

July 18, 2023

POTTSTOWN BOROUGH AUTHORITY

ATTENDANCE

Present were Mike Benner, Aram Ecker and Mark Gibson. Also present were Solicitor Vincent Pompo, Engineer Cory Salmon, Assistant Engineer Alex King, Public Works Director Doug Yerger, Assistant Public Works Director David Haygood, Utilities Director Brent Wagner, Bookkeeper Gerry Keszczyk, Manager Justin Keller and Borough Secretary Virginia Takach. Members Jeff Chomnuk and David Renn were absent.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

Mr. Benner moved to approve the minutes of the May 16, 2023 meeting. Mr. Gibson seconded the motion and it passed unanimously.

AUTHORITY MANAGER'S REPORT

Manager Keller reported that a meeting was held on this date with Senator Pennycuick's office to discuss upcoming projects with the Borough. This includes a pending grant for the generator for the pump house. Also discussed was the concept of obtaining a second water source for ability to produce water in the event of contamination or a drought, such as wells or interconnections. Mr. Keller added that the PENNVEST procedures were discussed and requirements of lead line replacements on private properties.

Mr. Wagner added that 4 to 5 million gallons of water are used in one day.

SOLICITOR'S REPORT

Solicitor Pompo referred to the report distributed. He provided an update on HB 299, named "Jake's Law", which provides workplace health and safety standards for public employees. The basis is that this law is not necessary for work of municipal employees and is now referred to Intergovernmental Operations Committee in the Senate as of May 17, 2023. Solicitor Pompo noted that the Authority organizations are taking a strong opposition on this matter and no action by the Authority is necessary at this time.

Solicitor Pompo also provided an update on the West Chester Stormwater Fee and the West Chester University case. The Borough has appealed to the Supreme Court, with no idea when it would be heard.

ENGINEER'S REPORT

Mr. Salmon referred to the report distributed. He provided an update on the Lead Service replacement project, advising that the contractor should start by next week. He added that there are six private lines for replacement.

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UTILITIES DIRECTOR'S REPORT

Mr. Wagner reported on the recent major rain event within 10 miles and noted that the plants had no issues. He also advised that the UV system is completely on line and all reporting requirements with DEP have been completed for the Water Treatment Plant and the air scour is on line and automated with the SCADA system. He also reported that the turbidity levels have 100% improved since last year. Mr. Wagner advised that every week at least 10 loads of sludge are being removed at the Water Treatment Plant. Mr. Wagner also advised that a PFAS chemical test was done and there have been no detections at this point. Reporting will be required in January 2024.

Mr. Wagner reported that 85 tons of sludge are presently going through the dryer at the Wastewater Treatment Plant. The unit was originally made for 72 tons with Gryphon but modifications have successfully been completed by Staff and the belt has been working since last October.

PUBLIC WORKS DIRECTOR'S REPORT

Mr. Yerger advised that water distribution is completing the flushing program and installing new meters. He advised that the sewer crew is keeping up with maintenance and also replacing altitude valves in the water tanks with certain valves failing constantly.

Mr. Salmon also reported that he and Mr. Yerger met with North Coventry Water Authority to discuss the Keim Street Bridge reconnection and the emergency line from Industrial Highway to the North Coventry side. He advised that North Coventry agreed to pay for everything. This may be a matter to simply amend the agreement and find a location for the connection on the Pottstown side and determining the right-of-way. He is awaiting confirmation regarding the payment issues.

FINANCE

Mr. Keszczyk reported that the water fund revenues are at 54% and expenses at 46%. He added that the sewer fund revenues are at 52% and expenses at 38% for year to date. The bulk sewer revenue is over budget by \$68,000 and sludge hauling expenses under budget by \$64,000, noting the \$77,000 has been transferred to the General Fund for bulk hauler tipping fees. Mr. Keszczyk reported that the Borough and Authority audits have been finalized with no findings.

Mr. Keller added that the bulk hauler fees were approved by the Authority last year to all bulk haulers coming in and the fee to be used for improvements to Industrial Highway and improvements to the guide rails, crack sealing and curb sealing. He added that possibly next year, he expects using these funds for paving projects as well.

OLD BUSINESS

None.

NEW BUSINESS

WATER DEFEASANCE CONCEPT, PFM, JAMIE SCHLESINGER

Mr. Schlesinger, PFM Managing Director, was present to explain the Defeasance Strategies. He noted that approximately one year ago, he assisted with the Finance Department to legally defease or pay-off sewer debt and became debt free on the sewer side. Mr. Schlesinger has worked with Mr. Keszczyk to

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become debt free from the water bonds. He referred to the outstanding 2019 water bond and a 2020 bank loan, along with the 2023 PENNVEST loan.

Mr. Schlesinger explained the process of paying off the 2019 water bonds to allow PFM by resolution to authorize a legal defeasance of the 2019 bond and the 2020 bank loan to pay off early and have the Authority be debt free, with the exception of the PENNVEST loan. He added that this would relieve certain administration filing requirements to the SEC.

Mr. Keszczyk confirmed that at the end of this year, part of the bond will be maturing and would be lessening a payment of \$1.3 million at the end of December. He added that with the Defeasance all debt on the bond would be gone.

Mr. Keller added that this process is the same as previously paying off the sewer bonds.

Mr. Benner moved to adopt a Resolution authorizing the Defeasance and Redemption of all or a portion of the Water Revenue Bonds, Series of 2019. Mr. Gibson seconded the motion.

RESOLUTION NO. 2023-3

AUTHORIZING THE DEFEASANCE AND REDEMPTION OF ALL OR A PORTION OF POTTSTOWN BOROUGH AUTHORITY GUARANTEED WATER REVENUE BONDS, SERIES OF 2019, OUTSTANDING IN THE PRINCIPAL AMOUNT OF \$1,170,000 AND GUARANTEED WATER REVENUE BOND, SERIES OF 2020 OUTSTANDING IN THE PRINCIPAL AMOUNT OF \$1,297,000; AUTHORIZING OTHER NECESSARY ACTION; REPEALING INCONSISTENT PRIOR RESOLUTIONS AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Pottstown Borough Authority (the "Authority") was incorporated by the Borough of Pottstown (the "Borough") for the purpose, among others, of acquiring, holding, constructing, improving, maintaining, owning and operating a Water system (the "Water System") and a sewer system to serve, among others, the residents of the Borough in its service area; and WHEREAS, the Authority has heretofore issued its Guaranteed Water Revenue Bonds, Series of 2019 in the principal amount of \$6,590,000 (the "2019 Bonds") for the purpose of funding certain capital projects and its Guaranteed Water Revenue Bond, Series of 2020 in the principal amount of \$1,300,000 (the "2020 Bond") for the purpose funding a capital project, all issued in connection with the Water System (as defined in the Trust Indenture dated as of June 15, 1995 (as supplemented from time to time, the "Indenture")) serving, among other municipalities, the Borough; and WHEREAS, the debt service on the 2019 Bonds and the 2020 Bond issued for the capital projects is supported by the receipts from water revenues collected by the Authority; and WHEREAS, the Authority has determined that it can reduce interest costs to the Authority by applying some of its available funds currently on deposit, pursuant to requirements contained in the Indenture, with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), the Trustee; and WHEREAS, the Authority desires to reduce interest costs by applying such available funds to the current refunding of all or a portion of the outstanding 2019 Bonds and 2020 Bond from such available funds; and WHEREAS, in order to accomplish the foregoing purposes it is necessary to authorize certain actions to be taken; NOW THEREFORE, THE BOARD OF THE POTTSTOWN BOROUGH AUTHORITY HEREBY RESOLVES AS FOLLOWS:

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Section 1. The Authority hereby authorizes the Authority Manager to contact the Trustee, U.S. Bank Trust Company, National Association (the "Trustee") and to authorize it and direct it, on behalf of the Authority, to call for redemption, at the earliest feasible date, as determined by the Authority's Financial Advisor, PFM Financial Advisors LLC ("PFM"), and to apply the appropriate funds of the Authority held by the Trustee (the "Available Funds") to the payment of the outstanding principal and all accrued interest to the date of redemption of the 2019 Bonds maturing on and after December 15, 2024, as well as the 2020 Bond, and to apply the appropriate amount of the Available Funds to pay the principal and interest on the December 15, 2023 maturity of the 2019 Bonds as such becomes due, in each case pursuant to an Escrow Agreement by and between the Authority and U.S. Bank Trust Company, National Association, as Escrow Agent, authorized hereby.

Section 2. PFM is hereby requested and is authorized and directed to, on behalf of the Authority, arrange for the purchase, using a portion of the Available Funds, of certain United States Government Obligations, State and Local Government Series, which will mature and bear interest at such times and in such amounts, together with other Available Funds, moneys and securities then on deposit with the Escrow Agent, to provide for the payment of principal and interest and redemption of the 2019 Bonds and the 2020 Bond as provided for in Section 1 hereof.

Section 3. The proper officers of the Authority are hereby authorized, directed and empowered on behalf of the Authority to execute any and all agreements, papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the purposes of this Resolution.

Section 4. All actions taken on behalf of the Authority in connection with the matters approved hereby are hereby ratified, confirmed, approved and adopted.

Section 5. All resolutions or parts of resolutions inconsistent herewith be and the same hereby are rescinded, cancelled and annulled.

Section 6. This Resolution shall take effect immediately.

DULY ADOPTED by the Board of Pottstown Borough Authority this 18th day of July, 2023.

Motion carried: 3 ayes.

LEAD SERVICE REPLACEMENT PROJECT

Mr. Benner moved to approve the application for payment from the Contractor for the Lead Service Replacement project in the amount of \$111,190.55. Mr. Gibson seconded the motion.

Mr. Salmon explained that this payment is for the contractor of the Lead Line replacement project.

Motion carried: 3 ayes.

PENNVEST PAYMENT #4

Mr. Gibson moved to authorize the PENNVEST Payment request #4 in the amount of \$181,534.71. Mr. Benner seconded the motion.

Mr. Salmon noted that this payment includes the recent payment to the contractor, along with administrative items such as the Britta filters and outstanding fees.

Motion carried: 3 ayes.

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2023-2024 WATER & SEWER REPLACEMENT PROJECT

Mr. Benner moved to approve HRG's proposal to perform design services for the 2023-2024 Water and Sewer Replacement Project in a total amount not to exceed \$221,700. Mr. Gibson seconded the motion.

Mr. Salmon referred to the proposal to provide professional engineering services for the design, bid and construction services for the 2023 Water and Sewer Replacement Project. Areas for water replacements to be included in the project are Beech Street (Sheridan to Thomas and Keim to Price Streets) and Moser Road. The sewer replacement project includes Highland Road, East High Street (Manatawny to York Streets); Sunset Drive and possibly Morris Street and Feist Avenue.

Motion carried: 3 ayes.

WWTP DISINFECTION UPGRADES (UV AND CHLORINE)

Mr. Benner moved to approve HRG's proposal to perform design services for the Wastewater Treatment Plant Disinfection Upgrades (UV and Chlorine) in a total amount not to exceed \$93,000. Mr. Gibson seconded the motion.

Mr. Wagner advised that the cost of chlorine for the plants has increased 2000% or \$1,000 per day in chlorine gas. The payback using the UV plan is approximately 18 months.

Mr. Keller noted the benefits of reducing the amount of chlorine in the Schuylkill River, the environmental effects to the River, along with the safety aspect of handling chlorine.

Mr. Salmon advised that he should have the permit application by the end of the year and the timeline for the project is approximately 2 years.

Motion carried: 3 ayes.

LEACHATE FOR SLUDGE DISPOSAL AGREEMENT

Mr. Benner moved to approve and authorize execution of the Leachate for Sludge Disposal Agreement with J.P. Mascaro & Sons. Mr. Gibson seconded the motion.

Attorney Al DeGennaro was present to represent J. P. Mascaro & Sons and thanked the Board for taking this matter into consideration.

Manager Keller explained the process of the Agreement with Mascaro for a long-term exchange of service. Mascaro would take the sludge to its Landfill and Staff would treat Mascaro's leachate at the Wastewater Treatment Plant, in an effort to control escalating prices and also secure a consistent sludge disposal for the Authority for the foreseeable future. Staff is recommending moving forward with this agreement with Mascaro accepting a minimum of 4,000 tons of sludge per year from the Authority. Mr. Keller added that this is a 30-year agreement with 2 five-year extensions and both parties have the option to terminate the agreement at any time if it is determined to be unfeasible. He added that in year #1, Mascaro would be providing a \$2,000 capital contribution to the Wastewater Treatment plant for the installation of additional aeration for treating ammonia.

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Mr. Wagner noted that the leachate being considered is 24 million gallons per year coming from two locations, Pioneer Crossing, Birdsboro, and the A & M Composting Facility, Manheim, Lancaster County.

Solicitor Pompo added that over the 4,000 free tons per year, the Authority has a fixed rate of \$90 per ton, and that rate could increase if the leachate increases. He added that above the 30 million gallons per year, and if the prevailing wage goes up, the rate for the sludge will go up in the same percentage, which is embodied in the agreement.

Motion carried: 3 ayes

EXECUTIVE SESSION

Mr. Ecker recessed the meeting to an executive session at 8:05 p.m. for personnel matters.

ADJOURNMENT

The meeting adjourned at 8:30 p.m. on motion by Mr. Gibson.

Submitted by,

Virginia L. Takach, Borough Secretary
for Assistant Secretary Mark Gibson