

MONT ALTO MUNICIPAL AUTHORITY
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MINUTES SPECIAL MEETING SEPTEMBER 14, 2009
2:00 P.M.

CALL TO ORDER - Chairman David Monn called the Special meeting of September 14, 2009 of the Mont Alto Municipal Authority to order at 2:03 p.m.

ROLL CALL - David Monn, Sidney Miller, Tommy Gilbert and Staat Stymiest present. Gary Eigenbrode absent.

MONT ALTO MUNICIPAL AUTHORITY STAFF - Scott Longstreth Nassaux-Hemsley, Inc., Timothy Misner Solicitor, Patti Strite Treasurer, and Patricia A. Kocek Recording Secretary.

VISITORS

Dennis Monn Mont Alto Borough Council
Gordon Walker The PFM Group (Public Financial Management, Inc.)

OLD BUSINESS

SEWER

MAMA Sewer Treatment Plant Upgrade

Sewer Plant Upgrade Financing - Chairperson D. Monn turned the meeting over to Tim Misner. T. Misner introduced Gordon Walker.

T. Misner reminded the members of the Authority that the amount of money that needs to be borrowed to fund the Sewer Treatment Plant Upgrade is going to cost more than he is able to get an opinion for. T. Misner suggested talking to Bond Counsel.

T. Misner introduced Gordon Walker of Public Financial Management, Inc. G. Walker is here to give the Authority options that are available to them and what is happening in the Market as it pertains to borrowing money.

The STP Upgrade will be bid in late December and awarded in February at an approximate cost of \$4 million. The construction should take approximately one (1) year.

G. Walker presented a hand out to those present. G. Walker then gave a brief background of his history in the financial field.

G. Walker and the members of the MAMA reviewed portions of the handout. The hand out includes a list of some of his present clients.

He explained that Bond Issues are the way to finance larger projects but Bank Loans, particularly on these Sewer Projects are easier and cheaper.

The Authority can have a closing on a Bank Loan before the Contract is awarded so that the money is available to pay the bills as they are approved.

G. Walker and the Authority discussed the following aspects of borrowing money for the Upgrade of the STP.

1. Agree on a list of banks to solicit
2. LIBOR Vs Prime
3. Not being tied to any one bank for all of the Authority's assets
4. Bond Issue may require a guarantee by the Borough and would require an A or A- rating
5. 20 - 25 - 30 year term for a loan
6. Construction draw downs 12, 24 or 36 months
7. Parity with the existing loans
8. Prepayment penalties

Following are the steps and time frame for securing and closing a loan for the Upgrade of the STP:

1. Obtain financial records
2. Send out letters to banks soliciting loans
3. Receive quotes from the banks
4. Analyze and work up a summary
5. Present the summary to the Authority Second or third Monday of November to formally accept quotes
6. Thirty days to close
7. January closing

How does the Authority pay for G. Walker's services?

1. He would be paid at closing
2. \$200.00 per hour G. Walker (lower because of the rural situation)
3. \$125.00 per hour G. Walker's assistant
4. Would keep fees down by using email, conference calls and phone calls
5. Probably the only meeting he would have to attend would be the meeting to sit down and consider the quotes
6. G. Walker told the MAMA that he can give a better estimate of his fees after the bank quotes come in

Discussion on the cost of Bond Counsel to obtain a Bond issue instead of a Bank Loan.

G. Walker told the Authority members that he would use his expertise to try to keep the principal and interest as low as possible.

An aging Plant and the new regulations are the reason the MAMA has to upgrade the Sewer Treatment Plant.

New Business/Old Business

Water/Sewer

Discuss and act upon any and all other matters and business that may be brought before the meeting - T. Misner told the Authority members that they can discuss and decide this evening whether or not to hire PFM.

Adjournment - T. Gilbert made a motion to adjourn the Special Meeting of September 14, 2009 of the Mont Alto Municipal Authority at 3:18 p.m., S. Stymiest seconded, so ordered.

Respectfully submitted,

Patricia A. Kocek

Submitted to Mont Alto
Municipal Authority for their
approval on October 12, 2009.

Patricia A. Kocek
Mont Alto Municipal Authority
Recording Secretary