

Washington Township Municipal Authority
Business Meeting Agenda
December 7, 2010

1. Business from the Floor
2. Agenda
3. Minutes of November 16, 2010
4. Tapping Fees
5. WTMA Projects Update Report
6. WTMA Financial Policies and Procedures
7. Resolution 10-14 (Borrowing Resolution)
8. Susquehanna Bank Loan
9. Requisitions
10. Purchase Request
11. Subdivisions
12. Miscellaneous
13. Adjourn to Workshop
14. Complaint Report
15. Adjourn to Executive Session to Discuss Personnel Issues (Board Members Only)
16. Adjourn

Washington Township Municipal Authority
Business Meeting Minutes
December 7, 2010

Chairman F. Eisenhart opened the meeting at 7:15 PM. Others present were S. McCleaf, E. Gladhill, J. Blair, D. McCarney, S. McFarland, and S. Trinh.

Business from the Floor

There was no business from the floor.

Agenda

The agenda was approved as presented on a S. McCleaf, J. Blair motion (5-0).

Minutes of November 16, 2010

The Minutes of November 16, 2010 were approved as presented on a S. McCleaf, J. Blair motion (5-0).

Tapping Fees

G. Wilder addressed the Board, requesting a partial refund of his tapping fee to connect to the sewer main as part of the construction of a home on Pen Mar Road for his brother K. Wilder. Both G. Wilder and K. Wilder were present for the discussion. Mr. Wilder had presented the Manager with a letter stating that he was not aware of the sewer tapping fee increase that was effective November 1st. Mr. Wilder paid the sewer increased tapping fee to avoid any delays with the construction, hoping to be reimbursed after the Board reviewed his letter.

Chairman F. Eisenhart explained to Mr. G. Wilder that WTMA advertised the sewer tapping fee increase in the local newspaper on two separate occasions, made the information available on the WTMA website, and held a 30 day public comment period. He explained that the Authority had no obligation to individually notify every person of a price increase for billing or tapping fees, but had taken significant steps to notify as many people as possible. Mr. Wilder explained that he lives in Fairfield, PA and does not read the local Waynesboro newspaper but acknowledged that his brother, K. Wilder does live in Waynesboro.

The Manager discussed a Memo to the Board received from A. Zeigler, Project Supervisor. The Manager explained that the Township had issued the building permit in August, 2010, but Mr. Wilder did not make application to connect to the Sewer until November 23rd. A. Zeigler's Memo explained that he had a discussion with Mr. Wilder the first time approximately 7 months prior, and had generated a letter to Mr. Wilder on September 9th, after receiving the Building Permit from the Township. The Manager explained that the Authority sent letters about the increase to everyone with approved subdivisions, and major builders in the area, but as Mr. Wilder was building on an existing lot, he may have fallen between the cracks. A. Zeigler's

memo stated that although he tried to tell everyone he communicated with that the fee was increasing, he could not specifically recall advising Mr. Wilder of the tapping fee increase.

After further discussion, the Board granted a partial refund of \$2,626.00 to Mr. Wilder on a S. McCleaf, J. Blair motion (5-0).

The Manager reported that following Mr. Wilder's visit, he asked A. Ziegler to investigate whether any similar situations existed. He reported that the only other ones A. Zeigler had found was a duplex on Polktown Road. The Board authorized the Manager to mail a letter to those individuals, making them aware of the tapping fee increase and allowing them to pay at the old rate within 15 days of the letter.

The Board then reviewed a waiver request from Kornfield and Benchoff, Attorneys at Law, on behalf of Franks Pizza. A. Benchoff, Attorney, D. Spinelli, owner of Franks Pizza and M. Montiel, an employee were present for the discussion. Mr. Benchoff's letter explained that Mr. Spinelli believed there was a leak, resulting in the high usage. A. Benchoff explained that Mr. Montiel was there to explain that there had been a leaking toilet and parts were replaced. Mr. Benchoff stated that after the repair was made, the restaurant's water usage returned to normal. The highest quarter of usage in question would result in 4.5 additional EDUs of sewer, which Mr. Benchoff was requesting be waived.

Chairman F. Eisenhart advised Mr. Benchoff that the water usage for the quarter immediately following the reviewed year was higher than normal and they will owe additional sewer EDUs based on the water consumption during the next review period. Mr. Benchoff said he was not aware of that high usage and will have the owner of the restaurant monitor their water usage.

S. McCleaf made a motion to grant a waiver for the additional 4.5 EDUs based on the highest quarter of 98,000 gallons, but the motion died due to the lack of a second. The Board discussed Franks Pizza's usage for the next highest quarter within the review period of 44,000 and discussed excluding the two highest quarters of 98,000 and 44,000 based on the probable leak. The Board discussed the quarter that fell out outside of the review period, as well as the past history, trying to determine if there was a cyclical nature to Mr. Spinelli's business. The Board expressed concern that a full waiver would result in Mr. Spinelli having to make another appeal next year due to higher than allowable usage, although he had already fixed the leak. After further discussion, the Board agreed to a waiver of 4 EDUs for the leak, resulting in a net increase of 0.5 EDUs on an S. McCleaf, J. Blair motion (5-0). The Manager explained that the increased sewer tapping fee would be based on the tapping fee at the time of the usage, so Mr. Spinelli's bill would be based on the old rate of \$2,626.00 per EDU. He explained that he would provide Mr. Spinelli with a letter to that effect and a revised bill.

The Board then reviewed a waiver request from the Rouzerville Ruritan Club. J. Hermann and L. Foster were present for the discussion. Their letter stated a snow storm in February 2010 caused material from the club's roof to fall and hit the outside faucet, turning the water on. When the running faucet was discovered by a club member it was immediately turned off.

The letter explained that a club member also discovered two leaking toilets that needed flaps replaced. The Board questioned the timing of that event and it was determined to have occurred in August-October of 2010, outside of the reviewed year. The highest quarter of usage (52,000) for the review period would result in 1 additional EDU of water and 1 additional EDU of sewer. The Board reviewed the usage for the club and agreed to exclude the highest quarter that corresponded with the leak, granting a waiver to Rouzerville Ruritan Club and keeping their allowable usage at 2.5 EDUs, on an E. Gladhill, J. Blair motion (5-0).

The Board then reviewed a waiver request from the Pen Mar Youth League. There were several members of the Pen Mar Youth League present for the discussion. E. Barnett, President of the Pen Mar Youth League, asked the Board to explain a little more about EDUs and the evaluation process. Chairman F. Eisenhart explained the calculation of water usage that creates an Equivalent Dwelling. The Manager explained that based on DEP's numbers for average daily water consumption per person and the Township's average household population, an EDU was 165.1 gallons of water per day.

Mr. Barnett explained the league had installed a sprinkler system for the ball fields which must have caused the high water usage of 61,000 gallons. Chairman F. Eisenhart explained the review period was July 2009 through June 2010, and the high usage of 44,000 in question was the quarter that included August – October 2009. Mr. Barnett explained that the youth league does not use the facility during that time period and assumed the August 2010 bill for 61,000 gallons was the result of the EDU increase. The Manager informed Mr. Barnett that the 61,000 gallons of water usage will be reviewed as part of the 2010-2011 review period.

The highest quarter of usage during the current review period would result in 0.5 additional EDU of water and sewer. Mr. Barnett reported the league is a non-profit organization and this amount is more than the youth league can afford. If they would have to pay this invoice it will put them out of business. The Board explained that non-profit status was not the basis for an exemption, but suggested the Youth League investigate further since they had misunderstood the quarter in question. The Board agreed to table the discussion about the Pen Mar Youth League's additional EDUs until a January meeting on a S. McCleaf, E. Gladhill motion (5-0).

Finally, the Board reviewed a waiver request from Rouzerville Auto Parts. Their letter explained that a sink in their storage area was leaking and was not discovered for some time due to stock being piled in front of the sink. After being discovered, the repair was made immediately. The highest quarter of usage (29,000) for the review period would result in 1 additional EDU of water and 1 additional EDU of sewer. The Manager explained that since the repair, their usage had dropped to 9,000 gallons. The Board reviewed the usage for the auto parts store and agreed to exclude the highest quarters of water usage that corresponded with the leak, granting a waiver to the Rouzerville Auto Parts on an S. McCleaf, J. Blair motion (5-0).

The Manager reviewed the status of the remaining invoices for additional EDUs and reported the owner of the Nail Salon at 11119 Buchanan Trail East had met with him for a second time with additional questions. Their highest quarter of water usage was 20,000 gallons, resulting in additional tapping fees of .5 EDUs for water and sewer.

The Manager also reported he spoke with a representative from Bellarmine Retreat about issues concerning their mailing address. Their highest quarter of water usage was 51,000 gallons, resulting in additional tapping fees for 1 EDUs for water and sewer.

The Manager reported he has not heard anything from the Blue Ridge Food Mart Cafe. Their highest quarter of water usage was 81,000 gallons, resulting in additional tapping fees of 2 EDUs for water and sewer.

The Manager then reported he spoke with Advanced Auto and they stated they will be paying for their additional tapping fees. Their highest quarter of water usage was 34,000 gallons, resulting in additional tapping fees for .5 EDUs of sewer.

WTMA Projects Update Report

The Manager presented his Projects Update Report for November. The following items were discussed:

Old Forge Road- The Township is waiting for a signed contract from the County for the disbursement of the Community Development Block Grant Funding and after it does, materials will be ordered. The project may not begin until the spring due to the Holidays and the weather.

Blue Ridge Summit Pumping Station- The three flow meters are in place. Data is being collected and A. Zeigler, Project Supervisor, will be reviewing the data and it will be provided to CET Engineering for their Study.

Bond Refinancing- The Board approved to borrow the necessary money at a fixed rate of 3.84% for a 20 year term, using a 25 year amortization schedule at the November 2, 2010 meeting. There is also a 24 month 'draw-down' clause that lets the WTMA borrow the money when it needs it for the new project, allowing WTMA to only borrow as much as it needs. The Manager, Business Manager, Solicitor, and other parties have had numerous meetings and conference calls to arrange for the loan and the bond pay-off to occur on schedule.

Act 537 Special Study/ Nutrient Removal Alternatives- CET Engineering and WTMA Staff held a conference call, finalizing the preliminary design phase. CET is working to have the design ready for presentation by the second meeting in December.

Act 537 Special Study/ Wastewater Conveyance System Capacity Analysis- K. Shannon, of CET Engineering Inc. had prepared a Request for Proposals, and the Authority had reviewed ten proposals, ranging in price from \$25,995.00 to \$66,250.00. The Board accepted the lowest bid from R. Lee Royer and Associates. The Manager reported that the surveying has begun, and the field work is near completion.

WTMA Financial Policies and Procedures

The Manager presented the Board with a draft of the WTMA Financial Policies and Procedures. The Manager explained that he and the Business Manager had developed the Policies and

Procedures to replace the Trust Indenture when it is dissolved with the pay-off of the Bond debt. The policy outlines the accounts that will be established at Susquehanna Bank and the purposes of those accounts and the funds within them. The Policy also includes a schedule of transactions and general finance practices for WTMA. The Manager explained that he had the Authority's auditing firm, Smith Elliot and Kearns, review the document and had incorporated any comments the Board had provided.

The Manager explained some of the various aspects of the policy and answered questions about it. There was clarification about the potential uses for Tap fee revenue, and the Manager explained that the Policy directed it into accounts that were to be used for Capital Projects only. After further discussion, the Board adopted the Financial Policies and Procedures on a S. McCleaf, J. Blair motion (5-0).

Resolution 10-14 (Borrowing Resolution)

S. Trinh, Solicitor, presented the final version of Resolution 10-14 (Borrowing Resolution) authorizing the WTMA to incur a loan from Susquehanna Bank for up to \$12,300,000.00. The purpose is to redeem all outstanding bonds of the Authority and to finance certain improvements to the Authority's wastewater system.

After a review and discussion, the Board adopted Resolution 10-14 on a S. McCleaf, D. McCarney motion (5-0).

Susquehanna Bank Loan

The Manager presented several documents for the Board's review concerning the Bank Loan from Susquehanna Bank and Valley Forge Asset Management. He explained that there had been a lot of discussion over the past couple of weeks between himself and the Business Manager, S. Trinh, J. Zmitrovich of Susquehanna, and Cheryl Guth of McGuireWoods, who is the Counsel representing Susquehanna and preparing the loan documents and agreements.

The Manager presented a new Commitment Letter from Susquehanna. He explained that he had requested an extension of the draw down period and a provision to have access to the funds after the initially offered 24 month period in the event the project does not proceed according to schedule or some unforeseen circumstances arise. Susquehanna has now offered a 30 month draw down period, with a provision to put the remaining balance in an escrow account if the project is not complete.

The Manager also explained that the funds that M&T have held in the Debt Service Reserve fund would be used to pay off the Bondholders, and that money was going to be used to pay for other Capital Projects. Susquehanna revised the commitment letter to allow the borrowed funds to be used for other capital projects, while not changing the amount or general terms of the original offer.

After further discussion, the Board authorized the execution of the revised Susquehanna Commitment Letter specifying they were choosing option four, which is a 20 year term with a fixed Bank Qualified / Tax Exempt rate of 3.84% on a J. Blair, S. McCleaf motion (5-0).

The Manager and Solicitor also presented drafts of the Promissory Note and the Loan and Security Agreement between the Authority and Susquehanna Bank, as well as Investment and Advisory Contract and Statement of Investment Policies and Guidelines between the Authority and Valley Forge Asset Management Corporation. They reviewed the documents and the comments that have been offered by all parties on them. The Manager and Solicitor will continue to refine the documents and bring final versions to the next meeting for review and adoption.

Requisitions

The following requisitions were accepted as presented on a S. McCleaf, D. McCarney motion (5-0).

(Sewer) Requisition No. 509 - Payment of \$3,971.52 to reimburse WTMA for grinder pumps purchased from CW Sales.

(Sewer) Requisition No. 510 - Payment of \$9,865.76 to reimburse WTMA for manhole risers purchased from Parsons Environmental.

(Sewer) Requisition No. 511 - Payment of \$2,999.54 to CET Engineering Inc. for work done on the conveyance system upgrades.

(Water) Requisition No. 597 - Payment of \$12,807.34 to reimburse WTMA for chlorine analyzers and Mission units purchased from Whel-Tech.

Purchase Request

The Manager presented an emergency Purchase Request for the purchase of a stainless steel auger, thrust assembly, bearings, and seals at a cost of \$5,124.04 from Transply Inc. He explained that the unit at the Treatment Plant has broken, and time is an essential factor in obtaining a new one. The Board approved the Purchase Request on a S. McCleaf, J. Blair motion (5-0).

Subdivisions

Hunters Ridge- The WTMA has returned the expired maintenance bond in the amount of \$42,945.00 for Hunters Ridge to Susquehanna Bank. This subdivision has met all WTMA requirements.

Klein- The Klein subdivision has met all WTMA Final Approval requirements and the Manager recommended that the Authority give this subdivision final approval. The Board granted Final Approval to the Klein subdivision on a S. McCleaf, J. Blair motion (5-0).

Miscellaneous

CHAR Newsletter- The Manager briefly discussed the CHAR Newsletter.

Waynesboro Borough Minutes- The Manager briefly discussed the Waynesboro Borough Minutes dated October 19, 2010 and November 2, 2010.

2011 Board Meeting Schedule- The Manager asked the Board to review the 2011 Board Meeting schedule, asking the Board to bring any scheduling conflict for next year's meeting calendar to the next meeting so any necessary adjustments could be made.

Homes Located at Old Route 16 and Route 16- The Manager reported that he has mailed letters to several homeowners at the intersection of Old Route 16 and Route 16. He explained to the Board that there have been many water leaks on the waterline located directly behind their homes in the past four years. The Authority intends to replace the line, and some of the waterlines are located on private property and WTMA would prefer to relocate them when the line is replaced. The Manager will be seeking a right of way from the affected homeowners, and the Authority would relinquish the right of way it currently has when the old line is abandoned.

Security Cameras- The Manager discussed an event that occurred recently, and asked the Board's thoughts on placing security cameras in and around the administration building. He presented the information that he had gathered last year, and the Board gave their consensus to the Manager to get updated pricing for a security camera system.

Fats, Oils and Grease Inspections- Chairman F. Eisenhart asked the status of the inspection of Martins grocery store, and the two restaurants located in the Waynesboro Mall for Fats, Oils, and Grease following the blockages that were found on the wastewater line below them. The Manager replied that they have been scheduled for the next two weeks.

Union Discussion- Chairman F. Eisenhart asked when the next meeting about the union was scheduled. The Manager reported the next Union Negotiation is scheduled December 21, 2010

WTMA Board Member Appointment- Chairman F. Eisenhart discussed the meeting he had with the Washington Township Supervisors on December 1, 2010. F. Eisenhart's term on the WTMA Board expires December 31, 2010. He explained that he had expressed a desire to serve another term on the WTMA Board.

WTS Workshop Presentation – E. Gladhill thanked the Manager for the presentation he gave to the Township Supervisors at their most recent workshop. She said it was well received.

Adjourn to Workshop

The Board adjourned to Workshop at 10:20 PM on a S. McCleaf, J. Blair motion (5-0).

Complaint Report

The Board reviewed the Complaint Report.

Adjourn to Executive Session

The Board adjourned to Executive Session for Board Members only at 10:23 PM to discuss personnel issues on a S. McCleaf, J. Blair motion (5-0).

Adjourn

The Board adjourned at 11:30 PM on a S. McCleaf, J. Blair motion (5-0).

These Minutes were prepared by S. Eck, Administrative Assistant respectively submitted on this 14th day of December, 2010.

David A. McCamey, Asst. Sec./Treasurer
~~E. Gladhill, Secretary/Treasurer~~
D. McCamey, Asst/Secretary/Treasurer