

REGULAR MEETING BLOSSBURG MUNICIPAL AUTHORITY  
AUGUST 1, 2023

The regular meeting of the Blossburg Municipal Authority was held on Tuesday, August 1, 2023 at 7:00 PM in the Council Room.

The following members were present: Chairman M. Stoudt, Secretary S. Hall, Treasurer P. Bauman, and member F. Wasowicz. Absent was J. Bubacz. Also present was G. Lloyd, Borough Manager, and Recording Secretary L. Lazouras.

Chairman Stoudt called the meeting to order at 7:00 PM.

Section 1: All reports to be accepted in one motion

A.) MINUTES

The minutes from the 7/5/23 meeting were brought up for discussion. M. Stoudt made one correction.

B.) TREASURER'S REPORT AND BILL PAYMENT

P. Bauman read the treasurer's report. Leesa noted for the sewer bill list, to be added are two bills in the amount of \$70.20 and \$188.60 from PACE for testing. P. Bauman asked about the high bills back to the Boro in water, and they are for the Taylor Run new buildings. There being no further discussion, a motion was made by F. Wasowicz, seconded by S. Hall, "That the minutes, treasurer, and bill payment reports be accepted as presented." All in favor.

Section 2: Old Business

A.) WATER UPDATE. SALT WELL 15

Nothing on well. George said there was a leak in Morris Run on a service line underneath the Morris Run Rd. by Mrs. Holley across from Tom Skolny which saved about 15,000 gpd. It was a ¾" copper installed in 1989 and is replaced with a ¾" poly line, which is 5 ft. under the road. Since there is a cathodic problem, they have been replacing copper with poly. There is acidic soil in Morris Run.

B.) DELINQUENTS

Report was in packets.

C.) INFILTRATION

They boys have been working at Taylor Run so no I&I work has been done. With almost every other day of rain, we have had no high flows at the stp. Over 2 ¼" from the Saturday morning storm was received. We got 2.35" at Bellman and only 1" at the stp. George got a call out at 2:30 AM for high water at the stp pump house, but it was not up on the floor and 45

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minutes later got a call back that it was back down to normal. It has to be water coming from catch basins.

D.) WATER FUTURE I-99/BUSINESS 15 CORRIDOR

There is one easement that has not been signed since the man died and left no will, and the son cannot sign, so this is at the attorney's handling the estate. George hopes to be able to bid out in the winter with a spring start up.

E.) CASSELBERRY

George has not heard from him, but he has been working with DCNR and for Arnot looking for an alternate water source. They hope to start this year on the DCNR well. S. Bray has been working with DCNR and we need to talk with House's about an agreement for road access.

F.) OLD HOSPITAL

The demo work should be almost done.

G.) TAYLOR RUN TANK/NEW CHLORINE BUILDING

Well #3 building should be finished this Friday or next Monday. They are putting the roof on and will have to put the doors on. M. Stoudt will put the electric supply inside. Work is moving along good. Possibly by late fall #1 will be running. DEP is working on the paperwork for the permit to get online.

H.) NEW STP

Work is moving along. They had checked the SBR tank, and there was a small leak on the bottom that was fixed. They are working where the new office will be and disinfection area. They will set the forms so they can lay blocks next week. M. Stoudt is going to inspect the rebar before they pour concrete on Thursday.

LOC RUS JULY 25, 2023

A Letter of Conditions dated 7/25/23 was received from RUS. This amends the LOC issued 6/18/18 for the initial loan and also the amended LOCs dated 3/28/22 and 6/30/22. We have to complete and return Form Rd 1942-46, Letter of Intent to Meet Conditions".

The Agency is offering the following funding:

RUS Loan Initial \$4,628,000. RUS Loan Subsequent \$3,875,000.

RUS Grant Initial-\$4,635,000. RUS Grant Subsequent-\$7,406,000.

Applicant Contribution \$400,000.

Section II-RATES & TERMS

Interest Rates & Loan Terms-Interest rate on initial loan decreases from 2.375% to 2.125% for 40-year term, assuming the loan closes prior to 9/30/23. Interest rate subsequent loan will remain the same at 1.500% for a 40-year term. The payment due date will be established as the day the loan closes.

Initial loan scheduled for repayment over period of 40 years with amortization of 18.62. Payments will be equal semi-annual amortized installments, beginning 6 months after closing. For planning purposes use a 2.125% interest which provides for semi-annual payment of \$86,174.00.

Subsequent loan scheduled for repayment over period of 40 years with amortization of 16.67. Payment will be equal semi-annual amortized installments, beginning 6 months after closing. For planning purposes use a 1.5% interest which provides for semi-annual payment of \$64,597.00.

The loan will be secured by Revenue Bonds, and Hamilton Twp. and Bloss Boro will secure the bonds. Bond Counsel will prepare these documents. The Grant Agreement will be executed prior to the first disbursement of grant funds.

Reserves must be budgeted and set aside to maintain the financial viability and sustainability of any operation.

We have to establish a DEBT SERVICE RESERVE FUND equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for 10 years or until the balance is equal to one annual loan payment. 10% of the proposed loan installment would equal \$1,076.62 per month; this amount should be deposited monthly until a total of \$129,194 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. A motion was made by F. Wasowicz, seconded by S. Hall, "That we establish a Debt Service Reserve Fund." All in favor.

M. Stoudt asked if we had notified them since J. Eckman had retired and F. Wasowicz took his place, due to the fact that they need a correct list for this paperwork. George will check with Cheryl. A motion was made by S. Hall, seconded by P. Bauman, "That we accept the LOC dated 7/25/23." All in favor.

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The CLOSING AGENDA paper for settlement of permanent financing with RUS evidenced by two guaranteed sewer revenue bonds, dated 8/24/23 in the combined principal amount of \$8,503,000, in conjunction with RUS grants in the combined amount of \$12,041,000. This deals with the RUS bonds, Interim Note, RUS Grants, and retirement of the interim note and completion of construction of improvement to sewer system. The guarantors are the Borough at 90.83%, and Hamilton Twp. at 9.17%. George said the Borough approved this at their Council meeting as did Hamilton Twp. at theirs. Hamilton had raised their monthly billing rates last year, and we are raising ours again this year. The motion was made by P. Bauman, seconded by F. Wasowicz, "That we approve the closing agenda." All in favor.

The RESOLUTION authorizing and securing a guaranteed sewer revenue bond in the principal amount of \$4,628,000., to refund and retire the \$4,628,000 note, Series of 2022 held by FCCB, and completing the construction of improvements to the sanitary sewage system in the Boro and Hamilton Twp. This addresses security for the bond; approve form of bond; authorizing execution; covenant and agreements, pledge receipts, and authorize related documents and actions. A motion was made by F. Wasowicz, seconded by S. Hall, "That we approve the resolution." All in favor.

The RESOLUTION authorizing and approving a guaranty agreement by and among the Blossburg Borough and the Township of Hamilton, as grantors this Authority and RUS, as Lender, authorizing execution, attestation, and delivery of said guaranty agreement on behalf of this authority; and authorizing related documents and actions. This secures the \$8,503,000 combined principal amount and guaranteed sewer revenue bonds. Exhibit A, maximum semiannual Debt Service in the Guaranty Agreement, on the RUS bonds to be issued by BMA is 1-80 payments in the amount of \$150,771.00. A motion was made by F. Wasowicz, seconded by S. Hall, "That we approve the resolution." All in favor.

ACCEPT THE RUS FUNDING OFFER

A motion was made by P. Bauman, seconded by S. Hall, "That we accept the funding offer from RUS." All in favor.

SIGN DOCUMENTS

A motion was made by S. Hall, seconded by F. Wasowicz, "That we authorize and approve the signing of any and all documents, by our officers." All in favor.

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I.) BRAY WTP EVALUATION

We will plan a visit to Shinglehouse to see their system.

J.) BR DAM-Nothing

K.) PAINT BR TANK

S. Bray is working on getting the proposal request together. George said both tanks are full. If the weather turns, we will have to wait until spring.

L.) CYBERSECURITY

George said that J. Bubacz will be setting up training soon.

M.) NEW BACKHOE

It is back from the work they had to do on the broom. They have been using it and everything is working well. The Boro paid their share of the purchase, and the water paid for the sewer and water share. The Chairman suggested this be removed from the agenda. All in agreement.

N.) GENERATORS

They are on order, and the one for Taylor may be here by November but have not heard about the Sportsman's Well one.

O.) MURPHY TRAILER COURT-Nothing further

P.) BID OLD 2002 CAT BACKHOE-420D

It was purchased by Earthmovers Machinery out of Harrisburg in the amount of \$24,600.00, which was a three-way split. They picked it up last week. The Chairman said this can be removed from the agenda. All in favor.

Q.) BLOSS TWP. BILLING

Cheryl has to talk with the software people. A motion had been made that all information be gathered for a written proposal and brought back to us. George said Chad and Matt would have to meet with Sharon and Bob Harzinski on how they read their meters.

R.) UPDATE NEW STP/RATES

A project update notice was typed and will go out with the 9/23 sewer bills. Cheryl prepared two proposals for the rate increase effective 12/23. The last increase was in 2020, with the quarterly minimum rate of \$120.00 for up to 7,000 gallons of usage. This increase is necessary to fund the new stp. One is \$160.00 per quarter, which is up 33.4%. The other is \$165.00 per quarter

which is up 37.5%. P. Bauman said we will be closing the loan with FCCB on August 24<sup>th</sup> and wondered if we had to have the rates set in the amount required by RUS for repayment, since the plant will not be in operation until 2025. It was also noted there is the possibility of change orders for the project which could affect the final dollar amount. Per the Resolutions approved earlier, it states that semiannual interest and principal amortization installments begin on Feb. 24, 2024 and continue on each February 24 and August 24 thereafter, until and including August 24, 2063 on which date the RUS Bonds are due and payable in full. A motion was made by S. Hall, seconded by F. Wasowicz, "That we increase the quarterly minimum sewer rate to \$160.00, effective 12/23. A notice will be sent to our customers stating the progress on our new plant and having to meet the government mandates." All in favor.

### Section 3: New Business

#### A.) HRG REQUEST

George received Loan Requisition #9 to draw down funds from the Interim Construction Loan #67, with FCCB in the amount of \$1,135,184.82. This includes: 1.) Larson Design Group, thru 6/17/23 in the amount of \$14,686.97, 2.) Larson thru 7/19/23 in the amount of \$12,631.73 for a total of \$27,318.70. 3.) Kleinfelder from 6/1-6/30/23-\$1,515.00. 4.) AFT Mechanical 7/1-7/30/23-\$37,002.50. 5.) Herbert, Rowland & Grubic from 5/29-6/25/23-\$11,076.13. 6.) Performance Construction 6/1-6/30/23-\$1,058,272.49. P. Bauman noted we are close to using up the interim funding and will have to go to the RUS Permanent funding. A motion was made by P. Bauman, seconded by S. Hall, "That we sign Requisition #9, per RUS approval." All in favor. J. Bubacz and S. Hall will sign the request.

- 1.) HRG-1<sup>st</sup> S. Hall, 2<sup>nd</sup> F. Wasowicz, approve payment
  - 2.) Kleinfelder-1<sup>st</sup> P. Bauman, 2<sup>nd</sup> F. Wasowicz, approve payment
  - 3.) Larson Design 2 bills-1<sup>st</sup> F. Wasowicz, 2<sup>nd</sup> S. Hall, approve payment
  - 4.) AFT Mechanical-1<sup>st</sup> P. Bauman, 2<sup>nd</sup> F. Wasowicz, approve payment
  - 5.) Performance-1<sup>st</sup> P. Bauman, 2<sup>nd</sup> F. Wasowicz, approve for payment
- All in favor.

ROYALTY PAYMENT-#67 was received on 7/25/23 and direct deposited into the BWC Royalties MMI. The monthly statement was received and put in the packets. Treasurer Bauman requested to transfer all but \$2,000.00 from the Royalties MMI to the Blossburg Water Co. MMI #6018 to earn the higher interest rate. A motion was made by S. Hall, seconded by F. Wasowicz, "That the Treasurer is authorized to do this transaction." All in favor. He will do this transfer online.

C.) C&N INTEREST STATEMENTS, CD'S, FCCB

The Treasurer checked with C&N on their interest rates and terms for CD's. He suggests we move any funds to the BWC MMI #6018 to earn the highest interest rates. Due to the balance in the sewer RFMMI from sewer billing income coming in, he asked permission to transfer \$70,000.00 from sewer RFMMI #7218 to the BWC MMI #6018 to earn the higher interest rate. This will be earmarked as it is sewer. A motion was made by S. Hall, seconded F. Wasowicz, "That the Treasurer is authorized to do this transaction." All in favor. He will do the transfer online.

We have to establish a Debt Service Reserve Fund, equal to at least one annual loan installment. The Treasurer said we do have sewer money in the BWC MMI, earning the higher interest so wondered if it can stay in there and be earmarked for the Reserve Fund. We will call T. Wellington to ask. We will also ask the date it has to be done, since we do have the funds invested already in another account. We can also ask the auditor, since it does not specify what type of account it has to be. He will contact Heather at FCCB and see what can be offered on a CD for interest and terms. He suggests the amount of \$100,000.00, which if kept in for a longer term can earn enough interest to meet the balance required to be accumulated in 10 years. F. Wasowicz said since this might have to be done by 8/24, which is before our next meeting, we should authorize the Treasurer to open the account this month, once we get our questions answered. A motion was made by S. Hall, seconded by F. Wasowicz, "That we authorize the Treasurer to open an account." All in favor.

Section 4: Borough Managers Report

A.) A notice was received that there was a drought watch in certain areas of the State, but we are good.

B.) George got an email from Ericka, County Conservation, regarding Taylor Run Dam work done by Southwestern Energy, and DEP received the Completion Certificate, and it is closed out with them.

There being no further business, the Chairman adjourned the meeting at 7:51 PM, on motion of P. Bauman, seconded F. Wasowicz, with all in favor.

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CHAIRMAN

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SECRETARY

