

JOHNSTOWN CITY COUNCIL  
WORKSHOP MINUTES  
Wednesday, September 9, 2020

City Council met in a stated session for the general transaction of business. Mayor Frank Janakovic called the Workshop to order at 5:06 p.m.

Reverend King offered the invocation. The Pledge of Allegiance was recited.

The following members of Council were present:

Mr. Arnone, Mr. Britt, Mayor Janakovic, Reverend King, Mrs. Mock,  
Mr. Vitovich (6).  
Mr. Capriotti was not present at the commencement of the meeting.

Also present were John Trant, Interim City Manager; Robert Ritter, Finance Director;  
Elizabeth Benjamin, Esquire, City Solicitor

Present via videoconference were Deborah Grass, Act 47 Coordinator; Steven Goldfield, Senior Counselor at Public Resources Advisory Group; Colleen Deer; Justin Lauver, AndCo Consulting; Bruce Graham, Gibson Thomas Engineering.

John Trant, Interim City Manager, noted that present on the telephone were the same persons who had attended the special meeting of City Council to review the investment of the sewer sale proceeds into the pension fund. He stated, at that meeting, Council authorized administration to move forward with the pension bond that would be the vehicle to utilize the proceeds from the sale to superfund the City's pension, which would allow an operating savings through a reduced MMO in the year 2020 instead of having to wait a few years.

Mr. Trant stated Steven Goldfield and his team wanted to discuss investment options for the money with direction from Council on how to proceed with the investment of the funds from the sewer sale. Council had spreadsheets regarding the matter available for review.

Steven Goldfield, Senior Counselor at Public Resources Advisory Group, introduced Colleen Deer, actuary, and Justin Lauver, investment advisor, AndCo. Mr. Goldfield congratulated Council for assigning the assumption of the PennVEST debt to the Greater Johnstown Water Authority, paying off approximately \$20 million in debt with the remainder of the proceeds delivered to the City for a total of over \$27 million in the City's coffer.

Deborah Grass congratulated Mr. Goldfield and the consultant team on the sale, which could be used as a model for other communities. She indicated the

proceeds from the sale would pay down pension liabilities and free up significant funds for the City's operating budget.

Ms. Grass referred to the 20-year amortization schedule for further discussion. She indicated a \$19 million deposit was moved from the proceeds of the sale into the pension fund to pay down the unfunded liability, and that the State would continue to provide approximately \$850,000 in state aid. Ms. Grass discussed several options, including whether or not to escrow approximately \$4 million of the proceeds to pay down MMOs in 2020 and 2021, deposit \$15 million by December 31 into the pension plan, a savings over the first four years of approximately \$6.6 million. The second scenario placed \$5 million aside and used \$2.5 million in each of those years to pay down the MMOs and deposit \$14 million into the pension plan, a savings of \$9.3 million. The final scenario using the 10-year amortization schedule would result in \$10.4 million in savings, which Ms. Grass commented would be most significant for the City.

Colleen Deer, actuary, explained the main differences between the 20-year and 10-year amortization schedules.

Mr. Goldfield answered questions from Council members regarding costs associated with the different scenarios. He also discussed assuring the City does not have so much savings that its share becomes a negative, thus receiving less State aid.

Colleen Deer discussed the risks of the third scenario, the 10-year amortization. She noted there would still be some unfunded liability under each scenario. There would be a matter of whether the entire unfunded was paid off over a 10-year period or whether the City remains under the current amortization schedule, which has different parts of the liability amortized over different periods. With the note proceeds being amortized over the 20 years, spread out over a much longer period of time. Mr. Goldfield explained that the City would need to adopt a resolution directing Ms. Deer's firm as the actuarial firm to use the 10-year scenario.

Ms. Grass explained Council would need to adopt resolutions regarding the matter but emphasized that the money would need to be in the pension fund by December 31, 2020 in order to achieve the lower MMO payment. Mr. Goldfield suggested the matter be closed before Thanksgiving instead of congesting the time between Thanksgiving and Christmas.

Justin Lauver, investment advisor, AndCo Consulting, noted he had worked very closely with the pension investment committee overseeing and making

recommendations with respect to the investment of the assets. He clarified that he does not have discretion over any of the assets, but merely makes recommendations. He provided a detailed discussion of his analysis and impressions regarding contributions into a pension plan.

Mr. Lauver suggested that in light of the marketing environment funding towards equities incrementally over time. He answered questions from Council members.

Mr. Capriotti entered the meeting via telephone at 5:50 p.m.

Mr. Trant noted that Council members asked to participate at the pension committee meeting later this month for further discussion of a resolution, which would be brought forward at the October meeting. Mr. Lauver indicated the recommendations regarding investment and the investment policy statement should be made available for discussion at that pension committee meeting so language could be drafted for Council's review at the October meeting.

After further discussion, Council agreed with the third scenario for the 10-year amortization and the investment options as suggested. Mrs. Mock requested a copy of the investment policy statement for review.

Mr. Trant reiterated that Council would bring forth whatever resolutions are necessary as drafted by the team at the October meeting, and that the September 22, 2020 pension committee meeting will have a recommendation.

#### ADJOURNMENT

There being no further business, the Workshop concluded at 6:04 p.m.