

The November 21, 2016 regular monthly meeting of the Greater Hazleton Joint Sewer Authority was called to order by Chairman George at 7:30 PM. All in attendance gave a pledge of allegiance.

Roll Call:

Boyarski – Present

Cuozzo – Present

Fay – Present

Fayock – Present

George – Present

Grink – Present

Milot – Present

Sherrock – Present

Also in Attendance:

Christopher Carsia – Director of Operations

Gregory Olander – Operations Manager

Andy Nowak – Field Operations Manager

Attorney Joseph D. Ustynoski – Solicitor

Robert Dougherty, P.E. – RJD Engineering

\*Rachel Govelovich, P.E. – Gannett Fleming

\*John Nonnemacher, CPA – Snyder & Clemente

Attorney Jennifer Caron – Eckert Seamans

Attorney C. Peter Carlucci – Eckert Seamans

\*In attendance during the Work Session

**PUBLIC COMMENT**

There was no public comment.

Attorney Ustynoski introduced Attorney Jennifer Caron and Attorney Peter Carlucci to the Board. He said they have worked for the Authority as Bond Counsel since 2011; specifically on the Series of 2012A and 2012B bond issues. He said they have also served as Special Counsel for the Regionalization Project, Pennvest Closing (\$33.6 million), and Interim Financing through PNC Bank (\$6 million). Attorney Carlucci spoke about their firm's experience handling large financings and then informed the Board that Attorney Caron was recently promoted to partner in their firm. Attorney Caron referenced a packet that was given to each Board Member containing an overview of the Eckert Seamans Public Finance Group and a letter containing scope of services and a fee schedule for the upcoming financing. Jennifer reported that she recently spoke with Christopher Gibbons of Concord Financial regarding the upcoming financing. She said since the election, interest rates rose 50 to 70 basis points and Chris explained this due to the expectation of inflation, a perceived pro-business outcome from the election and anticipated improvements to the infrastructure. Attorney Carlucci stated that his firm has extensive experience in Public Finance and he is confident that they will represent the Authority well over the long term. Board Member Fayock asked how long he worked with Christopher Gibbons. Attorney Carlucci responded that he has had dealings with Mr. Gibbons for about 15 years. He said that he is very experienced and competent stating that Mr. Gibbons tests the bond market with bank loans. He said bank loans have been very competitive with bonds over the past 4 to 5 years.

**Fay & Milot** moved to approve the minutes of the October 24, 2016 Regular Monthly Meeting.

Passed: Aye-8, Nay-0, Absent-0

During the Work Session, John Nonnemacher, CPA reported on the Authority's audited financial statements for Fiscal Year Ended July 31, 2016. He thanked the Board re-appointing Snyder & Clemente as the Authority's Auditor and he began his presentation by differentiating between different types of funds. He said the Authority is set up as a proprietary fund, which operates as a business where revenues can exceed expenditures to maintain a healthy and stable view of the organization. He said this is in contrast to a governmental fund operated by municipalities, which do not operate for profit. He then informed the Board that a test of internal controls was also performed as part of the audit. John said that he was pleased to report the Financial Statements

for Fiscal Year Ended 2016 were represented fairly in accordance with Generally Accepted Accounting Principles. John then reviewed the Income Statement and reported that operating revenue, revenue from treatment and transmission fees, remained relatively unchanged from the prior year. He said revenue from outside waste haulers was \$1.533 million, which represents 16% of the overall revenue and supplements fees charged to customers within the service area. He said other operating revenue decreased significantly due to the \$250,000 litigation settlement payment that was realized in the prior year. He said on the expense side, biosolids removal and maintenance and repairs were both notably lower than the prior year. He stated that the operating income for the year was \$2,053,630 and the net position of the Authority increased by \$2,853,437. He then reported that the working capital ratio is 3.07, which is the current assets (\$8,783,003) divided by the current liabilities (\$2,859,260). He said the Authority has a good working capital ratio, which is important when managing a proprietary fund. He stated that the restricted assets decreased due to use of the remaining money in the 2008 Construction Fund for capital improvements and depreciation increased to 2,043,837 for the year consistent with additional construction projects being placed into service during the year.

John then reported on the non-current liabilities. He said the Other Post-Employment Benefits (OPEB) is now reported on the financial statements and the Authority's liability is increased to \$541,127. He said because the Authority is not funding this liability, the balance will continue to grow on the financial statements. He said this is a benefit that should be negotiated with the union staff because the liability will continue to rise if it is not properly funded. He stated that the pension liability rose slightly to \$1,043,251 and noted that the Minimum Municipal Obligation (MMO) has been paid each year. He said the overall net position is \$33,958,834. John then reported that there were no significant deficiencies or material weaknesses detected during the audit; however, there was one item to report under the management letter. He said one of the newly hired employees was not added to the pension plan census data form. Christopher Carsia stated that the employee was added as soon as he was made aware of the issue. John then said in his opinion the Authority is well run, which is a testament to how Chris and Greg manage the operation under the Board's supervision. John then suggested the Authority send Greg for additional accounting courses since his bachelor's degree is in science. He said Greg is doing a great job with the finances, but it is getting much more difficult due to new GASB standards being added each year. John also thanked the Authority for hosting a PICPA mentoring program for Marion High School students last year. He said it was such a success, the PICPA asked if it could be hosted by the Authority again in 2017.

**Sherrock & Grink** moved to accept the Fiscal Year Ended July 31, 2016 Audited Financial Statements and recommendations as presented by John Nonnemacher, CPA of Snyder & Clemente, CPA.

Roll Call: Boyarski-yes, Cuozzo-abstain, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Pension Committee Report** – Board Member Grink reported that the Morgan Stanley representative, Howard Williard III, made a few strategic moves to replace some of the money managers in various investment funds. He said they are trying to decrease the risk while increasing returns. He reported that the rate of return since inception is 3.3% gross of fees and 2.02% net of fees. He said the moves the committee authorized allow Howard to replace money managers within the asset classifications.

Christopher Carsia reported that the union members requested the Authority change administrators for the 457B Voluntary Pension Fund. He said this plan is sponsored by the Authority, but all the contributions are made by the employees. He said the administrator change would be from Metlife to Mass Mutual Financial Group working in conjunction with the Authority's Investment Advisor, Morgan Stanley and in order to make the change, it requires a signature from an authorized signor(s). He requested that Board approve him as Plan Administrator for signatures with Gregory Olander as the alternate. He said the disbursements to Mass Mutual would be done electronically instead of mailing the payment with a remittance sheet. He said the transfer would take about 60 days to complete.

**Milot & Sherrock** moved to accept the Pension Committee report

Roll Call: Boyarski-yes, Cuzzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

### Director of Operations Report - MONTHLY FLOW REPORT

	<u>October 2016</u>		<u>Year to Date</u>		
			<u>Total</u>		<u>Average</u>
<b>Total Flow</b>	<u>160,854,822</u>	Gallons	<u>2,291,977,482</u>	Gallon	xxxxx
<b>Total Flow Bypassed</b>	<u>0</u>	Gallons	<u>66,887,565</u>	Gallon	xxxxx
<b>Days Flow Bypassed</b>	<u>0</u>	Days	<u>30</u>	Days	xxxxx
<b>Total Flow Treated</b>	<u>160,854,822</u>	Gallons	<u>2,225,089,917</u>	Gallon	xxxxx
<b>Average Minimum</b>	<u>2.9</u>	MGD	xxxxx	xxxxx	<u>4.9</u> MGD
<b>Average Maximum</b>	<u>7.9</u>	MGD	xxxxx	xxxxx	<u>12.2</u> MGD
<b>Average Daily Flow</b>	<u>5.2</u>	MGD	xxxxx	xxxxx	<u>7.3</u> MGD

Christopher Carsia, the Director of Operations, reported on the wastewater flows for October 2016. He said the total volume of wastewater diverted from all point sources for the month was estimated to be 20.888 million gallons with approximately with no treated outflow diverted at the treatment plant. He said approximately 1.629 million gallons of the total diverted flow was treated outflow from the Autumn & Ridge CSO Separator. He said the flow to the treatment plant was recorded at 160.8 million gallons with 160.8 million gallons fully treated. He also stated that the average daily flow to the treatment plant for the month remains low at 5.2 MGD and the average daily flow for the year decreased again this month to 7.3 MGD, which is well below the 8.9 MGD permit limit.

The Director of Operations then reported that the revenues for October 2016 were \$1,046,660.63 which is an increase of 3.2% from the prior year and bills issued for hauled waste received in October totaled \$147,838.95.

The Director of Operations reported that the health insurance renewal was received from Highmark for 2017 with a 12% increase to premiums. Board Member Grink noted that West Hazleton Borough met with an insurance provider that has a consortium with other companies to reduce health care premiums or offer a refund. He said that he would contact the company to setup a meeting with Authority Management. Christopher then stated that the Worker's Compensation policy expires at the end of the 2016 calendar year and he is recommending locking in the rate with the current insurer, Lackawanna Insurance Group, for a premium of \$60,148.00, which is near the budgeted amount.

The Director of Operations also reported on the concrete repairs being made to the old sludge holding tank. He said the repairs are nearly complete and the fiberglass cover will be installed in the next few days. He said the FOG system should be ready to begin startup in about 2 to 4 weeks.

The Director of Operations informed the Board that he and Mr. Olander attended a meeting of the Hazleton Area Landlords Organization (HALO). He said the HALO attendees were given a presentation on the history of the Authority, its operation, and billing practices. He said Betty Hodgson, the organization's President, was pleased with the presentation and thanked us for attending.

The Director of Operations reported that following the agreed upon increases, he received a subsequent letter from CES and Keystone Landfills indicating that there would be no increase to the tipping fees for calendar year 2017. He also informed the Board that Environmental Scientist, Nicolas Sahd, returned to Gannett Fleming where he was previously employed and the Authority will continue to use him in the same capacity for their environmental needs.

The Field Operations Manager, Andy Nowak, reported that the cleaning and inspection of sewer lines has increased. He said traffic control was set-up on 15<sup>th</sup> St. near Putnam St. in West Hazleton due to heavy traffic in that area so a line could be flushed and televised. He said it took several days to clean the line, which was installed in the 1920's, and flow was improved following the cleaning. He said several sinkholes were repaired near the stone arch in that area.

The Operations Manager, Gregory Olander, reported that the three day final inspection of the 2008 WWTP Upgrade Project by DEP and PENNVEST representatives began on November 15, 2016. He said there were very minor issues found at the treatment plant and no issues at the four pump stations. He said the final day was file review and again there were only minor items that need to be addressed to close the project. He said the DEP inspector will be sent follow-up information that was requested as quickly as possible.

**Fayock & Fay** moved to accept the Director of Operations report and to have the written report on diverted flows made a permanent part of the record.

Passed: Aye-8, Nay-0, Absent-0

**Engineer's Report** – Rachel Govelovich reported that the design work is continuing on the Plant Water System Upgrade. She said plans were reviewed to determine if the suction line could be rerouted to draw water from after the UV Disinfection System. She said a PA Small Water and Sewer System Program grant application was submitted on October 28, 2016.

Rachel then reported that DEP has still not issued a new NPDES Permit for the treatment plant. She also reported that Gannett Fleming could resubmit the two LSA Grant applications that were submitted in 2015. She said it would require some modifications to the applications and updating of resolutions and planning letters. She then requested the Board Authorize Gannett Fleming to perform the work needed to submit the application.

Rachel informed the Board that design work continues on the Incinerator Installation Project. She said responsibilities are being coordinated between the various engineering disciplines at

Gannett Fleming and the incinerator manufacturer, Suez Technologies. She said there is a vast amount of valves, pipes, instrumentation, and electrical systems contained in this extensive design. Rachel then requested the Board call a special meeting to discuss the Incineration Project in greater detail.

Robert Dougherty reported that the construction portion of the Button Bock CSO West Separation Project is now complete. He said the West side connection directly to the sanitary sewer is now complete and 240 units from the West Separation Project are now removed from the CSO and flow directly to the Gashouse Pump Station. He also reported that his firm continues to work on roof drain removals from the sewer system in the East section of the Button Bock Project. He said when all roof drains are removed, the bypass to the stone arch will be closed and flow monitoring of the drainage basin can begin so the amount of flow removed can be recorded. He reported that there are a number of vacant properties whose owners have not responded to the notices for roof drain removal. He said the roof drains must still be removed and the Authority personnel can remove the illegal connections themselves because it has been authorized by Resolution (002 of 2015). Board Member Fayock asked if a lien can then be filed on the property. Attorney Ustynoski responded that a charge for the Authority performing the work can be added to the account balance for that property and if they do not pay, normal delinquent processing procedures would be followed.

**Sherrock & Grink** moved to accept the Engineer's report. Passed: Aye-8, Nay-0, Absent-0

**Solicitor's Report** – Attorney Ustynoski reported that Susan Sernak-Martinelli from his law firm has been researching and compiling documentation for the claim against Grundfos (Chicago/Yeomans Pumps).

**Fayock & Boyarski** moved to accept the Solicitor's report. Passed: Aye-8, Nay-0, Absent-0

**Fay & Fayock** moved to accept the Investment Consultant's Report as presented.

Roll Call: Boyarski-yes, Cuzzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

#### **BILLS AND CREDITS**

**Fayock & Boyarski** moved to approve payment of Gannett Fleming, Inc. invoices and requisitions from September 3, 2016 through September 30, 2016, totaling \$6,853.71 as listed in the following table:

<u>Requisition #</u>	<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Operating Fund	051153.A*24560	Annual Service Work	\$ 1,035.78
Operating Fund	051153.B*24562	Attending Authority Meetings	\$ 635.24
Operating Fund	051153.AG*24572	Financing & Grants	\$ 1,783.62
Operating Fund	051153.01*24559	Plant Water Service & SCADA	\$ 1,949.10
Operating Fund	048847.B*24558	PENNVEST Administration	\$ 1,449.97
		Total	\$ 6,853.71

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Cuozzo & Fay** moved to authorize payment from the Operating Fund in the amount of \$931,991.56 for Operating and Administrative Expenses (\$607,569.55); Construction in Progress (\$45,618.03); Transfer to Other Authority Accounts (\$115,236.83) Pennvest Loan #27769 (\$158,666.52); Pennvest Loan #74119 (\$1,473.64); and Pennvest Loan #58103 (\$3,426.99) from the month of October 2016.

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Boyarski & Cuozzo** moved to approve issued credits totaling \$8,255.04 from month of October 2016.

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

### **NEW BUSINESS**

**Sherrock & Milot** moved to authorize Christopher Carsia and Gregory Olander to act as Plan Administrator(s) and Authorized Signor(s) for the Greater Hazleton Joint Sewer Authority's 457B Pension Plan, which is a voluntary deferred compensation plan that is currently funded solely by employee contributions, and to authorize the transfer of employee funds from the current 457B administrator, Metlife, to a new administrator, Mass Mutual Financial Group who works in conjunction with the Authority's current investment advisor, Morgan Stanley.

On the Question: Board Member Cuozzo asked how many employees were enrolled in this plan. Christopher Carsia responded that about 1/3 of the workforce is currently enrolled in the 457B Voluntary Pension.

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Sherrock & Grink** moved to extend the contract with CES and Keystone Landfills through calendar year 2017 with no price increase as per the correspondence dated October 28, 2016.

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Cuozzo & Fayock** moved to authorize Gannett Fleming to submit LSA Grant applications prior to the December 31, 2016 deadline, on behalf of the Authority, through West Hazleton Borough and Hazle Township for the same two projects for which grant applications were submitted in 2015.

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Milot & Fayock** moved to appoint Eckert Seamans Cherin & Mellott, LLC, with representation by Attorney Jennifer Caron and Attorney Pete Carlucci, to serve as Bond Counsel with respect to the upcoming financing for the Incinerator Project according to the terms and conditions as contained in the Engagement Letter dated November 21, 2016.

Roll Call: Boyarski-yes, Cuozzo-yes, Fay-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes

**Chairman George** called a Special Meeting at 7:00 PM on Tuesday, November 29, 2016 to discuss the Incinerator Project and other general Authority business.

**Milot & Sherrock** moved to adjourn. Passed: Aye-8, Nay-0, Absent-0  
The meeting was adjourned at 7:31 PM

The next regularly scheduled Work Session will be Wednesday, December 14, 2016 at 7:00 PM.  
The next regularly scheduled monthly meeting will be Monday, December 19, 2016 at 7:30 PM.

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

  
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Gregory Olander, Assistant Secretary