

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE OCTOBER 8, 2019 REGULAR MEETING

The regular meeting of the Butler Area Sewer Authority (BASA) Board was held on Tuesday, October 8, 2019 at 9:00 a.m. at the Authority office located at 100 Litman Road, Butler, PA.

Authority Board Members Present:

- *Gerald S. Patterson, Jr., Chairman*
- *Cynthia S. McKnight, Vice Chairman*
- *Kenneth L. Henry, Treasurer*
- *Paul F. Sybert, Secretary*
- *Edgar E. Hassler, Jr., Assistant Secretary/Treasurer*

Staff, Consultants, and Guests Present:

- *Duane McKee, Executive Director*
- *John Schon, Operations Director*
- *Ronata Lavorini, Finance Director*
- *Jim Tomazich, Authority Engineer*
- *Dan Slomers, Project Engineer*
- *Virginia Ferderber, Collections and Payables Coordinator*
- *Michael Hnath, Authority Solicitor*
- *Rachel Carroll, Hatch (Authority Engineer)*
- *Mike Walter, City of Butler*
- *Jay Wenger, Susquehanna Group Advisors, Inc.*
- *Sean Garin, Dinsmore & Shohl LLP.*
- *Dennis Mike, Plant Superintendent*
- *Timothy J. Morgus, Maher Duessel*
- *Katie Yates, Maher Duessel*

1. CALL TO ORDER

- *Mr. Patterson called the meeting to order at 9:00 a.m.*

2. PUBLIC COMMENT: AGENDA ITEMS (Time Limit – 5 Minutes)

- *No Public Comment.*

3. APPROVAL OF MINUTES

A. September 10, 2019 Regular Meeting Minutes

- *A motion to approve the September 10, 2019 Regular Meeting minutes was made by Ms. McKnight and seconded by Mr. Hassler. Motion approved 5-0.*

4. APPROVAL OF WARRANTS/OTHER PAYMENTS

A. Change Order No. 1, Contract 2018-04, Upper Sullivan Run Sewer Rehabilitation Project, Phase II, deduct (\$29,958.28) (State Pipe Services, Inc.)

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE OCTOBER 8, 2019 REGULAR MEETING

- *A motion was made by Ms. McKnight and seconded by Mr. Henry to approve Change Order No. 1, a deduct in the amount of \$29,958.28 to Contract 2018-04, Upper Sullivan Run Sewer Rehabilitation Project. Motion approved 5-0.*
- B. Periodic Estimate No. 3 (Final), Contract 2018-04, Upper Sullivan Run Sewer Rehabilitation Project, Phase II, \$31,190.34 (State Pipe Services, Inc.)
 - *A motion was made by Ms. McKnight and seconded by Mr. Sybert to approve final payment to State Pipe Services in the amount of \$31,190.34. Motion Approved 5-0.*
- C. Invoice Warrant Lists of September 17, 2019 (\$71,397.76), September 24, 2019 (\$91,542.65), October 8, 2019 (Capital Improvements -\$31,190.34), October 8, 2019 (\$132,970.52), and October 8, 2019 (ACH Transfer – \$63,930.19)
 - *Mr. Mike took a few minutes to explain a recent maintenance project that entailed various work tasks to bring Primary Tank No. 2 back into operational status at the wastewater treatment plant. Mr. Hnath questioned if this process is critical to the operations of the plant. Mr. Mike replied that it is a critical process and that it is now operational. Ms. Carroll also agreed with this assessment.*
 - *Mr. Patterson asked if the Board had any question regarding the warrants. There were no questions. A motion was made by Mr. Sybert and seconded by Mr. Hassler to approve the warrants listed above. Motion approved 5-0.*

5. FINANCE DIRECTOR'S REPORT

- A. Authority Fund Statements and Budget Report – September 30, 2019
 - *Ms. Lavorini reviewed the September 30, 2019 fund statements.*
- B. Investment Update
 - *Ms. Lavorini reported that one CD was reinvested during the month. The CD was reinvested in the amount of \$244,000 for 365 days at a gross rate of 2.05% and a net rate of 1.90%, yielding a gross expected return of \$5,002.*
- C. Quarterly Accounts Receivable Summary – September 30, 2019
 - *Ms. Lavorini reviewed the quarterly accounts receivable report. Ms. Lavorini explained that the 2019 accounts receivable cumulative quarterly balances have been within 2% of the December 31, 2018 receivable balance, in other words remaining relatively consistent from quarter to quarter. The average receivable balance of the 1,008 accounts owing less than \$500 is \$75.00, which is well under a single quarterly invoice.*
- D. Presentation of the Final Financial Audit Report for the Years Ended July 31, 2019 and 2018
 - *Mr. Morgus introduced Ms. Yates and himself to the Board. Ms. Yates reviewed the Communication to Those Charged with Governance, the Audited Financial Statements, and the Management letter, and noted that both the Legal Ad and DCED Report were also completed as part of the audit process. Ms. Yates recommended staff be provided cybersecurity training. The*

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE OCTOBER 8, 2019 REGULAR MEETING

Report did not identify any deficiencies in internal control that was considered a material weakness.

- *Mr. Patterson suggested that Board members should have fiduciary training. Mr. Hnath and Mr. McKee concurred and indicated that they would research available training. A motion was made by Mr. Patterson and seconded by Ms. McKnight to accept the audit reports. Motion approved 5-0.*

6. EXECUTIVE DIRECTOR'S REPORT

A. Plant Superintendent's Operations Report – September 2019

- *Mr. McKee said the Plant Superintendent, Field Superintendent and Realty Transfer reports were in the Board's packages. Mr. McKee explained that the Field Superintendents report is now linked to the Realty Transfer Inspections. Mr. McKee explained that the Realty Transfer crews find issues with the public system during the inspections of the private laterals and report those issues to the Field Superintendent. The Field Superintendent uses these reports to help prioritize the crews work schedule and reports back that the issues have been resolved.*
- *Mr. McKee asked if the Board if they had any questions. The Board had no questions.*

B. Field Superintendent's Operations Report – September 2019

- *Outlined in 6A*

C. Realty Transfer I&I Inspection's Report – September 2019

- *Outlined in 6A*

7. OPERATIONS DIRECTOR'S REPORT

A. Sewer Tap-In Report – September 2019

- *Mr. Schon reviewed the sewer tap-in report for September 2019. There were seven permits issued: four no fee permits for repairs and three new single family residential units.*

B. Discharge Monitoring Report – August 2019

- *Mr. Schon reported that the wastewater treatment plant was in full compliance with all NPDES permit discharge limits during the month of August 2019. The monthly average daily flow at the plant was 4.416 MGD. August was a dry month with only 2.92 inches of rain. No wet weather diversion pump stations were activated during the month and there were no sanitary sewer overflows. Mr. Schon also noted that the quarterly W.E.T. test conducted in August was passed successfully.*

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE OCTOBER 8, 2019 REGULAR MEETING

8. CONSULTING ENGINEER'S REPORT

A. Monthly Engineer's Report – September 2019

- *Ms. Carroll informed the Board that the monthly Engineer's Report was in their package, and asked if there were any questions.*
- *Mr. Patterson inquired on the status of the plant re-rating, to which Ms. Carroll explained the anticipated time-line and required steps necessary to complete the process.*

B. Consulting Engineer's Annual Report and 2019/2020 Fiscal Year Budget

- *Ms. Carrol informed the Board that with the help of the BASA staff the Annual Engineer's Report and 2019/2020 Fiscal Year Budget report has been completed. The report was provided in their Board package.*
- *The Board was asked if there were any questions. There were no questions.*
- *A motion was made by Ms. McKnight and seconded by Mr. Henry to approve the Consulting Engineer's Annual Report and 2019/2020 Fiscal Year Budget report. Motion approved 5-0.*

9. FISCAL AND CONTRACTUAL MATTERS

A. Discuss Refinancing the 2013 Sewer Revenue Bonds - Jay Wenger, Susquehanna Group Advisors, Inc. and Sean Garin, Dinsmore & Shohl, LLP

- *Mr. Wenger updated the Board on the condition of the Bond market and reviewed the bond underwriter's proposals. Four requests for proposal were sent out and three proposals were returned. The projected yield provided by the underwriters is 2.30%, 2.34% and 2.45%. These yields would produce approximately a \$1 million savings over the life of the refinanced bond.*
- *Mr. Garin reviewed the proposed parameters resolution for the Board to consider before continuing with the refinancing of the 2013 Sewer Revenue Bonds. Mr. Garin explained that the Board had a choice in regards to the competitive sale of the bonds or a negotiated sale of the bonds. Mr. Garin also explained that the Board should set a minimum on the debt service savings of not less than 3% and not more than 7%.*

B. Consider Resolution No. 10-08-2019-1 re: Authorizing Necessary Actions for the Achievement of the 2019 Bonds (Refinancing of 2013 Bonds)

- *A motion was made by Mr. Patterson and seconded by Mr. Henry to approve Resolution No. 10-08-2019-1 authorizing the necessary actions to refinance the 2013 Sewer Revenue Bonds using a negotiated sale of the bonds and setting the minimum savings at 5%. Motion approved 5-0.*

C. Financial Adviser, Susquehanna Group Advisors, Inc., Bond Services Proposal re: 2019 Bond Issue

- *A motion was made by Ms. McKnight and seconded by Mr. Sybert to approve the Susquehanna Group Advisors proposal for professional services in the amount of \$24,000 for the 2019 Bond issue. Motion approved 5-0.*

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE OCTOBER 8, 2019 REGULAR MEETING

D. Bond Counsel, Dinsmore & Shohl, LLP, Legal Services Proposal re: 2019 Bond Issue

- *A motion was made by Ms. McKnight and seconded by Mr. Patterson to approve the proposal from Dinsmore & Shohl, LLP for legal services in the amount of \$24,000 for the 2019 Bond issue. Motion approved 5-0.*

E. Authority Solicitor's Legal Services Proposal re: 2019 Bond Issue

- *A motion was made by Mr. Henry and seconded by Mr. Patterson to approve the Authority Solicitor's legal services proposal in the amount of \$12,500 for the 2019 Bond issue. Motion approved 5-0.*

10. OLD BUSINESS

A. CAP Update, HRG's Progress Report – September 2019

- *Mr. Slomers reviewed HRG's progress report. Staff had provided HRG all the information requested. The CAP is on schedule and meeting all the deadlines required by the DEP's approved schedule. The next quarterly report is due to DEP by the end of October 2019.*

11. NEW BUSINESS

- *No New Business.*

12. PUBLIC COMMENT: NON-AGENDA ITEMS (Time Limit – 5 Minutes)

- *No Public Comment.*

13. ADJOURNMENT

- *The Board adjourned the meeting and exited into executive session at 9:55 A.M. A motion was made by Mr. Henry and seconded by Mr. Patterson to adjourn the meeting. Motion approved 5-0.*

The Board went into Executive Session from 9:59 A.M. to 10:55 A.M. to discuss legal issues

- *Mr. McKee, Ms. Lavorini, Mr. Schon, Mr. Hnath, Mr. Patterson, Ms. McKnight, Mr. Henry, Mr. Hassler, and Mr. Sybert were present.*
- *The Board discussed union negotiations and a pending union arbitration.*

Secretary

Date

NEXT MEETING: TUESDAY, NOVEMBER 12, 2019, 9:00 A.M.

BASA AUTHORITY OFFICE, 100 LITMAN ROAD, BUTLER, PA