

**DEER CREEK DRAINAGE BASIN AUTHORITY**

**Regular Meeting**

**October 18, 2021**

The Regular Meeting of the Deer Creek Drainage Basin Authority was held at 7:00 p.m. at the Authority office located at 945 Little Deer Creek Road, Russellton, Pennsylvania.

**Call Meeting to Order**

Mr. Higgins called the meeting to order and asked Mrs. Biery to call the roll. Board members present: Mr. Plesh, Mrs. DeLuca, Mrs. Krally, Mrs. Pastura, Mr. Parks and Mr. Higgins. Board Member absent: Mr. Simonetti, Mr. Coluccio and Mr. Drischler. Also present: Mr. Schmitt, Mr. Sprung, Mr. Brown, Mrs. Biery, Mr. Vancheri and Tim Frenz of Janney Montgomery Scott, LLC, an invited speaker.

**Flag Salute**

The Board rose and recited the Pledge of Allegiance.

**Reading and Approval of Minutes**

Mr. Higgins asked the Board to review the meeting minutes for the Regular Meeting on September 20, 2021.

MOTION was made by Mr. Plesh and seconded by Mrs. Pastura to approve the minutes of the September 20, 2021 Regular Meeting. Motion carried unanimously.

**Accountant's Report**

Mr. Vancheri presented the Operating Accounts Receipts & Expenses and Funds Available & Debt Obligations Reports for the period ending September 30, 2021, a copy of which had been distributed to the Board.

**Treasurer's Report**

The following Tap Fee and Assessment payments were received since the last Regular Meeting:

Kathleen Wagner	86 McClure Road	Assessment	277.66
Northpoint Development	5249 Middle Rd Lot 1 Timber Run	Tap	<u>2,000.00</u>
			\$2,277.66

Of these amounts, \$1,577.66 will be transferred to the Capital Improvement Fund and \$700.00 will be transferred to the Preventive Maintenance Fund.

MOTION was made by Mrs. Pastura and seconded by Mr. Plesh to approve the Treasurer's Report and paid bills for the month of September 2021. Motion carried unanimously.

**Solicitor's Report**

*AVJSA Expansion Project*

Mr. Brown reported on the AVJSA Expansion project bond issue and introduced Mr. Timothy Frenz representing Janney Montgomery Scott, LLC, bond underwriters. Bids were opened and awarded by Allegheny Valley which triggers the timetable for financing DCDBA's 43% share of the total project.

Mr. Frenz reported the S&P Rating Agency phone call was made earlier in the day and went very well. Market conditions remain good and refinancing of the RUS loans remain viable. This bond issue is being set up in two pieces, but there will be one bond issue with one annual payment structure. Mr. Frenz sees the timetable as the bond rating being available on October 26, receipt of the bond insurance on October 26, the Authority markets and sell the bonds on November 3 or 4, locking in the interest rates with closing near November 23, 2021.

Mr. Vancheri discussed the 2022 draft budget, estimating the amount of revenue to be raised to cover the new debt on an annual basis. Rates have not been raised since 2014 and the new rates will be competitive in comparison to rates of other local Authorities. The 2022 Budget and proposed rate increase will be updated to reflect the actual borrowing amount and will be presented to the Board for approval at either the November or December 2021 Regular Meeting.

Mr. Brown presented for approval Resolution 21-01 authorizing Janney Bond Counsel and Trustee to proceed with all the actions necessary to sell the bonds.

## **DEER CREEK DRAINAGE BASIN AUTHORITY RESOLUTION NO. 21-01**

**A RESOLUTION OF THE DEER CREEK DRAINAGE BASIN AUTHORITY, ALLEGHENY COUNTY, PENNSYLVANIA; AUTHORIZING THE ISSUANCE OF SEWER REVENUE BONDS, SERIES OF 2021 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$53,000,000; AUTHORIZING A PRIVATE SALE BY NEGOTIATION OF THE BONDS; AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT; AUTHORIZING AND DIRECTING OFFICERS OF THE AUTHORITY TO PROCEED WITH THE BOND ISSUE; REPEALING ALL INCONSISTENT RESOLUTIONS AND SETTING FORTH AN EFFECTIVE DATE.**

WHEREAS, the Deer Creek Drainage Basin Authority (the "Authority") is a public body incorporated and exercising public power in the Commonwealth of Pennsylvania, duly organized and validly existing under the provisions of the Municipality Authorities Act of 1945, Act of May 2, 1945 (P.L. 382, No. 164), as amended and re-enacted by the Municipality Authorities Act, Act 22 of 2001, and codified at 53 Pa. C.S.A. § 5601, et seq. as amended (the "Act"); and

WHEREAS, the Authority is authorized by law to borrow money, to make and issue negotiable bonds and to secure payment of such bonds or any part thereof by pledge or deed of trust of all or any of its receipts and revenues and to make such agreements with the purchasers or holders of such bonds or with others in connection with any such bonds, whether issued or to be issued, as the Authority shall, subject to the provisions of the Act, deem advisable; and

WHEREAS, in order to provide funds for (1) payment of its contractual share of capital additions of the Allegheny Valley Joint Sewage Authority treatment plant expansion project ("AVJSA Project"); (2) currently refunding the Authority's Rural Utilities Service Sewer Revenue Bonds, Series A of 2010 and Series B of 2010 (the "2010 Bonds"); (3) funding a Debt Service Reserve Fund Requirement for the Bonds; (4) paying capitalized interest on the Bonds; and (5) paying the costs of issuance of the Bonds (collectively the "Project"), the Authority has determined to issue its Sewer Revenue Bonds, Series of 2021 (the "Bonds");

and

WHEREAS, the Authority is authorized under the Act to issue its bonds for the purposes aforesaid; and

WHEREAS, the Authority desires to accomplish the purposes of its Project by the issuance of its Bonds not to exceed \$53,000,000 in aggregate principal amount; and

WHEREAS, the Bonds are being issued under and secured by the terms of a Trust Indenture (the "Indenture") to be dated as of the date of execution and delivery thereof, between the Authority and the Trustee, Zions Bancorporation, National Association; and

WHEREAS, the Authority will undertake a private sale by negotiation for the Bonds, and will request that the underwriting firm of Janney Montgomery Scott LLC (the "Underwriter") submit a negotiated purchase proposal for the purchase of the Bonds under a contract of purchase (the "Purchase Contract") with the Authority for the purchase of the Bonds; and

WHEREAS, it has been represented to the Authority that the Authority may be able to reduce its total debt service by purchasing a municipal bond insurance policy (the "Municipal Bond Insurance Policy") that insures the regularly scheduled payment of principal of, and interest on, the Bonds; and

WHEREAS, the Bonds may be secured by a Municipal Bond Insurance Policy to be issued by a municipal bond insurer (the "Municipal Bond Insurer") pursuant to a commitment from the Municipal Bond Insurer (the "Commitment"); and

WHEREAS, the Authority may be able to fund the Debt Service Reserve Fund Requirement for the Bonds by the procurement of a debt service reserve surety policy (the "Surety Policy") from the Municipal Bond Insurer; and

WHEREAS, the Authority desires to authorize appropriate officers to execute documents and to do other necessary acts to effectuate the Project; and

WHEREAS, the Bonds will be payable from and secured by the Authority's Pledged Revenues (as defined in the Indenture) which consist primarily of sewer rates, rentals and charges imposed upon users of the Sewer System; and

WHEREAS, a Preliminary Official Statement of the Authority (the "Preliminary Official Statement") and a final Official Statement (the "Official Statement") will be distributed.

NOW, THEREFORE, BE AND IT HEREBY IS:

1. RESOLVED, that the indebtedness of this Authority be, and the same hereby is, incurred in an amount not to exceed \$53,000,000 to be represented by its Bonds, in order that this Authority may undertake and accomplish the Project and pay the costs of issuing the Bonds. The Bonds shall be issued in such denominations, number of series and maturities, at such interest rates or yields, with such redemption and other terms and provisions as shall be set forth in the Purchase Contract between the Underwriter and the Authority and as set forth in the Indenture; and

The Authority hereby designates the Board Chairman as the officer who is hereby authorized to approve, on behalf of the Authority, the final terms and provisions of the Bonds,

as to be set forth in the Purchase Contract between the Underwriter and the Authority, including the final sizing, final pricing and the selection of any Municipal Bond Insurer for purposes of a Municipal Bond Insurance Policy and a Surety Policy; and

2. RESOLVED, that this Authority hereby appoints Zions Bancorporation, National Association, as the Trustee, Paying Agent, Registrar, Sinking Fund Depository and Transfer Agent under its Indenture, dated as of the date of execution and delivery thereof; and

3. RESOLVED, that, in order to provide for the issuance of said Bonds, and to establish the terms and conditions upon which said Bonds are secured, this Authority execute and deliver to Zions Bancorporation, National Association, as Trustee, a trust indenture substantially in the form of the Indenture, dated as of the date of execution and delivery thereof, between this Authority and Zions Bancorporation, National Association, as Trustee, presented to and approved hereby at this meeting, with such changes therein as may be made by the Chairman or Vice Chairman of this Authority executing the Indenture, a copy of which is incorporated herein by reference; and

4. RESOLVED, that the Chairman or Vice Chairman of this Authority be, and he or she hereby is, authorized and directed to execute the Indenture in the name of and on behalf of this Authority and to acknowledge the same to be the act and deed of this Authority, and the Secretary or Assistant Secretary of this Authority be, and he or she hereby is, authorized and directed to affix the seal of this Authority to the Indenture when so executed, and to attest the same, and said officers or any of them be, and they hereby are, authorized and directed to deliver the Indenture to Zions Bancorporation, National Association, as Trustee; and

5. RESOLVED, that this Authority issue under its Indenture, its Bonds to be designated the "Deer Creek Drainage Basin Authority, Sewer Revenue Bonds, Series of 2021", to be dated initially as of the dated date of the Bonds, and thereafter on the date of authentication, to be fully registered bonds of varying denominations of Five Thousand Dollar (\$5,000) increments, to be redeemable to the extent and at the prices specified in the Purchase Contract and in the Indenture and in the manner provided therein, not to exceed \$53,000,000 in principal amount, and said series to be entitled to the security provided in the Indenture, to be paid out of the Pledged Revenues pledged under the Indenture, to the extent therein provided, to bear interest from the June 1 or December 1 preceding the date thereof, unless the date thereof is prior to June 1, 2022, then from the dated date of the Bonds, with interest payable on June 1, 2022 and thereafter semiannually on June 1 and December 1 in each year, until the principal thereof shall become due and payable, at the rates set forth in the Purchase Contract, to mature and be subject to optional and/or mandatory redemption as provided therein, and to be substantially in the form and to have such other terms and provisions as are more fully set forth in the Purchase Contract; and

6. RESOLVED, that the Chairman or Vice Chairman of this Authority be, and he hereby is, authorized and directed to execute manually or in facsimile said Bonds in the name and on behalf of this Authority and in the manner provided in the Indenture, and there be affixed or be imprinted upon said Bonds the corporate seal of this Authority manually or a facsimile thereof, and the Secretary or Assistant Secretary of this Authority be, and he hereby is, authorized and directed to attest manually or in facsimile said seal or facsimile thereof; and

7. RESOLVED, that the Chairman or Vice Chairman and Secretary or Assistant Secretary of this Authority be, and they hereby are, authorized and directed to direct Zions Bancorporation, National Association, as Trustee, to authenticate all of said Bonds, and the Secretary or Assistant Secretary be, and he or she hereby is, authorized and directed to deliver all of said Bonds to the Underwriter, upon receipt of the purchase price thereof; and

8. RESOLVED, the Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute an acceptance of a Purchase Contract between the Underwriter and the Authority and the Secretary or Assistant Secretary is authorized and directed to affix the seal of the Authority to the Purchase Contract when so executed, and to attest the same, and said officers or any of them are authorized and directed to cause the accepted Purchase Contract to be delivered to the Underwriter; and

9. RESOLVED, that the proceeds from the issuance and sale of the Bonds shall be deposited by the Treasurer or Assistant Treasurer of this Authority into the Clearing Fund of this Authority created pursuant to the provisions of the Indenture; and

10. RESOLVED, that this Authority hereby authorizes the application for and the commitment to provide the Municipal Bond Insurance Policy of the Municipal Bond Insurer, and directs that the proper premium for said Policy be paid to said Municipal Bond Insurer at the Bonds closing from the proceeds of the Bonds; and

11. RESOLVED, that this Authority hereby authorizes application for and the commitment to provide the Surety Policy of the Municipal Bond Insurer, and directs that the proper premium for said Policy be paid to the Municipal Bond Insurer at the Bonds closing from the proceeds of the Bonds; and

12. RESOLVED, that prior to bond closing, an Officers' Certificate be prepared in a form acceptable to the Authority, its Bond Counsel and the Trustee, with such changes therein as may be made by the Chairman or Vice Chairman of this Authority and the proper officers of this Authority are hereby directed to execute the same and deliver it to the Trustee; and

13. RESOLVED, that the officers of this Authority are hereby authorized and directed to refund in full the Authority's outstanding 2010 Bonds, that are subject to prepayment, at the earliest prepayment date, conditioned upon receipt of proceeds of the Bonds sufficient to refund such bonds; and

14. RESOLVED, that the Trustee, on behalf of this Authority, is hereby authorized and directed to pay the amounts from the Clearing Fund as directed in the said Officers' Certificate to the payees therein named and for the purposes therein contained from the proceeds of the issuance and sale of the Bonds and from other monies of the Authority as more fully set forth in the Indenture; and

15. RESOLVED, that the Trustee, on behalf of this Authority, is authorized and directed to transfer the balance of the proceeds from the issuance and sale of said Bonds and other monies of the Authority into the proper Funds pursuant to the provisions of the Indenture, and to perform all other acts necessary to effectuate the requirements thereof; and

16. RESOLVED, that the officers of the Authority are hereby authorized and directed to enter into any agreements, execute any certificates or otherwise receive and/or provide any

documents to effectuate the purposes of the Project; and

17. RESOLVED, that the officers of this Authority be, and they hereby are, authorized and directed to perform all other acts and do all other things necessary or proper to be done in connection with the issuance, sale and delivery of said Bonds and all other matters contemplated by the Purchase Contract; and

18. RESOLVED, that the Preliminary Official Statement (which this Authority "deems final" as of its date for purposes of SEC Rule 15c2-12(b)(1)) is hereby ratified and approved, and the form of the final Official Statement is hereby approved, and the use of the Preliminary Official Statement and the Official Statement in final form in connection with the issuance and sale of the Bonds is hereby authorized and approved, and the Chairman or Vice Chairman of this Authority be, and he or she hereby is, authorized to sign and deliver said final Official Statement on behalf of this Authority; and

19. RESOLVED, that Dickie, McCamey & Chilcote, P.C. of Pittsburgh, Pennsylvania, be, and they hereby are, appointed Bond Counsel to furnish any and all opinions of bond counsel required by the Purchase Contract, the Indenture, the Bonds or the Municipal Bond Insurer; and

20. RESOLVED, that Gibson-Thomas Engineering Co., Inc., of Latrobe, Pennsylvania, be, and they hereby are, appointed as the Authority's Engineer of Record to furnish any and all certificates or reports required by the provisions of the Indenture; and

21. RESOLVED, that the Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute a Continuing Disclosure Undertaking (the "Undertaking") to meet the requirements of SEC Rule 15c2-12, in such form as is acceptable to the Underwriter and Bond Counsel; and

22. RESOLVED, that no covenant, stipulation, obligation or agreement contained in this Resolution, the Bonds documents or other related and appropriate documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officer executing the Bonds shall be personally liable on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; and

23. RESOLVED, that any authorization granted to, power conferred on, or direction given to the Chairman, Secretary or Treasurer of the Authority, shall be deemed to run to the Vice Chairman or Assistant or Acting Secretary, or Assistant or Acting Treasurer, respectively, as if such latter titles had been expressly included in the text hereof which grants such authorization, confers such power or gives such direction; and

24. RESOLVED, that the Authority may from time to time appoint such additional Assistant or Acting Officers as may be necessary and convenient to execute and implement the undertakings set forth in this Resolution or in the Indenture; and

25. RESOLVED, that this Authority proceed immediately with the Project, as such term is defined herein and that the Authority does hereby irrevocably authorize the Trustee to take such action as shall be necessary in order to effect the Project; and

26. RESOLVED, that any resolution or parts of resolutions conflicting herewith be and the same are hereby repealed insofar as they conflict herewith; and

27. RESOLVED, that this Resolution shall be effective immediately.

ADOPTED this 18th day of October 2021.

MOTION was made by Mr. Plesh to approve Resolution 21-01 Bond Issue AVJSA Plant Expansion and seconded by Mrs. Krally. Motion carried unanimously.

#### *Hampshire Estates*

Mr. Brown reviewed the Hampshire Estates issue. Mr. Mockenhaupt, owner of the Hampshire Estates Apartment Complex, would like to add 36 units to the complex and Eastview Farms plans 18 new homes nearby. Mr. Mockenhaupt owns the sewer lines and the rights-of-way. He has offered an exchange of the lines and rights-of-way to The Authority for 36 taps. Mr. Brown presented for approval Resolution 21-02 which establishes a ceiling on the tapping fee.

### **DEER CREEK DRAINAGE BASIN AUTHORITY**

#### **RESOLUTION 2021—02**

A RESOLUTION OF THE DEER CREEK DRAINAGE BASIN AUTHORITY PROVIDING A SCHEDULE OF COSTS SUPPORTING AND IMPOSING SPECIAL PURPOSE TAPPING CHARGES FOR SERVICE PROVIDED BY THE AUTHORITY TO NEW CUSTOMERS IN THE HAMPSHIRE ESTATES SERVICE AREA IN ACCORDANCE WITH THE MUNICIPALITY AUTHORITIES ACT.

WHEREAS, the Deer Creek Drainage Basin Authority (“DCDBA”) is a body corporate and politic, organized and existing under the Municipality Authorities Act of 2001, as amended (the “Act”), and maintaining its principal place of business in the Township of West Deer, County of Allegheny, Commonwealth of Pennsylvania: and

WHEREAS, the Municipality Authorities Act of 2001, 53 P.S. Section 5607 (d)(9), authorizes the DCDBA to “Fix, alter, charge, and collect rates and other charges in the area served by its facilities at reasonable and uniform rates to be determined exclusively by it, for the purpose of providing for the payment of the expenses of the Authority, the construction, improvement, repair, maintenance, and operation of its facilities and properties...”; and

WHEREAS, DCDBA includes in its prevailing schedule of rates and other charges certain connection charges and tapping fees; and

WHEREAS, 53 P.S. Section 5607 (d)(24) provides for the imposition of sewer tapping fees and system extensions; and

WHEREAS, the Act allows the charging of certain enumerated fees to property owners who desire to or are required to connect to the DCDBA’s sewer system; and

WHEREAS, said fees shall be based upon the duly adopted fee schedule in effect at the time of application for connection; and

WHEREAS, DCDBA shall have the right to require that no capacity shall be guaranteed for a property owner or owners until such time as the tapping fees enumerated herein have been paid; and

WHEREAS, such fees shall include components specified by the Act as follows:

1. Connection Fee
2. Customer Facilities Fee
3. Tapping Fee – based on parts as follows:
  - 3.1. Capacity Part
  - 3.2. Distribution Part
  - 3.3. Special Purpose Part
  - 3.4. Reimbursement Component

WHEREAS, the appropriate cost of any Special Purpose Facilities, as defined by the Act, will be the subject of a distinct component of the tapping fee applicable to any DCDBA customers utilizing such Special Purpose Facilities; and

WHEREAS, any charges to be recovered as a Reimbursement Component are subject to terms of specific agreements; and

WHEREAS, the Authority at its regular meeting held on June 15, 2020, discussed Special Purpose Facilities Fees as specified by the Act, and determined schedules of expenses supporting DCDBA's imposition of a Special Purpose Facilities Fee for the Hampshire Estates Service Area of DCDBA, based upon the recommendations presented by the Consulting Engineer of DCDBA; and

WHEREAS, DCDBA desires to impose a Special Purpose Facilities Fee upon new customers connecting to the Hampshire Estates Service Area facilities, such fee to be determined by calculations prepared by the DCDBA Consulting Engineer.

NOW THEREFORE BE IT RESOLVED and the DEER CREEK DRAINAGE BASIN AUTHORITY does hereby resolve as follows:

1. DCDBA hereby adopts a Special Purpose Facilities Fee of \$2,500/EDU for all new customers who desire to connect or who are required to connect to the Hampshire Estates Service Area facilities to be constructed by DCDBA, supported by the DCDBA Consulting Engineer calculations set forth in Schedule 1, which is attached hereto as an integral part of this Resolution.
2. All the provisions of the Authority's Rules and Regulations consistent herewith shall remain in full force and effect.
3. THE EFFECTIVE DATE OF THIS RESOLUTION SHALL BE October 18, 2021.

RESOLVED, THIS THE 18<sup>TH</sup> DAY OF OCTOBER 2021

MOTION was made by Mrs. Pastura to approve Resolution 21-02 Hampshire Estates Tap Fee Calculation and seconded by Mrs. Krally. Motion carried unanimously.

Mr. Brown said the other two topics he has for discussion must be held in executive session.

*Executive Session*

MOTION was made by Mrs. Krally and seconded by Mr. Plesh to move the meeting into Executive Session at 8:02 p.m. to discuss personnel matters. Motion carried unanimously.



The meeting was reconvened at 8:42 p.m. where the Board discussed personnel issues.

**Engineer's Report**

The budget was discussed under the Accountant's report and Mr. Schmitt had nothing additional to report.

**Manager's Report**

*Health Insurance Renewal 2021/2022*

Mrs. Biery reported on the Health Insurance Renewal, assuring that alternative packages were not pursued as we hold an excellent package and premiums. Approval from the board is required for renewal of Health Insurance 2021/2022.

MOTION was made by Mr. Parks and seconded by Mrs. Krally to approve the Health Insurance Renewal 2021/2022. Motion carried unanimously.

*Appointment of Special Counsel*

This item was tabled until next month.

**Chairperson's Report**

Mr. Higgins had nothing to report.

**Old Business**

None.

**New Business**

None.

**Open Meeting to Public**

Sarah Hertweck attended as a member of the public.

**Supplemental Meeting**

MOTION was made by Mrs. Pastura and seconded by Mrs. Krally to cancel Supplemental Meeting scheduled for October 25, 2021. Motion carried unanimously.

**Adjournment**

MOTION was made by Mrs. Pastura and seconded by Mrs. Krally to adjourn the meeting at 8:45 p.m. Motion carried unanimously.

Respectfully submitted:

Read and Approved:

11-15-21

