

The January 22, 2015 Special Meeting of the Greater Hazleton Joint Sewer Authority was called to order by Vice Chairman George at 7:00 PM. All in attendance gave a pledge of allegiance. Board Member Eyerly was absent and all other Board Members were present. Wilson and Christopher Yale of Morgan Stanley were also in attendance.

### **PUBLIC COMMENT**

There was no public comment.

The Director of Operations, Christopher Carsia, stated that Wilson and Christopher Yale were present to update the Board on the Authority's investments with Morgan Stanley. He said prior to their presentation, he wanted to discuss the Authority's electricity contracts with PPL Energy Plus that expire at the end of 2015. He said a representative from PPL Energy Plus recommended looking at new contracts for 2016 and 2017 because energy prices have fallen over the past few weeks to an attractive level. He said natural gas is near a three year low and the electric prices closely follow natural gas prices. He then stated that pricing would be received tomorrow from PPL Energy Plus, so there will be a better idea of rates at that time. Board Member Grink asked where the electricity costs were for the year. The Operations Manager, Gregory Olander, stated that through 6 months, the electricity costs are about 40% of the \$694,000 electricity budget for the fiscal year.

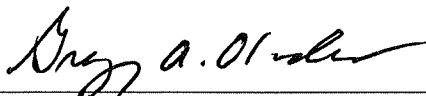
The Director of Operations turned the meeting over to Wilson and Christopher Yale of Morgan Stanley for an update on the Authority's investments with their firm. Wilson Yale began by giving a brief history of bond rates from 1951 to the present. He said bond rates and interest rates have a "See Saw" affect such that when interest rates increase, bond values decrease and vice versa. He said interest rates are now expected to rise for many years to come and the Authority's investments have historically been in government securities due to the strict constraints on investing by municipal authorities in Pennsylvania. Wilson then gave a brief history of the Authority's investments since inception in 1999. He stated that it is currently highly unlikely to realize 3% to 5% returns with the investing constraints that are in place. Wilson and Christopher led a discussion of oil prices and other natural resources, long term interest rates, and the Gross Domestic Product (GDP). The Morgan Stanley representatives noted that the Authority is invested in mortgage backed securities and US Treasury Bonds, which are liquid investments that can be sold at short notice if cash flow is needed. They said 80% of the bonds owned by the Authority have a 5 year term or less, which makes them a less risky investment than long term bonds.

The representatives then presented the goals and risks for the portfolio. They stated that the goals include capital preservation, purchasing power preservation, and total return. They noted that the Authority's portfolio is structured for total return and capital preservation with 2/3 invested in bonds and 1/3 in CDs. They also noted that default risk is not an issue with these investments.

After Wilson and Christopher Yale answered a few questions concerning the investments, the Board thanked them for their presentation.

**Milot & Fay** moved to adjourn. Passed: Aye-8, Nay-0, Absent-1  
The meeting was adjourned at 8:17 PM.

Respectfully submitted,  
**Greater Hazleton Joint Sewer Authority**

  
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Gregory Olander, Assistant Secretary