

**Minutes
North Lebanon Township Municipal Authority
September 10, 2015**

The meeting of the North Lebanon Township Municipal Authority was held on Thursday, September 10, 2015 at 7:00 at the North Lebanon Township Municipal Building, 725 Kimmerlings Road, Lebanon, PA with the following Board members present:

Wynanne Demler	Chairperson
Gary Heisey	Vice Chairperson
Brian Hartman	Secretary
Tod Dissinger	Treasurer
Frederick Wolf	Solicitor
Scott Rights	Steckbeck Engineering
Sheila Wartluft	Assistant Manager

Also in attendance were Cheri F. Grumbine, Township Manager; Amy Leonard, Esquire; Mike Kneasel, Wastewater Foreman; and four guests.

The meeting was called to order and the pledge to the flag was recited.

Comments from the Public

Refinancing

Michael Vind explained that he was in attendance regarding the bids for the refinancing of the 2009A sewer and 2009B water bonds which had been discussed in the last meeting. He said they received four bids on the sewer side and five bids on the water side from 16 institutions they approached. He said none of the institutions were willing to do a fixed rate loan for the entire loan. He further explained he asked for a worst case scenario on the caps of the variable rate loans. He showed the savings on the sewer side which included a \$1,000,000 initial contribution from the Authority on the sewer side with an approximate \$100,000 year increase over the current payment schedule. He said more principle could be added if desired in the future. He included different scenarios including the variable interest rates with the cap on rates. He explained how the process would work and who submitted bids. The information on the proposals distributed to the Board showed 2.66% for 8 years with a cap of 4.25% ending in 2035 on the water loan smoothing out payment amounts with no large increase each year until 2035. Discussion followed about the possibility of refinancing if we could not make that last payment. On the sewer side the proposal showed 2.33% for 7 years with a cap of 4.5% ending in

2029. He explained that the payments would be semi-annually. Wynanne Demler remarked that some of the payments were extremely large. Tod Dissinger said he would like to go over the information again. Discussion followed regarding what the savings would actually be due to the fact that we would be using Capital Reserve money to pay the initial contributions and yearly increase. Question was asked about the fees to which the reply was it was included in the \$1,000,000 contribution. Mr. Vind explained that the water bond would work in a similar way using the \$100,000 contribution. Wynanne questioned whether this would become another SWAP and wanted a guarantee that it would never go any higher than 4.5% and she felt they were being rushed. Mr. Vind said the highest adjustable rate would be no higher than 4.5%. Tod asked whether the payment listed included the \$100,000 contribution each year. Tod asked what the \$169,000 in fees consists of to which Mr. Vind explained the numbers came from the amount of work he had done contacting and working with various organizations. Wynanne asked Sol. Wolf where they plan to come up with the extra payments to which he replied they came up with the \$1,000,000 and also the \$100,000 from the Capital Reserve Fund to which he replied this was discussed at the previous meeting and eventually the rates may need to be increased. Question was asked if there were any negatives to doing this to which Mr. Vind replied that he didn't see any. Discussion followed.

Assistant Manager Wartluft asked if there is an annual fee to which the reply was it was a one-time fee. Manager Grumbine asked if the bank merged with another bank would the note be changed to which he replied no. Sol. Wolf said the next step would be a resolution to lock in with the two banks and then the Board of Supervisors would need to adopt an ordinance. Question was asked if they could have another month to digest this information to which Mr. Vind said no they would need to start over.

Sol. Wolf asked the resident who was in attendance if he had any questions, to which he asked for an explanation of what they were trying to accomplish because he was under the impression that the debt was to be paid off. Sol. Wolf explained that even though the original debt for the older lines may have been paid off, maintenance and repair continue especially on the older lines and they are trying to pay off the bond debt which goes for 20 more years and they are trying to reduce that debt to 15 years. On the water side the length of the loan would not be reduced and are trying not to raise the rates. He explained that they are trying to keep the system maintained and in good repair. Scott added that tapping fees are another matter that needs to be considered when evaluating the fairness of debt service payments made by customers that have been connected to the system for years versus a new customer. Authorities are required to follow PA Act 57 when computing tapping fees. In general, the formula for computing the tapping fee is "Authority's Equity in the System divided by Design Capacity of the System". Consequently, as debt is paid off through the collection of user fees by long-time customers, the Authority's equity in the system increases which results in higher tapping fees for new customers connecting to the system. The Act also permits Authorities to increase the tapping fees in response to inflation which therefore indirectly converts the debt paid by long term customers to today's dollars for new customers to

pay. Tod wanted confirmation that we would not raise the rates this year but only for this year to which Sol. Wolf replied that was correct, and we may not know what expenses and repairs may arise in the future that the rates would need to be raised.

Sheila asked how they would handle the paperwork due to the fact that Brian Hartman is the Secretary and he is unable to vote on the sewer loan and Sue, the Assistant Secretary, is not here. Sol. Wolf explained that Brian could sign but not vote.

MOTION: Motion was made and seconded to accept the bids from Fulton Bank to pay down the sewer bond over a 15 year term by putting \$1,000,000 on principle and \$100,000 per year from the Capital Reserve. With no further discussion motion carried.

Sol. Wolf stated that the record should reflect that Brian Hartman did not vote for the sewer loan vote.

MOTION: Motion was made and seconded to accept the proposals from the Adams County National Bank to refinance the water bond over the next 20 years. With no further discussion motion carried.

Chairperson Demler stated that the distributed minutes were corrected to change the spelling of Mr. Vind's name from Vinn. She then asked if there were any additions or corrections to the August minutes or a motion to approve.

MOTION: Motion was made and seconded to approve the August minutes. Motion carried.

Chairperson Demler asked for a motion to approve the invoices and requisitions for payment all subject to audit.

MOTION: Motion was made and seconded to approve invoices and requisitions for payment all subject to audit. Motion approved.

SOLICITORS REPORT

Rockwood

Solicitor Wolf reported that he spoke with Swatara's solicitor and informed her we were in the final stages and we would be verifying all the numbers and then provide the information on the sharing of costs for the project with Swatara. Also, we will be working with PENNVEST between now and the end of the year so we can make payment for our share and we will have our portion of the PENNVEST loan paid off. There are a number of issues we will need to work out with Swatara including non-payment of sewer bills and also the issue where they will need to collect for the connection of one of their residents who has not connected. Also, any of their customers who have not paid their payments

on their tapping fee agreements will be turned over to Swatara. Also, Mr. Ream has not made any payments on his payment plan for his sewer connection because he was not happy with the restoration. He explained if that continues to be an unresolved issue we will turn him over to Swatara.

Godshall's Agreement

Sol. Wolf reported the Godshall's agreement will be signed.

Joint Meeting

Sol. Wolf stated the joint meeting with the Board of Supervisors will be held on November 12th with some of the items always on the agenda being the budget. The vehicle and equipment committee will be meeting before November 12. Gary Heisey asked if Sol. Wolf would place stormwater management on the agenda to which he agreed. Wynanne asked Sol. Wolf if this was a joint meeting shouldn't his bill be paid jointly with the Supervisors and not just the Authority paying for the entire meeting. Sol. Wolf replied that it should be paid jointly. Sol. Wolf asked Manager Grumbine what the Township had done regarding stormwater to which she replied they have been mapping and there are letters which will need to go out to commercial properties where there may be issues. She explained there is a lot of background work to do with a list of all the things which need to be done and the costs which would need to be budgeted and they are not at that point yet. She said it should be placed on the November meeting agenda. Tod questioned whether we are allotting enough time to discuss everything and since we refinanced, he would like to discuss what the Board of Supervisors will do for North Lebanon Township Municipal Authority. Sol. Wolf mentioned they may want to schedule more meetings. He said he would circulate an agenda to both Boards and see if anyone would like to add anything.

Northeast Swim Club

Sol. Wolf asked if they had picked up Street Cut Permits to which Mgr. Grumbine replied yes.

Hotel

Sol. Wolf mentioned the new hotel to which Sheila replied she had received a plan.

Leonard Property

Sol. Wolf reported he got in touch with Mr. Bowman and is trying to get him to participate in discussions because we thought the problem came from the water run-off from his property. Tod asked what Harry said to which Sol. Wolf replied he hadn't spoken with him yet. Scott explained that the damage which was reported came approximately a week after the cleanup occurred. He said all they saw were ruts and did not know what

it looked like before it was cleaned up. Sheila stated that they were out to look at it and spoke to the Leonard's. Scott reported the Bowman's had spoken to the Leonard's, and they discussed an infiltration trench to stop the run off. Sol. Wolf stated they need to find out what Mr. Bowman is going to do and then decide what to do about the driveway. Discussion followed. Scott explained there is no way to determine why that the trench is settling. He said the way we left it is that it is not the Authority's issue, and it is between the property owners. He said we gave them the courtesy of checking it out, but it may continue again and we could get more calls. Discussion followed that the issue may eventually be our main but it is private property. Sol. Wolf mentioned it is our concern but not necessarily our responsibility to do anything about it. Discussion continued. Sol. Wolf said he would speak with Harry Bowman before the next meeting.

Engineer's Report

Rockwood Project

Scott reported that Rockwood is closed out with PENNVEST and all the documents have been submitted to them. He further explained to the Board how the combinations of loans and grants worked out and that we have \$12,000 in cash left over which really wasn't accounted for but there are a couple sources where the extra money could be applied. He said there were a couple right of ways involved and Swatara had asked for \$68,000. He stated everything was covered by PENNVEST, H₂O, or the Lebanon County Implementation Grant with no out of pocket expenses from the Authority. The shared costs would include the Grace Avenue part of the project with a cost of \$50,000 to the Authority. Question was asked if we ever received a thank you or anything from Swatara to which the reply was no. Sheila mentioned she had communicated with Jen in the Swatara office, and Jen did express her appreciation. Discussion continued.

Pump Stations

Regarding bids for Orange Street, Kochenderfer Road, Frances Ann Drive, and Jay Street, we are getting close and they will ready to go by next meeting. Scott showed pictures of the various pump stations to the Board. He explained what happens when they lose power and that the newer stations have back up engines. He described how they needed to upgrade the pump stations and what needs to be done. He said the wet wells need to be checked on a regular basis and they need to be accessible. He stated they are proposing a price with steel lids. The auto-dialers are older than fifteen years. With the new OmniSite reports, they can show flow rate, how much is coming in and out. He explained the difference in cost by switching to cellular service. The OmniSite is newer technology than the autodialers and are less expensive. Mike mentioned they are able to monitor the cycling on the Rockwood Pump Station which has the OmniSite technology. He said when we do this we want an exact match, and we think we will contact the manufacturer and negotiate the price now. He said he will work with Mike and Sheila and finalize the specs. Question was asked about stainless versus galvanized to which

Scott replied most operators would choose stainless. Discussion followed regarding the costs of stainless versus galvanized rails. Stainless was decided to be a better value.

Tod asked if everything is resolved with the Rockwood pump to which Scott replied he received an email from the manufacturer stating they are getting new gaskets which have been ordered but have not come in yet.

Regarding the conversion at North 8th Avenue pump station, Bowman's have ordered the heater but it has not arrived yet.

Assistant Manager's report

Sheila reported she has the Godshall's agreement to be signed.

She also has eleven Rockwood termination payment agreements to be signed. The H₂O audit for Rockwood was completed.

She stated she has the paving invoices, and she needs to know what the Board would like to do regarding what the Board wants to pay, how they want to pay, and authorization for her to initial the invoices and sign the checks. Gary said the total for the invoices is \$6,099.94. Question was asked what the agreement was to which Sheila replied she was not involved in that decision. Brian asked about Act 73. Sol. Wolf said that Act 73 of the Municipal Authorities Act was amended when as a result primarily in Harrisburg of a Municipal Authority collecting money from its customers and then turning the money over to the municipality to spend on general municipal needs. He read that "Act 73 provides the money of an Authority may not be used for any grant, loan or other expenditure for any purpose other than a service, project directly related to the mission or purposes of the Authority as set forth in the articles of incorporation or the resolution of the Township that created it." He said basically they need to feel comfortable that this is for a project where the Board believes it is necessary to protect the integrity of the sewer system in the road, and that this became a joint project with the Township. If this work was done on the Township side it is a road issue unless you feel this will help protect the sewer. Sheila reported several of the invoices were split with the Township. Discussion followed regarding where the work was done, and if it was a sewer issue. Discussion continued that some of the streets were crumbling over the sewer lines. Gary asked where the money would come from and if there is anywhere we are under budget? After reviewing the various funds and discussion it was decided to take it out of the line item for repair and maintenance.

MOTION: Motion was made and seconded to help the Township in the amount of \$6,099.94 out of Sewer Operating line item #429-250 for the repair work over the sewer line. With no further discussion motion carried.

Brian suggested we may want to consider these issues at the joint meeting in regard to the budget since there are a lot of these same issues in his development.

Wastewater Foreman Report

Mike reported that they have the flush truck fixed. There was some aluminum in the one of the valve blocks. He said they spent a lot of time locating the water leak behind the building.

Mike said he is waiting on the three quotes for the sliplining for a few of our problem areas that Abel felt they could not complete.

Wynanne reported on the PMAA conference she attended and the keynote speaker spoke about ways to pay the debt. She went to a workshop which was called "Workplace investigation and Discipline". She said it was very interesting, and she has a handout which explains proper ways to handle an investigation and allegations if anyone is interested. She said the other workshop was presented by an authority who has a very different way to manage things. She said another one was on budgeting including setting rates, a five year plan with the capital reserve, and how you were setting your rates. She gave Mike some information, and Sheila some information about a new billing system which would allow for on line payments. Sheila said there would be a demonstration regarding how the billing system would work in October. Wynanne also picked up a packet on stormwater.

The Board adjourned to Executive Session.

With no more business for the good of the Authority the meeting was adjourned at 9:36 p.m.

Respectfully Submitted,

Barbara Bertin
Recording Secretary