

TOWNSHIP OF UPPER DEERFIELD

RESOLUTION 21-146

**OPPOSING THE EFFORTS OF THE CUMBERLAND COUNTY UTILITIES AUTHORITY
TO MONETIZE THEIR FINANCIALS WITH AN OUTSIDE AGENCY**

WHEREAS, The Cumberland County Utilities Authority (“Authority”) is seeking proposals from private investment firms to raise capital to fund Utility improvements. The financial arrangement is referred to as a “monetization” of assets; and

WHEREAS, the Request for Proposals was initiated following meetings by some Authority members with Berhard Capital Partners, a private for profit investment firm; and

WHEREAS, to the extent disclosed to the Townships and Cities that are the majority of Authority customers, the “monetization” structured by Bernhard proposes a cash payment in return for exclusive receipt of future Authority revenues, of an undisclosed period, but estimated to be between 30 and 50 years; and

WHEREAS, the cash payment proposal is raised by Bernhard from private investors who expect a guaranteed rate of return on their investments. The expected rate of returns are likely to fall into the range of 8% to 12% as reported by the Business North Carolina magazine article of April 10, 2021; and

WHEREAS, the representations made to local officials is that the investment firm would not own assets nor control the operations of the sewer utility. In light of the fact that Bernhard’s investors will be paid a guaranteed return on investment it is naïve to believe that Bernhard would not exercise some degree of control of operations. To assure the required return on investment, Bernhard would necessarily be in a position to control sewer rates and charges and/or control operations by controlling operational costs. Furthermore, Bernhard would be in a position to control future borrowings, system upgrades and expansions; and

WHEREAS, according to the 2019 audit, the CCUA is financially sound and does not need an influx of funds to maintain or upgrade their operation as their net position increased by \$2,498,000 in 2019; and

WHEREAS, the American Rescue Plan (ARP) provides the County with \$29 million in ARP funds that are available to use for upgrades and improvements to the sewer facilities without the obligation to repay those monies to the Federal Government; and

WHEREAS, in addition to the ARP monies, funds for sewer facility improvements are also available by long term loans through bonding or utilizing the NJ Environmental Infrastructure Trust Loans program at an interest rate that is a fraction of the amount that Bernhard would have to raise to meet its obligations to its investors; and

WHEREAS, to the extent that Bernhard represents that possesses and provides operational expertise, that expertise can be provided by competent outside consultants and a fraction of Bernhard’s cost; and

WHEREAS, the Authority is a public agency created for the purposes of providing a benefit to the citizens of Cumberland County and not for the purposes of generating profits for private investment firms; and

WHEREAS, Upper Deerfield has funded water and sewer utilities for its residents and is committed to providing quality services and the least cost. Upper Deerfield residents should not be required to pay any amount for sewer services that are imposed to satisfy profits to be made by private investors; and

NOW, THEREFORE, BE IT RESOLVED that the Township Committee of the Township of Upper Deerfield is opposed to the concept of monetizing or privatizing the financial position of the Cumberland County Utilities Authority; and

BE IT FURTHER RESOLVED that the CCUA is financially sound and does not need an influx of outside private funds to maintain or upgrade their operation; and

BE IT FURTHER RESOLVED that the monetizing concept that the CCUA is proposing, will only lead to rate payers paying higher rates and businesses cancelling plans to expand or possibly relocating because of the increased rates that the users will be required to pay; and

Moved By: Bruce T. Peterson

Seconded By: Scott Smith

VOTING

James P. Crilley
John L. Daddario
John T. O’Neill, Sr.
Bruce T. Peterson
Scott Smith

<u>In Favor</u>	<u>Against</u>	<u>Abstain</u>	<u>Absent</u>
X			
X			
X			
X			
X			

CERTIFICATION

I hereby certify that the foregoing is a true copy of Resolution adopted by the Township Committee of the Township of Upper Deerfield, in the County of Cumberland, at a meeting thereof held July 15, 2021.

Roy J. Spoltore, Township Clerk