**

Dear Secretary Izzo:

Pursuant to the BPU Financing Order in the above-captioned matter, enclosed please find material showing the terms of the accepted bond purchase proposal as well as the respective terms of each of the other proposals received.

Very truly yours,

COZEN O'CONNOR, PC

By: Stacy A. Mitchell

SAM/kn
Enclosure

cc: Attached Service List (via email)

DEMS
J. Kane
Water
M. Beyer

LEGAL\21529951\1

I/M/O THE PETITION OF ATLANTIC CITY SEWERAGE COMPANY FOR APPROVAL OF A FINANCING PROGRAM INVOLVING THE ISSUANCE OF LONG TERM DEBT THROUGH DECEMBER 31, 2017.

BPU DOCKET NO. WF14020168

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DIVISION OF RATE COUNSEL

Debra F. Robinson, Esq.
Water & Wastewater
Managing Attorney
Division of Rate Counsel
140 East State Street
PO Box 003
Trenton, NJ 08625
drobinso@rpa.state.nj.us

DIVISION OF LAW

Alex Moreau, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark NJ 07101
alex.moreau@dol.lps.state.nj.us

BOARD OF PUBLIC UTILITIES

Mark Beyer
Chief Economist
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
PO Box 350
Trenton, NJ 08625
mark.beyer@bpu.state.nj.us

ATLANTIC CITY SEWERAGE

Louis M. Walters
President & General Manager
Atlantic City Sewerage Company
1200 Atlantic Avenue, Suite 300
Atlantic City, NJ 08401
lwalters@acsewerage.com

Stacy A. Mitchell, Esq.
Cozen O'Connor
457 Haddonfield Road
Suite 300
Cherry Hill, NJ 08002
smitchell@cozen.com

Wendy Stewart
Atlantic City Sewerage Company
1200 Atlantic Avenue, Suite 300
Atlantic City, NJ 08401
wstewart@acsewerage.com



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Officer: Donald J. Colligan

Date: 11/5/14

FOR DISCUSSION PURPOSES ONLY, NOT A COMMITMENT TO LEND

PROPOSED FACILITY: \$6,000,000.00 NJEDA Bond Financing

BORROWER: The Atlantic City Sewerage Company

PURPOSE: Construction, rehabilitation, upgrade and expansion of various sections and components of the sanitary sewer system required to meet the needs and demands of Atlantic City, while maintaining the environmental integrity of the region. Specifically the request for the financing is being submitted for the following:

1.) Raleigh Avenue Pump Station – Demolish and Reconstruct

The Raleigh Avenue Pump Station (built in the 1920’s) has reached the end of its useful life. The new pump station will be raised to meet FEMA flood elevations and the emergency generator will be powered by natural gas. Project timing- Engineering/design/approvals completed in 2014 and construction to be completed late 2015/early 2016

2.) Trunk Sewer Clean & Rehabilitate

The concrete trunk sewer requires periodic cleaning and re-inspection. Those areas with significant deterioration will be further cleaned and restored with new material to the original thickness of the structure. Project timing - Cleaning and evaluation second quarter 2014. Rehabilitation 2014-2015.

3.) Sewer Relines/Manhole Rehabilitation

Existing sewers are relined where possible in lieu of open-cut replacement. This process involves a felt liner and resin which forms a new pipe inside the host pipe to extend its life by 50 years, at a fraction of the cost associated with open-cut replacement. Manholes are also relined to extend their life in lieu of total replacement. This program is scheduled annually. Project timing - Various sections of ACSC system 2014, 2015 and 2016.

4.) Open Cut Sewer Project

These are projects where a sewer extension is needed to serve new development and/or sewer replacement is needed to replace deficient sewers due to age or insufficient capacity. Project timing - Various over 2014, 2015 and 2016.

5.) Baltic Avenue Pump Station Wet Well Rehabilitation

The concrete walls and ceiling need to be rehabilitated periodically, to restore the structural integrity of the structure due to hydrogen sulfide spalling. This process (last completed in 2000) involves cleaning the surface of the walls and ceiling, and shotcreting new material to the original thickness of the concrete. Project timing - Construction to be completed in 2015.

ATLANTIC CITY SEWERAGE COMPANY
 COMPARISON OF TERM SHEETS
 2014 Bonds

	CITIZENS BANK	TD BANK (Option 1)	TD BANK (Option 2)	SANTANDER BANK	REPUBLIC BANK
Credit Amount	\$ 6,000,000.00	\$ 6,000,000.00	\$ 6,000,000.00	\$ 6,000,000.00	\$ 6,000,000.00
Maturity Date(Amortization)	Up to 20 years	Up to 20 years	Up to 20 years	Up to 20 years	Up to 20 years
Commitment Fee	25 basis pts \$ 15,000.00	25 basis pts \$ 15,000.00	25 basis pts \$ 15,000.00	100 basis pts \$ 60,000.00	75 basis pts \$ 45,000.00
Call Provisions	On 10th and 15th anniversary dates	On 10th anniversary date	On 10th anniversary date	On 10th anniversary date	On 10th anniversary date
Interest rates					
Spread over 1 Mo. LIBOR	1.750%	2.250%	N/A	2.250%	N/A
Indicative Fixed Rate					
5 year	N/A	N/A	N/A	N/A	N/A
10 year	2.890%	3.440%	3.570%	3.440%	2.710%
15 year	N/A	N/A	N/A	N/A	N/A
20 year	N/A	N/A	N/A	N/A	N/A
Amortization	Annual Principal payments on anniversary date(20 Yr). Interest paid monthly	Monthly Principal and interest payments (239 Payments)	Monthly Principal and interest payments (239 Payments)	?	Monthly Principal and interest payments (239 Payments)
Security	All property of Borrower except 1401 Marina Blvd.	All property of Borrower including 1401 Marina Blvd.	All property of Borrower including 1401 Marina Blvd.	All property of Borrower except 1401 Marina Blvd.	All property of Borrower except 1401 Marina Blvd.
Financial Covenants					
Total Debt to Total Capital	65%	65% Inclu. of other comp. gain/loss	65% Inclu. of other comp. gain/loss	65%	65%
Interest Coverage	2.5 X 1	2.8 X 1	2.8 X 1	2.5 X 1	2.5 X 1
Dividends	up to 75% Rolling 6 quarters	No distributions w/o consent of TD Bank	No distributions w/o consent of TD Bank	Silent	up to 75% Rolling 6 quarters
Minimum Fixed Charge Coverage Ratio	N/A	N/A	N/A	TBD	N/A
Governing Law	PA	NJ	NJ	NJ	NJ

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