

November 17, 2008, Special Council Meeting
Minutes

A special meeting of the Clarion Borough Council was held in the Clarion Borough Office on Monday, November 17, 2008. President Wilshire called the meeting to order at 9 a.m. In addition to President Wilshire, the following Councilmembers were present: Mr. Zerfoss, Ms. Leonard, Ms. Vavrek, and Mr. Herman. Chief Hall and Mss. LaVan and Freenock also were present.

President Wilshire recognized Paul Weaver, Bill Miller, and Lowell Snyder of the Clarion Area Authority and asked Mr. Weaver to address Council.

Mr. Weaver indicated that the sale of the Clarion Area Authority was complete. The Authority is now in the process of wrapping up its business and its offices should be closed by the end of the year. The proceeds to the Borough should exceed \$2.2 million. Mr. Weaver then reviewed the history of the transaction as follows: In 2004 an agreement was reached with Pennsylvania American Water Company for the sale of the assets of CAA. The \$100,000 earnest money is on deposit at National City Bank. Although there was not much community support for the sale, Attorney Keith Pemrick and a DuBois company were engaged to estimate the value of the Authority.

At the request of PAWC, CAA raised rates 10%. An additional \$100,000 was given by PAWC to CAA to put towards the lift station project.

In 2006, rates were again increased and PAWC agreed to increase the purchase price by \$675,000 which was to be put toward improvements which were mandated by DEP.

In 2008, rates again increased due to improvements required by DEP. As a result of this increase, PAWC agreed to increase the purchase price by an additional \$500,000 to be used toward the condemnation procedures which were necessary to gain the requisite rights-of-way.

At closing which was held on October 30, 2008, the proceeds of the sale were listed at \$3,950,000 of which \$860,000 went to repay First United National Bank; an additional \$240,000 was paid to Monroe Township. The remaining balance is \$2,714,978.83 plus an additional \$115,000 which is the earnest money.

Clarion Township also will benefit from this sale as the water and sewer lines are to be extended to the Clarion-Limestone Elementary and High Schools.

Mr. Weaver then asked Council to allocate \$500,000 to be placed in a special account for the benefit of the fire company, the library, and the community park. He indicated that PAWC has no policy for setting up restricted accounts and CAA has no authority to mandate the restriction. However, the CAA Board requested that \$500,000 be split equally among the aforementioned three entities with each receiving \$10,000 per year for the next 15 years.

Mr. Weaver also stated that 900 laterals had been inspected. Many are in need of repair. The cost per homeowner will be between \$3,000 and \$5,000. He is hopeful that the proceeds of this sale will be used to make loans to the individuals that must make repairs but are financially unable to do so.

Ms. Leonard requested that some of the funds be used for the pool as opposed to the park stating that the pool is in need of repair while the park is in good condition. Mr. Weaver suggested that non-restricted sale proceeds be used to improve the pool. He also pointed out that the pool is a revenue-generating facility.

President Wilshire stated that the Solicitor indicated that Council can set up separate restricted funds as recommended by the Authority. It was up to Council to decide whether to take this step. President Wilshire also went on to thank Mr. Weaver and all members of the Authority Boards. He stated that it has taken 6 years to complete the sale and that many persons have contributed over the years including Mr. Weaver, Mr. Orv Lerch, Mr. Randy Hannah, Mr. Bill Miller, and Mr. Art Aaron. He applauded their effort, patience, and stick-to-itiveness stating that there were many reasons to give up along the way. President Wilshire also stated that this sale will benefit the Clarion community which includes Monroe and Clarion Townships. It will benefit the Townships perhaps more so than the Borough.

Mr. Herman went on to state that the sale took 6 years and despite a lot of nay sayers the CAA Board remained steadfast. He wished to thank everyone involved in the sale and express the gratitude of Council for what was achieved.

Mr. Weaver indicated that Lowell Snyder and Linda LaVan have been of great help in this process.

Mr. Zerfoss stated that he served many years with Mr. Weaver and Messrs. Aaron, Burns, Hannah, Lerch, and Snyder. He wished to thank all involved including the municipalities for bringing this matter to a closure.

Mr. Herman made a motion to honor the Authority's request by putting \$450,000 of the sale proceeds into a special account with \$10,000 to be paid per year over a 15-year term to the Clarion Free Library, the Fire Company, and for the benefit of the Paul A. Weaver Community Park. The motion was seconded by Mr. Zerfoss. Ms. Leonard indicated again her desire that the funds be used for the pool. President Wilshire called for a roll call vote: Mr. Herman, yes; Ms. Vavrek, yes; Mr. Zerfoss, yes; Ms. Leonard, no; and President Wilshire, yes.

President Wilshire went on to state that sewage improvements and storm water installation and repairs are needed in many parts of Clarion Borough and Clarion County.

A general discussion followed about how and where the money should be invested. No decisions were made as it is unclear as to when the proceeds will be paid to the Borough.

Mr. Weaver noted that the Authority was no longer interested in the Clarion Township property and that it was reverting its interest back to the Borough.

Ms. Freenock confirmed with Mr. Snyder that the CAA operating account has approximately \$146,000 on deposit. That money will be used to dissolve the Authority and wrap up its affairs. The Borough may be called upon to take further action in this regard as the Authority hopes to wrap up by the end of the year.

President Wilshire stated that the engineer for PAWC, representatives of Clarion and Monroe Townships and Clarion Borough met last week to discuss actions mandated by the Consent Order. The first task is the completion of a Task Activity Report. In order to complete this report, an engineer is needed. The Borough previously engaged Gannett Fleming for storm sewer improvements on South Seventh Avenue. Because they are familiar with the Borough, it was deemed in the best interest of the Borough to engage Gannett Fleming to complete the Task Activity Report. The cost is not expected to exceed \$1,500.

Ms. Leonard made a motion to adopt Resolution #2008-271 to accomplish the foregoing. The motion was seconded by Mr. Herman and carried unanimously.

There being no further business to come before the meeting, the meeting was adjourned upon a motion by Mr. Herman and seconded by Ms. Vavrek at 9:40 a.m.

Respectfully submitted,

Nancy K. Freenock
Borough Secretary