

JOHNSTOWN CITY COUNCIL
WORKSHOP MINUTES
Wednesday, July 15, 2020

City Council met in a stated session for the general transaction of business. Mayor Frank Janakovic called the Workshop to order at 5:02 p.m.

Mrs. Mock offered the invocation. The Pledge of Allegiance was recited.

The following members of Council were present for roll call in chambers:

Mr. Arnone, Mr. Britt (via telephone), Mr. Capriotti, Mayor Janakovic, (via videoconference) Reverend King, Mrs. Mock, Mr. Vitovich (7).

John Trant, Interim City Manager; John Dubnansky, Economic Development Director; Robert Ritter, Finance Director; Steven Goldfield, Senior Counselor at Public Resources Advisory Group and Principal of Municipal Advisor Solutions (via videoconference); Elizabeth Benjamin, Esquire, City Solicitor (via videoconference) were also present.

Mr. Trant noted the purpose of this Workshop was to talk about the pension plan and also for continued discussion about the sources and uses. He referred Council members to information previously distributed for further reference. Mr. Trant noted that Mr. Goldfield would walk through the mechanics of using the sewer proceeds to pay down the pension fund, answer the questions of council. He would review how the pay down of the pension would make funds available and how that would affect the preliminary sources and uses that Council had discussed previously.

Steven Goldfield, Senior Counselor at Public Resources Advisory Group and Principal of Municipal Advisor Solutions, referred Council members to the Sources and Uses document for further discussion. He indicated there would be at least three conversations regarding the pension fund but more if necessary.

Mr. Goldfield stated the asset purchase agreement had been fully executed and delivered, whereby \$24 million was "fixed in stone" right now. Upon the signing of the asset purchase agreement, \$2 million was transferred to the City and now being held in the City's funds.

Regarding the Sewer Revenue Fund, Mr. Goldfield stated the debt service was paid at the beginning of each month on the PennVEST debt, revenues come in almost daily, and the road paving was paid. He noted, as of his last call with Mr. Ritter, \$3.25 million was available in the sewer revenue fund.

With regard to Uses, Mr. Goldfield noted that the primary use would be for the pension funding. He stated the \$20 million will change with the stock market, as people who were expected to retire and don't retire and as people live longer and other matters that would cause a change, further stating that the amount would be reduced to \$19 million to \$19.5 million which would achieve the goals set.

Mr. Goldfield reiterated discussion of goals as articulated in previous Council meetings with regard to expense reductions which he now projects to be \$2.5 million. In response to a question by Mayor Janakovic, Mr. Goldfield stated the transfer from the sewer fund was immediate, and the replacement of the lost LST funds was not.

Mr. Trant asked Mr. Goldfield to explain that if going trenchless, how much the City would be responsible for if PennVEST doesn't cover any costs beyond the small areas that are disturbed, because of trenching and who's picking up that gap between the trenchless and the paving of the sewer half of the road.

Mr. Goldfield explained, out of the sewer revenue fund, the \$3.25 million, \$2 million had been expected to be reserved and would be sufficient for the City's portion of paving as long as the sewer project was going on, which would include Old Conemaugh Borough, Fairfield Avenue, Central Business District and miscellaneous, everything that PennVEST doesn't pay for. He stated, after completion of all projects, "the rules would change." Mr. Trant commented the goal was to have a steady funding for paving irrespective of the sewer projects. Mr. Goldfield will get back to Mr. Vitovich regarding a question he had about curb-to-curb paving on the Fairfield Avenue project. Mr. Goldfield noted there would have to be discussion with GJWA with regard to a cost-sharing plan for future stormwater improvements.

Mr. Goldfield stated the goal amount to go into the pension should not be reduced by so much that the City would lose some state aide and suggested that the City should aim for around \$2.5 million. He had further discussion regarding the matter and answered questions from Council members.

There was a question regarding whether \$19 million should be placed right away in the pension fund and what would happen if the stock market falls. Mr. Goldfield responded that he and Mr. Ritter had spoken with the City's investment advisor regarding the matter. He stated whatever the City does would be deposited into the cash fund and not into the stock market and on a periodic basis a portion would be invested. Council members had questions for Mr. Goldfield regarding pension fund investment. Mrs. Mock requested a

copy of the investment policy statement. An investment report was also requested.

Mr. Capriotti inquired whether or not a council member could sit on the pension board. Ms. Benjamin stated she would review the ordinance addressing that. Mr. Ritter indicated that Mr. Campagna had been on the board on behalf of Public Works, there are two from the fire department, two from the police department and Jen from Community and Economic Development. It was suggested that an investment report be provided semiannually.

Mr. Trant asked Mr. Goldfield to explain that with regard to the sewer proceeds to pay down the pension, when and how does it become final and what would prevent a last-minute change to "build a new City Hall or buy some new vehicles". Mr. Goldfield discussed some options to consider.

Mr. Ritter noted the \$2 million was in a money market account. Reverend King suggested that a money market account be opened up at another bank other than the one it's currently in. Mr. Capriotti inquired if these matters would require an ordinance. Mr. Trant suggested that Council should budget the proceeds as revenue and then budget for it next year to go into the pension fund and suggested that it have something on paper stating the intent. Ms. Benjamin stated Council had been not required to do that but a resolution would be a way to memorialize the intent.

Mrs. Mock questioned whether or not Mr. Vitovich and Mr. Capriotti would be able to vote or would need to be recused from the matter. Ms. Benjamin explained that pension payments would be made regardless but would reach out to the Ethics Commission regarding the matter. Mr. Goldfield stated he would provide additional information to Council so that a decision could be made.

Mr. Goldfield stated the information provided to Council still indicated that the Bureau of Sewage plan had been still alive, but that since the City would have no sewer employees or sewer system, he would recommend that to be paid off entirely.

Mr. Goldfield discussed CD rates when discussing a question as to how the technique under Act 205 works that it currently looks like the best solution for the City. He suggested that there be more discussion regarding the work that the actuaries did and target February to put the transaction together in order to receive the greatest benefit possible. Mayor Janakovic suggested all information be placed in a flow chart to make it more easily understood.

Wednesday, July 15, 2020
Stated Workshop, continued

4 of 4

There was discussion regarding "freeing up the cash" for 2020. Mr. Goldfield stated that if Council wants to do a bond issue in November, December, that professionals be retained to do that. Council was in agreement.

Mr. Trant noted he would work with Mr. Ritter, Mr. Goldfield and Ms. Benjamin to get the bond deal done this year to realize the savings for this year and will update Council regarding the matter.

ADJOURNMENT

There being no further business, the Workshop was concluded at 6:23 p.m.