

COPLAY WHITEHALL SEWER AUTHORITY

THE REGULAR MEETING of the Coplay-Whitehall Sewer Authority was called to order by Vice Chairman Jim Hahn at 7:30 p.m. on the 20th day of January 2022.

BOARD MEMBERS present were:

*Paul F. Geissinger
James Hahn
Dennis Wehr, Jr*

*Paul D. Boyle
Joseph J. Marx*

*Joseph Bonshak
James Roth*

MANAGER: *Matthew Harleman*

BUSINESS MANAGER: *Anita Smith (absent)*

AUTHORITY SOLICITOR: *Andrew Schantz, Davison & McCarthy P C*

ENGINEER: *Mark Buchvalt, T & M Associates*

LIAISONS: *NONE*

PRESS: *Jim Weber, Times News*

CITIZENS present: *Mike Melosky, Operations Manager
Chris Gibbons, Concord Public Financial Advisors, Inc.
Kevin Reid, Kings Spry, Herman, Freund & Faul, LLC*

VICE CHAIRMAN *Jim Hahn called the meeting to order.*

Mr. Hahn called for the Pledge of Allegiance to the Flag.

Mr. Hahn called for the reading of the minutes of the Regular Meeting of December 16, 2021.

MOTION WAS MADE BY MR. MARX, SECOND BY MR. ROTH, APPROVING THE MINUTES OF THE REGULAR MEETING DECEMBER 16, 2021 WITH ANY AND ALL ADDITIONS /DELETIONS AS NOTED, DISPENSING WITH READING OF SAME. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

Vice Chairman Hahn turned the meeting over to Attorney Schantz for the Annual Reorganization part of the Meeting. I wanted to introduce Mr. Wehr to everyone. He will fulfill the remainder of Mr. Schreiner's term.

Attorney Schantz mentioned that we will elect officers tonight. The salaries for the offices of Chairman, Vice Chairman, Treasurer, Secretary and Community Affairs/Public Relations Officer will remain the same as last year and are paid at the rate of \$300 a month. The salaries of the offices of Assistant Treasurer and Assistant Secretary are paid \$250 a month. He will open the floor for a nomination for a particular office, then there will be a motion and a second to elect an office, we will then have a motion and second to close the nominations and then vote. If you are nominated for an office, he cautioned the Board that no one can vote for themselves, so please abstain.

For nominations for Chairman,

MOTION WAS MADE BY MR. GEISSINGER, SECOND BY MR. MARX TO NOMINATE MR. HAHN FOR CHAIRMAN. MOTION TO CLOSE BY MR. GEISSINGER, SECOND BY MR. MARX. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (HAHN). MOTION CARRIED.

For nominations for Vice Chairman,

MOTION WAS MADE BY MR. ROTH, SECOND BY MR. MARX TO NOMINATE MR. BOYLE FOR VICE CHAIRMAN. MOTION TO CLOSE BY MR. ROTH, SECOND BY MR. MARX. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (BOYLE). MOTION CARRIED.

For nominations for Secretary,

MOTION WAS MADE BY MR. HAHN, SECOND BY MR. BONSHAK TO NOMINATE MR. GEISSINGER FOR SECRETARY. MOTION TO CLOSE BY MR. HAHN, SECOND BY MR. BONSHAK. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (GEISSINGER). MOTION CARRIED.

For nominations for Treasurer,

MOTION WAS MADE BY MR. HAHN, SECOND BY MR. BOYLE TO NOMINATE MR. BONSHAK FOR TREASURER. MOTION TO CLOSE BY MR. HAHN, SECOND BY MR. BOYLE. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (BONSHAK). MOTION CARRIED.

For nominations for Community Affairs Officer/Public Relations Officer,

MOTION WAS MADE BY MR. HAHN, SECOND BY MR. BOYLE, TO NOMINATE MR. MARX FOR COMMUNITY AFFAIRS OFFICER/PUBLIC RELATIONS OFFICER. MOTION TO CLOSE BY MR. HAHN, SECOND BY MR. BOYLE. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (MARX). MOTION CARRIED.

For nominations for Asst. Treasurer,

MOTION WAS MADE BY MR. HAHN, SECOND BY MR. BOYLE TO NOMINATE MR. WEHR FOR ASST. TREASURER. MOTION TO CLOSE BY MR. HAHN, SECOND BY MR. BOYLE. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (WEHR). MOTION CARRIED.

For nominations for Asst. Secretary,

MOTION WAS MADE BY MR. HAHN, SECOND BY MR. BOYLE TO NOMINATE MR. ROTH FOR ASST. SECRETARY. MOTION TO CLOSE BY MR. HAHN, SECOND BY MR. BOYLE. 6 AYES, 0 NAYES, 0 ABSENT, 1 ABSTAINED (ROTH). MOTION CARRIED.

Mr. Hahn asked if anyone would like to address the board.

Mr. Gibbons stepped forward to address the board. It is nice to see you again, it has been a number of years, there are some old and some new faces. Whomever came up with this idea for the loan for the payment of Lehigh County Authority's debt service, it is a great idea.

Mr. Hahn said it was a group effort.

Mr. Gibbons said the Authority has an obligation with Lehigh County Authority for debt service. That has four different parts to it. You have payment obligations that go out another 20 years or so. You have collectively decided to refinance. We went out to thirty-two banks and got responses from eleven banks to request a loan for the debt service and Embassy Bank came back with the best rate which was .88%.

(See Exhibit A—Concord Public Finance's Results of Bank Loan request for proposals, Sewer Revenue Note Service of 2022)

(Exhibit B-- Emails concerning LCA Debt service payoff and interest calculations)

Mr. Gibbons continued, so what you are effectively doing is replacing an obligation financed at 5.44% with another obligation for one under 1%. Page 2 shows that you would borrow \$741,000.00 and \$715,378.76 would be paid to Lehigh County Authority. The difference is estimated costs of issuance of the loan. You know that if you shorten the term the payments are higher but you save in the long run. You will be paying an

approximate, additional \$95,600.00 a year for the next five years. After the initial five years, you see savings of \$42,000 to \$55,000 per year. There will be an overall savings of \$537,339.58 over the time of this loan vs. the current Lehigh County Authority's debt service payment schedule. That is quite a lot of savings for the rate payers. The full proposal with Embassy Bank is based on final bank approval. I had a discussion with Embassy Bank today, I am confident that this would not be a problem. We have also worked with Mr. Hahn and Mr. Harleman to get some information in front of PENNVEST. CWSA has an outstanding loan with PENNVEST since 2012, it states in the PENNVEST's documents that if you get any other kind of financing, you need to get their consent. PENNVEST would not allow examination of other financing without a proposal. I have had several conversations with PENNVEST and they have been all very positive. They also said you should have our approval in two weeks. The resolution 381 states these contingencies. But if you do not get PENNVEST approval, the financing will not go forward. I will turn it over to Keven Reid from Kings Spry to discuss the resolution, unless there are any questions?

Mr. Marx asked have you had any experience with PENNVEST in allowing you to re-financing in the past? Are you telling us we could possibly re-finance the whole PENNVEST loan at this rate?

Mr. Gibbons said yes, we have been successful and no you cannot re-finance the whole loan. Good idea but no.

Mr. Reid said this is a great opportunity for the Board. Resolution 381 is designed to do several different things. First it is to accept the proposal from Embassy Bank. Secondly, to authorize different officers to sign the documents necessary to close the transaction between the Authority and Embassy Bank. We hope to close by February 16, 2022. As Mr. Gibbons just noted, because the Authority does have a PENNVEST outstanding loan, any action the board takes tonight is contingent upon getting their consent. Per Mr. Gibbons, it seems all indications to be positive, but we still have to wait for their consent. Last, the resolution authorizes the overall financing team to put together a closing packet. With that, I will pause and see if there are any questions?

Mr. Hahn asked if there would be a problem should there be a delay from PENNVEST?

Mr. Reid said that should not be a problem.

Mr. Marx asked if something catastrophic happened and the prime rate was raised or somehow went into the roof, are we locked into these rates?

Mr. Reid said no we are locked into the rates.

MOTION MADE BY MR. BOYLE SECOND BY MR. ROTH TO APPROVE RESOLUTION 381 AUTHORIZING THE NOTE FOR THE LCA DEBT SERVICE. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

A. FIELD REPORT

1. Written –

MOTION MADE BY MR. MARX, SECOND BY MR. BOYLE TO ACCEPT THE DECEMBER 2021 MANAGER'S FIELD REPORT AS PRESENTED AND TO MAKE THE WRITTEN REPORT PART OF THE OFFICIAL MINUTES. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

2. Verbal-

Mr. Matthew Harleman said that he had an item to report. He said the long-anticipated project for the Eberhart Station generator has made great progress this week. It looks like

it will be wrapped up this Monday. That is good news. Our new sluice gate for Eberhart 65 was successfully installed.

Mr. Gessinger asked if this generator is run by natural gas?

Mr. Harleman said the old generator was natural gas and the new generator is also run by natural gas generator.

Mr. Buchvalt said as far as the work we have been doing we have wrapped up the PennDOT paperwork for the Cementon Bridge and the specs, plans and documents have all been submitted. Everything is in their hand for construction. We just need to wait for reimbursement. This has been the primary project since taking over from Mr. Lee.

B. ADMINISTRATIVE REPORTS - Monthly Financial Report presented for Board review after general review:

MOTION MADE BY MR. MARX, SECOND BY MR. BONSHAK TO APPROVE THE DECEMBER 2021 FINANCIAL REPORT AS PRESENTED BY THE TREASURER. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

See attached listings for the invoices listed to be paid.

MOTION MADE BY MR. GEISSINGER, SECOND BY MR. BOYLE TO APPROVE THE DECEMBER 2021 INVOICES FOR THE 1ST NORTHERN BANK ACCOUNT AS PRESENTED BY THE TREASURER. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

C. CORRESPONDENCE AND OTHER MISCELLANEOUS DATA

1. *Resolution 380 Authorizing disposition of certain public records pursuant to the Municipal Records Manual*

MOTION MADE BY MR. ROTH, SECOND BY MR. BONSHAK TO APPROVE RESOLUTION 380 AUTHORIZING DISPOSITION OF CERTAIN PUBLIC RECORDS PURSUANT TO THE MUNICIPAL RECORDS MANUAL. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

2. *Resolution 381 Authorizing the note for the LCA debt service*
3. *Local Services Tax—Exemption Certificate for 2022, to be returned to Anita Smith ASAP (Board Only)*
4. *Statement of Financial Interest for 2021*
5. *Letter dated January 10, 2022 from Whitehall Township regarding the reappointment of Jim Roth to the CWSA Board*
6. *Letter dated January 12, 2022 from Coplay Borough regarding the appointment of Dennis Wehr, Jr to the CWSA Board*
7. *Thank you note from Schreiner Family for donation given in flower arrangement in memory of John Schreiner*
8. *Thank you note from Kathy Demko upon her retirement*
9. *Thank you note from Egypt VFW Post 7293 for the donation*
10. *Authority Magazine December 2021*

Operations Committee -- Mr. Boyle reported normal operations.

Administrative Committee -- Mr. Marx reported normal operations.

Financial Committee-- Mr. Hahn reported normal operations.

Clear Water Committee—Mr. Roth reported normal operations.

Safety Committee—Mr. Bonshak reported normal operations.

Mr. Hahn said due to the reorganization I have the realign the Committees Chairs. The Operations Committee will be chaired by Mr. Roth and with the help of Mr. Boyle. Administrative Committee will be chaired Mr. Marx and assisted by Mr. Geissinger. The Finance Committee will be chaired by Mr. Boyle and assisted by Mr. Geissinger. The Clear Water will be chaired by Mr. Geissinger and with the help of Mr. Wehr. Safety Committee will be chaired by Mr. Bonshak assisted by Mr. Roth.

OLD BUSINESS –

NEW BUSINESS –

Mr. Hahn said he would like to re-appoint for 2022 Buckno and Lisicky as our Auditors and T & M Associates as our Engineering firm. The rates for the auditors remained the same and the rates for the Engineering firm went up only a couple of dollars.

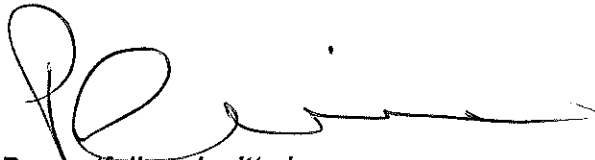
MOTION MADE BY MR. GEISSINGER, SECOND BY MR. ROTH, TO REAPPOINT FOR 2022 BUCKNO AND LISICKY AS OUR AUDITORS UNTIL WE RECEIVE THEIR RATES FOR 2022. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

MOTION MADE BY MR. MARX, SECOND BY MR. BOYLE, TO REAPPOINT FOR 2022 T & M ASSOCIATES AS OUR ENGINEERING FIRM. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

ADJOURNMENT –

MOTION MADE BY MR. BOYLE, SECOND BY MR. MARX TO ADJOURN THE MEETING. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

The meeting was adjourned at 7:58 PM.



Respectfully submitted,
Paul Geissinger, Secretary



Coplay-Whitehall Sewer Authority



Results of Bank Loan Request For Proposals

Sewer Revenue Note, Series of 2022

January 20, 2022

Concord Public Financial Advisors, Inc.

30 Commerce Drive, Suite 1
Reading, PA 19610
(610) 376-4100 Telephone
(610) 376-4242 Facsimile

2938 Columbia Avenue, Suite 1002
Lancaster, PA 17603
(717) 295-2300 Telephone
(717) 295-2427 Facsimile



Coplay-Whitehall Sewer Authority
Sewer Revenue Note, Series of 2022
Summary of Bank Proposals Received
January 14, 2022

Fixed Rate Proposals

<u>Institution</u>	<u>Rate</u>	All-in <u>Rate*</u>	<u>Conditions</u>
1 Embassy Bank	0.88	0.95	
2 First Keystone Community Bank	1.20	1.27	\$250,000 depository relationship
3 First Northern Bank & Trust Co.	1.49	1.56	
4 Peoples Security Bank	1.49	1.56	
5 TD Bank	1.49	1.59	Margin rate factor for tax law change; capital adequacy if any rules, regs, regs, guidelines or laws change can affect rate
6 Truist Bank	1.60	1.79	
7 QNB Bank	1.80	1.95	
8 Neffs National Bank	1.97	2.09	
9 Fulton Bank	2.51	2.58	
10 Mid-Penn Bank	2.65	2.72	
11 American Bank	2.64	2.76	

*Includes bank legal fees

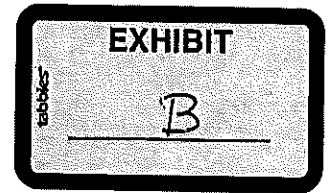
Composition of the Issue		1	2	3	4	5	6
Assumptions							
Dated/Settlement Date	2/16/2022	<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
Arbitrage Yield	0.879678						
Sources							
Note	741,000.00	2/16/2022 12/1/2022	146,700	0.880	5,162.30	151,862.30	151,862.30
		6/1/2023		0.880	2,614.92	2,614.92	
		12/1/2023	146,600	0.880	2,614.92	149,214.92	151,829.84
		6/1/2024		0.880	1,969.88	1,969.88	
Uses							
Prepayment to Lehigh County Authority	715,378.76	12/1/2024	147,900	0.880	1,969.88	149,869.88	151,839.76
Estimated Costs of Issuance	24,000.00	6/1/2025		0.880	1,319.12	1,319.12	
Miscellaneous/Rounding	<u>1,621.24</u>	12/1/2025	149,200	0.880	1,319.12	150,519.12	151,838.24
		6/1/2026		0.880	662.64	662.64	
Total	741,000.00	12/1/2026	150,600	0.880	662.64	151,262.64	151,925.28
		Totals	741,000		18,295.42	759,295.42	759,295.42
Breakout of Estimated Costs of Issuance							
Bond counsel	7,500						
Solicitor	1,000						
Financial Advisor	11,000						
Bank	1,500						
Miscellaneous	<u>3,000</u>						
Total	24,000						

Coplay-Whitehall Sewer Authority
Summary of Existing Payments to Lehigh County Authority
Comparison to Proposed Series of 2022 Payments

1	2	3	4	5	6	7	8	9
<u>Fiscal Year</u>	<u>WWTP Bell Filter Press Replacement</u>	<u>WWTP Motor Control Centers</u>	<u>Roof Replacement Projects</u>	<u>WWTP Digester Cover Replacements</u>	<u>Total</u>	<u>CWSA Allocation at 9.40%</u>	<u>Proposed Series of 2022 Payments</u>	<u>Difference</u>
2022	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44	151,862.30	95,689.86
2023	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44	151,829.84	95,657.40
2024	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44	151,839.76	95,667.32
2025	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44	151,838.24	95,665.80
2026	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44	151,925.28	95,752.84
2027	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2028	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2029	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2030	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2031	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2032	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2033	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2034	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2035	143,942.75	162,869.60	71,826.24	218,940.51	597,579.10	56,172.44		-56,172.44
2036		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2037		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2038		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2039		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2040		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2041		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2042		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2043		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2044		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2045		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2046		162,869.60	71,826.24	218,940.51	453,636.35	42,641.82		-42,641.82
2047				218,940.51	218,940.51	20,580.41		-20,580.41
2048				218,940.51	218,940.51	20,580.41		-20,580.41
Totals	2,015,198.50	4,071,740.00	1,795,656.00	5,911,393.77	13,793,988.27	1,296,635.00	759,295.42	-537,339.58
							Present Value	-427,194.42

Anita Smith

From: Jimmy Hahn <jimmyh426@rcn.com>
Sent: Wednesday, January 19, 2022 10:55 AM
To: Anita Smith
Subject: Fwd: CWSA - LCA Debt Service



Here you go.

Sent from my iPhone

Begin forwarded message:

From: Jimmy Hahn <jimmyh426@rcn.com>
Date: January 19, 2022 at 10:16:33 AM EST
To: Matthew Harleman <mharleman@cwsauthority.org>
Subject: Re: CWSA - LCA Debt Service

Good duty, Matt. We shall proceed as they wish.

Thanks

Sent from my iPhone

On Jan 19, 2022, at 10:05 AM, Matthew Harleman <mharleman@cwsauthority.org> wrote:

Jim, see below as requested.

From: Liesel Gross <lieselgross@lehighcountyauthority.org>
Sent: Wednesday, January 19, 2022 9:59 AM
To: Matthew Harleman <mharleman@cwsauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: RE: CWSA - LCA Debt Service

Hi Matt,

I have looked at this again to be sure of our answer and appreciate your desire to make sure this is wrapped up accurately.

LCA's debt service calculations for the projects captured in this transaction are completed annually. CWSA payoff amount reflects what your authority owes after making all the 2021 payments, so we could actually accept this amount to be paid anytime during the calendar year 2022. We asked for it to be paid prior to the first quarter 2022 bills being issued so Jennifer has the direction she needs to establish the signatory billing files for the year.

Let me know if you need anything further from me to ensure good understanding of the process.

Thanks!
-Liesel

Liesel M. Gross, CEO
Lehigh County Authority
lieselgross@lehighcountyauthority.org

From: Matthew Harleman <mharleman@cwsauthority.org>
Sent: Wednesday, January 19, 2022 8:55 AM
To: Liesel Gross <lieselgross@lehighcountyauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: [External] RE: CWSA - LCA Debt Service

Liesel and Jennifer,

The proposals for our loan have been received and the Board will be accepting a proposal at our meeting tomorrow 1/20/22. I just wanted to confirm that if we pay on 2/16/22 the pay off amount is the same as calculated through 12/31/21 (\$715,378.76). It seems that we should owe an additional 47 days (12/31 thru 2/16) worth of interest on the debt service and while it would be great for CWSA to realize that savings we also don't want any issues to arise in the future. If you have any specific instructions or preferences for receiving payment please let me know so I can arrange with the bank.

Thanks,

Matt Harleman
Coplay-Whitehall Sewer Authority

From: Liesel Gross <lieselgross@lehighcountyauthority.org>
Sent: Wednesday, December 22, 2021 4:26 PM
To: Matthew Harleman <mharleman@cwsauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: RE: CWSA - LCA Debt Service

Hi Matt,

Jen and I conferred on this, and we agree that as long as payment is received **before** she calculates and sends the 1st Quarter 2022 signatory bill, then your payment in full of the payoff amount (\$715,378.76) would be considered a 12/31/2021 debt service payment and no additional interest would be due. So you would have some time on this to get the financial side squared away within your February 2022 timeframe and be just fine with us.

Please let us know if you'd like us to issue a formal invoice along with the attached packet.

Thanks!
-Liesel

Liesel M. Gross, CEO

Lehigh County Authority
lieselgross@lehighcountyauthority.org

From: Matthew Harleman <mharleman@cwsauthority.org>
Sent: Tuesday, December 21, 2021 1:36 PM
To: Liesel Gross <lieselgross@lehighcountyauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: [External] RE: CWSA - LCA Debt Service

Liesel,

The CWSA Board has elected to pay the balance of our current debt service in the amount of \$715,378.76. We are working with Chris Gibbons at Concord Public Finance to accomplish this. Chris stated the funds should be available for wire transfer on 2/16/2022. I believe the total above reflects interest through 12/31/2021 so we will need an interest amount for the period 1/1/2022 thru 2/16/2022. I am not sure if that amount will be included in the lump sum payment or not as the smaller details have to be worked out yet. Please let me know if you have any questions or if there is anything you need from me as we pursue this payoff.

Thanks,

Matt Harleman
Coplay-Whitehall Sewer Authority

From: Liesel Gross <lieselgross@lehighcountyauthority.org>
Sent: Wednesday, October 6, 2021 4:13 PM
To: Matthew Harleman <mharleman@cwsauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: RE: CWSA - LCA Debt Service

Ok. Let me know if you or your Board have any questions or need additional information.

Thanks!
-Liesel

Liesel M. Gross, CEO

Lehigh County Authority
lieselgross@lehighcountyauthority.org

From: Matthew Harleman <mharleman@cwsauthority.org>
Sent: Wednesday, October 6, 2021 3:11 PM
To: Liesel Gross <lieselgross@lehighcountyauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: [External] RE: CWSA - LCA Debt Service

Liesel,

Thank you for resending this information. I will forward along to the CWSA Board.

-Matt

From: Liesel Gross <lieselgross@lehighcountyauthority.org>
Sent: Wednesday, October 6, 2021 12:20 PM
To: Matthew Harleman <mharleman@cwsauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>
Subject: FW: CWSA - LCA Debt Service

Hi Matt,

Jen asked me to forward you the calculation of the payoff option for the sewer projects we've been billing out on a debt service basis. The email chain below is the dialog I had with Dave earlier this year, plus the calculations in PDF and Excel formats attached. At the time we were discussing this, I did the calculations based on a 12/31/2021 point in time. Since we had already begun to bill for the 2021 debt service amounts, I did the calculation assuming that the full amount of the 2021 debt service amounts would be paid, and the payoff amount reflects a final payoff of any debt service for these projects from January 1, 2022 forward. Doing a month-by-month amortization schedule for interest seemed overly complicated for the purpose of this calculation. Essentially, the payoff info in the attached is good through the end of 2021. We would need to know by the end of the year at the latest if you plan to take the payoff option so Jen can adjust her 2022 billing system accordingly, and we'd send you a bill for the payoff amounts which would be paid in 2022.

Some of the dialog below may be helpful to you as well, as Dave and I discussed what the impact would be if the portion of debt service owed by Coplay-Whitehall Sewer Authority would change in the future based on any of the 537 work we are doing. I don't think we have firm answers on that, but at least we called it out as an issue to resolve in the future if your authority decides to do the payoff now.

I am happy to talk through any of this with you if you'd like. Just let me know!

-Liesel

Liesel M. Gross, CEO
Lehigh County Authority
lieselgross@lehighcountyauthority.org

From: Liesel Gross
Sent: Friday, May 28, 2021 10:53 AM
To: Dave Harleman <dharleman@cwsauthority.org>
Subject: RE: CWSA - LCA Debt Service

This is helpful Dave. While we don't have answers to our questions, I appreciate the fact that we are both generally thinking about this the same way. I have attached my workup of the payoff calculation. I included the detail in the PDF and the spreadsheet in case

you wanted to see the formulas. To address the questions we have raised through this exchange, you'll see I included a note (1) on the last page to indicate that this is a "point in time" calculation and a true-up may be performed in the future if circumstances change with allocation or cost-sharing methodologies. I think we can do the math in the future if something changes as long as we keep a good record like this of what we did.

Regarding your question of whether this would be beneficial to LCA, I would certainly say sure – the near-term boost in cash is always welcomed and helps us to continue to do projects on a cash vs. borrowed basis.

A couple other things I wanted to clarify:

1. The total project costs were incorrect on one of our submissions to you, so you'll notice in the attached that the numbers are a little different. The debt service amounts didn't change – those were calculated properly off of the actual final project costs. One of the worksheets Jen was using just wasn't updated with the final project costs.
2. RE the interest rates, the likelihood of the interest rate on these particular projects changing is pretty close to zero. They were funded through the initial bond sale we did in 2013 for the lease agreement with Allentown. While we did some bond refinancing last year, the portion of the bonds that went to upfront capital projects was not refunded and has call dates well out into the future. There is some possibility of course we might refinance someday, but it is speculative to think about now.

Be sure to take a look at the notes/instructions at the bottom of the last page attached – this is my current thinking of how this could work if you'd like to move forward with a payoff of CWSA's portion of these projects. Happy to discuss and adjust if you have something different in mind.

Hope this helps! I'll be back in office on 6/7 if you have questions or would like to discuss.

Thanks,
Liesel

Liesel M. Gross, CEO
Lehigh County Authority
lieselgross@lehighcountyauthority.org

From: Dave Harleman <dkharleman@cwsauthority.org>
Sent: Friday, May 28, 2021 9:08 AM
To: Liesel Gross <lieselgross@lehighcountyauthority.org>
Subject: [External] RE: CWSA - LCA Debt Service

[THIS EMAIL IS FROM AN EXTERNAL EMAIL ACCOUNT. BE CAUTIOUS WITH LINKS AND REQUESTS.]

Good Morning Liesel

You make an interesting point and in turn good questions. I don't have the answers. When the CWSA Board asked me to approach LCA about paying off the current Debt Service, I immediately thought about (2) issues.

1. What happens if CWSA % Treatment Plant Allocation changed.
2. What happens if LCA refinances the current Debt Service at a lower interest rate.

I would expect in accordance with the existing Agreements, as CWSA's percentage of allocation would change, so would our Debt Service responsibilities change. I really don't have any experience on how this may have been handled in the past, except when NWT was able to buy 140,000 GPD via CWSA which changed CWSA's allocation from 3.62 MGD to 3.76 MGD and in return CWSA's % Allocation.

Using CWSA's DS payment responsibilities continuing in 2021 and moving forward, and using your example of 40 MGD to 44 MGD or CWSA's % allocation changing from 9.4% to 8.55%, This maybe an over simplified evaluation, but I believe this is the order of magnitude of the dollars involved.

1. Belt Filter Press (15 years of payments remaining)
 $15 \times \$143,942.75 \times (.0940 - .0855) = \$18,352.70$
 2. Motor Control Center (26 years of payments remaining)
 $26 \times \$162,869.60 \times (.0940 - .0855) = \$35,994.18$
 3. Roof Replacements (26 years of payment remaining)
 $26 \times \$71,826.24 \times (.0940 - .0855) = \$15,873.59$
 4. Digester Cover (28 years of payments remaining)
 $28 \times \$218,940.51 \times (.0940 - .0855) = \$52,107.84$
- Total difference 9.40% to 8.55% = $\$122,328.31$

Questions

1. If CWSA were to pay off all of the current Debt Service how complicated would it be to calculate a Debt Service credit and then reassign to the Signatory / Signatories that would be gaining treatment capacity and a larger percentage of allocation ?
2. By CWSA paying off current Debt Service – Does that help LCA in any way ?

I need to think about this more. I believe the 1st step is to have the payoff figures from LCA, so the CWSA Board knows the order of magnitude of the dollars involved to see if they would like to proceed with a Debt Service buy out. Then if we have to we can revisit any of the concerns each of us have.

I'm sorry for not being very helpful here.....after all these years, you would think that there would not be any new ground to cover.

If I don't get to talk to you before, have a Safe and Great Vacation !!!!

Sincerely,

Dave Harleman, Manager
Coplay Whitehall Sewer Authority

Office 610-437-4461

From: Liesel Gross <lieselgross@lehighcountyauthority.org>
Sent: Thursday, May 27, 2021 5:06 PM
To: Dave Harleman <dharleman@cwsauthority.org>
Subject: RE: CWSA - LCA Debt Service

Hi Dave,

I have this almost done for you and would like to get it to you tomorrow before I leave for vacation for a week! I have one question / thought I wanted to run by you privately before I submit to you.

Since we're in the middle of this Act 537 process and there's a possibility our pool of treatment allocation will change sometime over the next 27 years while the 4 projects you've asked me about are still being paid off by the signatories, how do you personally see that changing what each signatory would pay toward these old projects?

For example, let's just say your current allocation of 3.76 MGD doesn't change, but the treatment plant capacity is upgraded so it's now 44 MGD. In that case, your current allocation of 9.40% would change to 8.55%. Would you expect, if you were still paying on an annual DS basis for these projects that your cost share would be reduced for these old projects, or would we maintain your cost-share of 9.40% for those projects, and reduce it just for any NEW projects moving forward?

I know this is a big "what if" but just wanted to get your gut reaction on how you think it would work. I don't have the history here that you do to know how that sort of thing might have been handled in the past if/when people bought/sold allocation from each other. However, that seems a little different since we were still always working from the same 40 MGD baseline. I can definitely give you payoff amounts for these projects based on how we do things today, but I'm struggling with whether we need to capture the possibility of things changing in the future if treatment capacity is expanded. Or do we not worry about that and just figure that out if that happens someday down the road?

Let me know what you think. Thanks for your help!

-Liesel

Liesel M. Gross, CEO
Lehigh County Authority
lieselgross@lehighcountyauthority.org

From: Dave Harleman <dharleman@cwsauthority.org>
Sent: Tuesday, May 25, 2021 1:38 PM
To: Liesel Gross <lieselgross@lehighcountyauthority.org>
Cc: Jennifer Montero <JenniferMontero@lehighcountyauthority.org>; Matthew Harleman <mharleman@cwsauthority.org>
Subject: [External] CWSA - LCA Debt Service

[THIS EMAIL IS FROM AN EXTERNAL EMAIL ACCOUNT. BE CAUTIOUS WITH LINKS AND REQUESTS.]

Good Afternoon Liesel

CWSA received the Final 2020 / 1st Quarter 2021 User Charges invoice in today's mail. A review of CWSA records and as shown on the invoice received, the CWSA is currently paying Debt Service on the following:

Project	Total Project Costs	Starting Year	Duration # of Years
1. WWTP Belt Filter Press Replacement	1,652,121.00	2016	20
2. WWTP MCC	2,296,228.61	2017	30
3. Roof Replacements	1,149,078.87	2017	30
4. Digester Cover Replacements	3,201,408.89	2019	30

I have been requested by the CWSA Board to request a Lump Sum Debt Service payoff for each of the (4) projects listed. The CWSA may like to payoff some or all of the (4) remaining Debt Service listed, providing LCA is willing to entertain CWSA's request.

If you are in agreement and would be interested in CWSA paying off some of this DS early, please provide CWSA with Debt Service Pay Offs, please indicate when the current quarterly Debt Service payments would Stop, the effective date, interest rate for each of the DS and the time frame in which CWSA would make a final payment.

Should you have any questions please let me know.

Sincerely,

Dave Harleman, Manager
Coplay Whitehall Sewer Authority
Office 610-437-4461

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