COLLEGE TOWNSHIP COUNCIL
SPECIAL MEETING
HELD FEBRUARY 23, 1981

Chairman Taricani called the meeting to order at 7:30 p.m. in the College Township Municipal Building.

Members present: Donald E. Bailey, Gale L. Dargitz, J. Carroll Dean, Herbert W. Stewart, and Dolores A. Taricani

Others present: Manager Elwood G. Williams, Sr.

1. Township Participation in the Establishment of a $80,000.00 Cash Operating Reserve for CATA. Mr. Dean reported that at the most recent meeting of COG, the General Forum recommended to the Municipalities involved in CATA that they make a firm commitment to loan without interest the amounts indicated in the handout pertaining to this subject (for College Township - $8,800). The loans are to be repaid or renegotiated by December 31, 1981. A letter of intent is to be to CATA by February 27, 1981, with the money being available to CATA by May 1, 1981. Mr. Dean indicated he had no problem with the stipulation that the loan be without interest. Mr. Dean explained that the Borough of State College had been assisting CATA with their cash flow problems by loaning them money and had agreed not to demand repayment of the money they had already loaned before CATA got their own cash operating reserve established.

Chairman Taricani asked if supporting CATA by agreeing to counter-sign a loan would be a workable alternative to directly loaning them the money. She indicated she was not troubled by the fact that CATA would not be paying interest on this loan but felt counter-signing a loan would provide CATA with the incentive to develop some creative financial proposals.

Mr. Dean commented that CATA needed the Letter of Intent promptly to put them into a bankable position which would take care of their immediate cash flow problems; the Township had two months in which to work out the details of how they would get them its share of the money. He pointed out that the money being requested was for a capital reserve and not to be confused with the subsidy the Township pays CATA each year.

Chairman Taricani said she was in favor of providing a Letter of Intent and reiterated the feeling that a stipulation needed to be attached to the agreement of support requiring CATA to take the initiative in developing financial proposals.

Mr. Bailey also favored providing a letter of intent but also felt the support should be in such a way as to give CATA the opportunity to seek solutions to their financial challenges.

Mr. Dean indicated he had talked with the Solicitor about this matter asking him to look over the agreement with CATA and comment but that no response had been received.

Mr. Williams indicated that others were having cash flow problems; he had received requests for prompt payment, ahead of the time the Township normally makes the first quarter payment, of the first quarter amounts for COG, Parks and Recreation, and the police contracts. Discussion followed on when the agreed upon payment times are. Chairman Taricani indicated that payments needed to be made at the time prescribed. If money was available and payments could be made ahead of schedule, this could be considered.

Mr. Stewart asked if College Township was the first municipality to consider this matter? Chairman Taricani indicated to the best of her knowledge it was. Mr. Stewart also asked if the taxi cab company was included in this CATA request? Chairman Taricani indicated the taxi cab company was not a part of CATA at this time. Additionally, Mr. Stewart asked, if in the future CATA showed a profit, would it be returned to the Municipalities? Mr. Dean responded that CATA's deficit is made up to the maximum of 50% of its operating costs through Federal and State Grants; if its earned income increased, the grant funds decreased, making it unlikely that it would ever be a profit making authority.

Council discussed the wording that would be appropriate in the Letter of Intent. Chairman Taricani felt strongly that given the proper approach, personnel, and commitment that a loan guaranteed by the Municipalities could be worked out by CATA and that the letter should be worded indicating the Township will guarantee $8,800 of this loan

that CATA will se[illegible]. Mr. Dean was concerned that this wording may limit the opportunities CATA would have, but was in favor of the guaranteed loan concept. Mr. Dargitz suggested that CATA be encouraged to secure a guaranteed loan but that the Township in the meantime put up the money until May 1. At that time, the Township would evaluate the progress CATA had made in pursuing other financial possibilities and renegotiate the loan.

There was some question as to why the letter of intent was required by February 27 and the money not required until May 1. Mr. Dean provided comments clarifying the timing and the reasoning behind this -- the letter of intent would give CATA a basis on which to seek finances to resolve their short-term cash flow problems and give the Municipalities time in which to work out the way in which they would be able to provide this money to CATA.

Mr. Stewart asked what problems would be created by one or more of the Municipalities not contributing their share in this instance. Mr. Dean indicated he felt they would be remiss in their overall agreement with CATA and felt they could not provide any legitimate reason as to why they couldn't participate.

Council agreed that two motions were needed on this matter -- one providing for the letter of intent to participate in the establishment of the cash operating reserve for CATA and one conveying to CATA the way in which the Township would provide for its share of these funds. Alternate wording of these letters was discussed.

Mr. Dean moved that Council send the following letter to CATA,

> "This is to notify you of the intent of College Township to pay, lend, or otherwise guarantee by May 1, 1981, an amount of $8,800 as the Municipal share of the operating reserve funding."

Mr. Bailey seconded the motion.

Council was not comfortable with the option (to pay, lend, or otherwise guarantee) that the motion seemed to give CATA. Mr. Dean pointed out that this was the first step in this matter. This motion would

notify CATA of the Township's intent to support them; the vehicle by which that support would be provided would be covered in another motion, by another letter.

Mr. Dargitz suggested that the word "otherwise" be struck. Mr. Dean had no objection.

The motion that Council send the following letter to CATA -

> "This is to notify you of the intent of College Township to pay, lend, or guarantee by May 1, 1981, an amount of $8,800 as the municipal share of the operating reserve funding"

was carried unanimously.

Mr. Dean moved that the Chairman write a second letter to CATA which says

> "With respect to our letter of intent relative to our municipal share of $8,800 that CATA immediately initiate action to obtain a loan for that amount which the Township can co-sign."

Mr. Bailey seconded the motion and it was carried unanimously.

Chairman Taricani asked Mr. Williams to draft the letters.

Mr. Bailey referred to the schedule of meeting and deadlines for the 1981-82 CATA budget approval and the fact that some of the action that would be required by the College Township Council may not coincide with their regularly scheduled meetings. Chairman Taricani asked Mr. Williams to inform the appropriate person of Council's meeting schedule for April and May and Council's plan to adhere to that schedule.

2. Mr. Dargitz indicated that early in the budget process for COG Council should take the initiative to provide the Finance Committee with guidelines as to the level of spending the Township will consider for the COG budget. Mr. Bailey indicated that the budget had begun and that he would appreciate any input Council could provide. Mr. Dean suggested that a letter be sent from College Township to the Finance Committee with a copy to the COG Executive Committee informing them of

the level of spending the Township was willing to undertake for COG, letting it up to the Finance Committee to determine where the adjustments in the budget should be. Mr. Dargitz suggested that possibly the Township should point out the areas in which it felt adequate service was being received, areas that could be cut, areas which should be increased. Chairman Taricani asked Council to be prepared to discuss this in more detail at the March 30 Council Meeting. Chairman Taricani suggested that the question of "which services are of value to you" could be included in a future citizen survey to determine the ones the Township residents were willing to support.

3. Mr. Williams indicated he had received a request from the Suburban State College Democratic Committee to use the Township Building on Wednesday, March 4, at 7:30 p.m. Council had no objection to this use.

4. Chairman Taricani indicated Chris Exarchos had called her with a brief update on the progress the Post Office Construction Committee She conveyed it to Council along with Mr. Exarchos' thoughts on the three small lots to the rear of the proposed post office building, and the Committee's hope to have recommendations to Council in the near future.

Mr. Williams indicated the Real Estate Department of ConRail is in the process of writing the deed for the ConRail property.

ADJOURNMENT

Mr. Dean moved that the meeting be adjourned. Mr. Bailey seconded the motion and it was carried unanimously.

The meeting was adjourned at 8:55 p.m.

Respectfully submitted,

Elwood G. Williams, Sr.
Secretary

EGW:lf:bh