

OBERMAYER 

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Mount Penn Borough Discussion

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The Key Issues:

- Potential Source of Relief for Strained Municipal Budget
- Maintain Local Ownership and Control
- Long-Term Sustainable Authority Rates
- Points of Collaboration/Synergies?
 - Employees – Economies of Scale
 - MS4/Stormwater
 - Lateral Challenges
 - Guarantee Debt/ Enhancement

Non-Negotiables:

- No Sale to a Regulated Utility or Otherwise
- Protect Authority Employees and Borough Employees (maintain status quo- no lost PTO)
- Ensure Long-Term Financial Benefits to Creating Municipality
- Ensure Continued Safe and Reliable Water Services to Customers of Authority
- Focus on Benefits to All Customers/Residents

The Search for Solutions:

- Our Team has handled more water/sewer challenges than any other Firm in PA.
- Our role is to act as a counselor—we have guided clients through all types of challenges— from strategy to execution.
- We help you decide the path to follow — not advocating for a certain outcome.
- We specialize in thinking outside of the box and collaborating with other municipal professionals, elected officials, authority appointees and presenting to the public.

Strategic Options and Implications



- Do Nothing
 - Leaves Untapped A Potential Source of Funding and Collaboration for Area
- Bond Finance
 - Short-Term Solution to Long-Term Issue
 - Consider Future Needs and Debt Limit
- Concession Agreement
 - Local Control and Rates Implications
 - Likely Not a Fit Given Our Key Issues
- Convey/Lease-Back
 - Integrated Day-to-Day Operations
 - Creates Potential Collaborations and Rate of Return to Municipality

Convey/Lease-Back Approach:



- Conduct Due Diligence
 - Contracts
 - Identify Assets for Lease
 - LT and ST Capital Needs
 - Financial Positions of Authority and Municipality
 - Rates and Rate Trajectory
 - Regulatory Requirements and Compliance
- Cooperation between Municipality and Authority Will Determined Success if We Move Forward

Convey/Lease-Back Approach (cont.):

- Summary of Process
 - Identify Assets to be Conveyed Back to Municipality in Conjunction with Financial Advisor
 - Calculate Proposed Lease Payment Amounts in Conjunction with Financial Advisor
 - Draft Conveyance and Lease-Back Resolutions and Documentation
 - Communication with Public, Staff and Contractual Partners/Surrounding Municipalities
 - Move to Execution/Closing
 - No PUC Approval Needed



Next Steps / Needs for Execution

- Begin Due Diligence and Coordination with Authority ASAP
 - Regular Update to Team Regarding Viability/Strategy
- Financial Advisor Engagement

Questions / Discussion



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