

September 11, 2018

Conyngham/Sugarloaf Joint Municipal Authority Board met for a **Special Session** on **Tuesday, September 11, 2017 at 7:03 p.m.** in Authority Building, 245 Main Street, Conyngham, PA. Marguerite Woelfel (Treasurer) started by making a Motion Pro-Temp for the vacant position of Chairman previously held by Jack Wittig and nominated John Cotsack (Assistant Secretary/Treasurer).

Motion

Motion to approve the nominate John Cotsack as Chairman for this meeting - Woelfel 1st - Olander 2nd – unanimous

The meeting was called to order by John Cotsack (Assistant Secretary/Treasurer), the Pledge of Allegiance was recited, and roll call was taken.

Present: John Cotsack, Marguerite Woelfel, Greg Olander, Peter O'Donnell (Solicitor), Ed Gregory (Manager), Dorothy Pisano (Recording Secretary)

Absent: Marc Eble, Joe Gallagher, Richard Harrison (Engineer)

Citizens: Gary Gregory

Public Comment on Agenda Items:

Gary Gregory – I know this a Special Meeting being conducted here tonight, correct? Cotsack replied correct. Are the other members of the board aware that there is a meeting or is it that they could not make it or what? The Board was notified by email following the last Board Meeting at which it was decided to call this Special Meeting. Woelfel stated the other Members are aware and Joseph Gallagher was unavailable. To satisfy Gallagher, Reorganization has been moved to the next Meeting on September 25 which Gallagher is able to attend. Gary Gregory then asked what about Marc Eble. Cotsack as well as Woelfel stated that he does miss meetings. Cotsack said this Special Meeting was published in the newspaper.

Gregory – Yes, so my concern is that there is not a full board to vote here. It would be nice to get a full board here to discuss these important items. I guess that is all that I have. Just one more question, you did a Chairman Pro-Temp vote? Woelfel said yes, that is to replace Jack Wittig, Chairman, at every meeting as long as there is a vacancy on the Board. We need to Reorganize to select a permanent Chairman which has been on hold since Jack Wittig's death and until we had a full Board which we now have. We did not know then (August 28) that Gallagher would be not be able to attend 9/11/18 meeting.

Invited Guests: None

Motion

Motion to Approve Minutes from the Regular Meeting – Dorothy stated that the minutes for the 8-28-18 meeting will be ready for the next meeting on 09-25-18

September 11, 2018

Solicitors Report:

(Solicitor) Peter O'Donnell said I have nothing to report at this time.

Engineer's Report:

Engineer not present

Manager's Report:

(Manager) Ed Gregory said I have nothing to report at this time.

Old Business:

Item 1: Retention of a Financial Advisory Firm – Woelfel said we need to talk about it. I have understand that there is some question regarding the need of this Authority to utilize services of a professional financial advisor. We will save this matter for the next Board Meeting when hopefully there are more Members present. I have one important thing to say which I will save for the next Meeting when we put this back on the agenda.

Item 2: 537 Plan - Woelfel said that the 537 Plan is a planning process, a design process, and a construction project. As well, we separately run a water company. We have and will spend hundreds of thousands of dollars hiring engineers and other professionals for sewer, hydrologists for water supply, and accountants for reporting and operations. We at the Authority do not have expertise in financing large capital projects. Like water, with sewer we would be remiss making financial decisions without obtaining a professional financial firm. In my opinion, the complexity of a municipal finance requires professional advice, and firms such as PFM would know the best cost effective alternatives for the Authority. I think we need to talk about this at the next meeting because I think they are a necessity.

Cotsack said we received an internal email claiming there is less need for a professional firm as we were pre-approved for Pennvest financing. Woelfel as well as Cotsack believe that that is not the case. Woelfel said we know little about capital finance and have spent three years without in depth knowledge of capital markets. It is time to get expertise prior to forecasting rate increase resulting from the 537.

Olander stated that it was a concern if it were going to hold up the process of the 537 plan. Woelfel said the firm will not cost upfront money. As we are spending 12 million dollars, we could be paying .5 to 1.0 percent for financial advice and should have it before we come up with a rate schedule. Olander we (Joint Hazleton Sewer Authority) have gone through this and there is no guarantee that you are going to get this Pennvest money. You have to go through their process and I think that is what PFM was looking at – having a contingent plan. We were fortunate to get partial Pennvest financing and then use a piece that the financial advisor put together. We had a separate plan from our consultant/advisor who put it out to many different

September 11, 2018

avenues. When you don't have the resources to fund infrastructure, a quarter of a percent pays for their fee and then some. I am definitely in favor of a financial advisor. Woelfel agreed saying that it isn't correct to say that we don't have to worry about the financing until after design. Before the 537 goes out for public hearing, we need to know the optimal finances for the rate forecast.

Olander added that we have to advertise a rate and do not want to put out a rate and then have to come back with an increase in a few years. An additional concern that I spoke with the Engineer about is the figures used for operations at the 'new' plant which can be a driver of increased rates also. This could include costs such as electricity and equipment which the manufacturers or operators of similar sized plants can provide. You don't have to want to go back 2 or 3 years later and say that we have to increase it because we did not know the operation cost.

Cotsack said that authorities do not get whole projects funded by Pennvest so we need an alternative plan for full funding. Correct me if I am wrong but when you get the Pennvest loan it is like putting it in the bank and you need to draw out. Olander said when contractors submit invoices you need to pay the contractor and then submit a draw so you need something like a bridge account. I have also seen many Pennvest loans apply for a certain amount and come back with lesser as well as not get granted so it is a process.

Cotsack said the PFM has a complete array of financing options so even if they have to get a bank loan, they will get the best rate available which is their job. Olander stated that they go to 25 to 30 different banks. Woelfel said they know how to negotiate and O'Donnell responded that that is because they would be a fiduciary to us they can't just go out and do whatever they want. They have to do what is best for our Authority. Olander believes another important issue is that a Pennvest loan can be very costly depending how much time you have to spend on it.

Cotsack was surprised that PFM said ours is a fairly large financing though there are lots of little authorities. O'Donnell you can go on the Pennvest website and see Johnstown for \$30.6 million and Hazleton was in the \$40 million range. Woelfel said the point is that ours is not a \$1-2 million dollar project where interest rates are less impactful. They can run upwards of a million dollars perhaps. Since there is a lot to discuss regarding this issue, Woelfel suggested that this should continue as Old Business at the next meeting.

Item 3: Mr. and Mrs. Riddle Damage Claim - Cotsack - what is going on with Riddle do you have anything? Gregory - Yes, I have a letter and 2 quotes that they want us to pay for a total of \$4,074. The camera showed many roots infiltrated at every joint and it was even worse up the line. We jetted it several times to get all the roots out. I recommend a company such as Dukes that puts shaving type cream material in the line to kill all the roots because this was bad. O'Donnell - does this cream get in the water filtration system? Gregory - no the spray is localized to that area, killing all the roots and is good for 3 years. Most of the roots are out but I cannot believe that line did not backup sooner. Olander how long is that line? Gregory I am going to say about 200- or 300- feet, each manhole is about 350 feet apart at the longest. Woelfel - can do that and routinely check it ever 2 or 3 years. Gregory - yes. Marguerite asked if we can submit to our insurance? Gregory - we did submit several quotes to our insurance company have not hear anything yet. Peter O'Donnell stated that he just wanted

September 11, 2018

some kind of proof or a sign document with the check. I don't want them 6 months from not saying that they never received any compensation. A release would be this for that some kind of exchange. Marguerite – we can have a Release drawn up for the next meeting and O'Donnell said sure.

Item#4 - Well #1 Option #1 we believe that there is a tube in the well already and there is a hole in there so he is recommending to drill a hole at the top of the hole so it could end there. Marguerite so basically the two basis quotes and we have to get this thing moving.

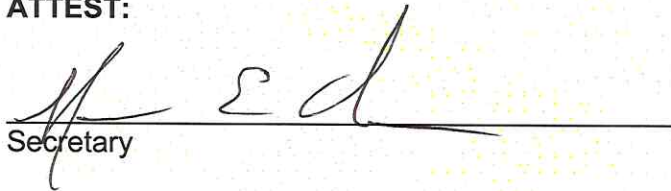
Motion

To accept Option #1 for Well #1 First – Marguerite Woelfel Second – John Cotsack

Public Comment: None.

Motion to Adjourn at TIME 7:59 PM – Cotsack. Second – Woelfel. No Roll Call – Unanimous.

ATTEST:



Secretary