

**Minutes of the
Special Board Meeting
Of the Pittsburgh Water and Sewer Authority
Held on April 5, 2019**

This Special Board Meeting of The Pittsburgh Water and Sewer Authority, having been duly advertised in accordance with the Sunshine Act, was called to order on April 5, 2019, at approximately 9:00 a.m., in the Board Room located on the first floor of 1200 Penn Avenue, Pittsburgh, Pennsylvania 15222.

The following members of the Board were present: Mr. Paul Leger. Participating via Conference Call were: Mr. Jim Turner, Ms. Margaret Lanier and Ms. Deborah Gross.

Absent was Ms. Chaton Turner.

There was a quorum for this meeting.

Present from the staff were: Robert Weimar, Debby Gibson, Debbie Lestitian, Rachel Romano, John Nagel, Edward Barca, Jennifer Presutti, Barry King.

Also present was Mark Nowak of Clark Hill PLC, Solicitor; Vaughan Leer of E Holdings.

Chairperson Leger advised that after the last Board Meeting on March 22, 2019 there was an Executive Session Meeting held to discuss legal matters.

Chairperson Leger asked if there was any public comment. There were no speakers.

RESOLUTIONS

No. 60 of 2019 Approving the Award for 2019 Sample Collection and Lead Testing Contract Option 2-PWSA73 to 120 Water Audit and CR Testing

Funding: Operating and Capital – Cumulative \$636,400.00

Barry King, Interim Director of Engineering, explained the details of this Resolution. Approval is requested for the award of the 2019 Sample Collection and Lead Testing Contract to 120 Water Audit in the amount of \$301,000.00 for LSLR and in the amount of \$335,400.00 for CR testing, for a total of \$636,400.00. The cost will be allocated to the capital budget for the LSLR.

Chairperson Leger entertained a motion to approve for discussion. Ms. Lanier so moved, and Mr. Turner seconded the motion. No discussion held. Board unanimously approved and the Resolution was adopted.

No. 61 of 2019 Approving a Letter Amendment to the November 17, 2017 Consent Order and Agreement to Establish the Compliance Dates for Orthophosphate Chemical Corrosion Treatment

Robert Weimar, Executive Director, explained the details of this Resolution. PADEP and PWSA entered into a Consent Order and Agreement (COA) dated November 17, 2017, for the implementation of specific lead service line and water supply corrosion treatment. The COA established a completion date for the corrosion control treatment to be within 90 days of PADEP's Approval of the Construction Plans. The PADEP will memorialize the schedule for the requisite facilities startups. The PADEP requires a formal Board Approval of this COA time extension for facilities startups.

Chairperson Leger entertained a motion to approve. Mr. Turner so moved, and Ms. Gross seconded the motion. Chairperson Leger motioned for discussion. Ms. Lanier requested a correction on the Statement of Issue. It had the date of the COA as November 17, 2019, and it should be November 17, 2017. Chairperson Leger entertained a motion to amend the Resolution as it was presented to correct the date of the COA to November 17, 2017.

Ms. Lanier so moved, and Ms. Gross seconded the motion. Motion to amend the Resolution was unanimously accepted. The amended Resolution was proposed, seconded and unanimously adopted.

No. 62 of 2019 Authorizing Certain Officers and Officials to Take Action With Respect to the Authority's Indebtedness, Which Includes Issuing New Bonds and Amending Existing Indentures and Other Financing Agreements.

No. 63 of 2019 Authorizing Certain Officers and Officials to Take Action With Respect to the Authority's Outstanding Indebtedness, Including Issuing Refunding Bonds and Amending Existing Indentures and Other Financing Agreements.

**Funding – Resolution 62 – Not to exceed \$160,000,000
Resolution 63 – Not to exceed \$145,000,000**

Chairperson Leger requested that the two Resolutions be taken together as companion pieces since they both involve bond issuance Resolutions and the Board can vote once.

Ed Barca, Treasurer of Finance, explained the details of this Resolution. Resolution 62 authorizes Authority Management to issue a fixed-rate bond with a principal amount not to exceed \$160 million to pay off the outstanding amount on the capital line of credit and amend and/or add supplements to the existing indentures and financing agreements as a result

difficult to get it back.

Mr. Barca stated that, in his opinion, PWSA needs to be careful about when or if it litigates these banks for these SWAP deals. JP Morgan and Bank of America hold about \$103 million of PWSA debt, and there is over \$300 million of SWAP's. He further stated that if PWSA were to litigate, they could terminate PWSA's SWAP's or sell PWSA's debt. That could leave PWSA on the line for hundreds of millions of dollars, instead of \$21 million. Mr. Turner stated that it is a terrible situation that PWSA is in as a result of terrible decisions that were made many years ago. He commended Mr. Barca on trying to balance the risk and reward. He further stated that he hated the notion of paying the termination fees, but also recognized that they could be much higher. He recommended that the Board proceed with today's vote. In the interim, Mr. Barca can certainly work with Ms. Gross. He stated that he would not be at the next board meeting, but that he would move to approve the Resolution. Mr. Leger said he would add the stipulation that the Board contact Carrie Sloan and whomever else the Board can get involved to find out what PWSA's legal status would be if it joined the class action suit.

Ms. Lanier asked Ms. Gross if she still requested a hold of the Resolution. Ms. Gross stated she needs more education about termination fees and litigation because it could impact the Board's decision. She further stated she will be abstaining from this specific Resolution because she is not sure she is understanding it all and the risks and rewards. Mr. Leger stated that closing is projected to be mid to late June. The Board has adequate time to research this matter, with the ability to pull the refinancing right up to closing. He further stated he thought the Board should proceed so that PWSA does not miss the closing date by some technicality while the market is in PWSA's favor.

Ms. Gross thought it prudent that the Board move forward on the timeline for this Resolution, but continue to do more fact-finding about challenges to the termination fees nationally. Mr. Leger stated that the Board will reach out immediately to the proper people to see what is involved with the litigation and its status. Ms. Lanier stated she just wanted to make sure that by voting for this Resolution, the Board is agreeing to \$21 million in termination fees, but that PWSA still can get out of the deal before closing. Mr. Leger stated that the approval would be for a \$21 million termination fee, but it could be less or more depending on what the status is at the time of closing. Mr. Turner stated he is very comfortable with moving forward with the additional fact-finding as Ms. Gross indicated and thanked her for bringing Ms. Sloan and others to the Board's attention.

Chairperson Leger requested a vote on Resolutions 62 and 63. Three Board members voted yes on both Resolutions. Ms. Gross voted yes on Resolution 62, but asked to abstain her vote on Resolution 63. Resolution 62 was unanimously approved and adopted. With respect to Resolution 63, there were three votes in favor of the Resolution and one abstention. This Resolution was adopted.

ADJOURNMENT OF THE MONTHLY BOARD MEETING

Chairperson Leger entered a motion to adjourn. Ms. Lanier so moved, and Ms. Gross seconded. The motion to adjourn was unanimously approved.

The next meeting will be held on Friday, April 26, 2019 at 10:00 AM.



James Turner, Secretary