

**Washington Township Municipal Authority
Business Meeting Agenda
July 5, 2016**

1. Business from the Floor
2. Agenda
3. Minutes of June 21, 2016
4. LesSantis Properties Tap Fee Deferral
5. Engineer's Report
6. WTMA Project Update Report – June 2016
7. PA DEP Violation Notice
8. Adjourn to Executive Session for Legal Matters
9. Reconvene to Regular Session
10. Miscellaneous
11. Adjourn

Washington Township Municipal Authority
Business Meeting Minutes
July 5, 2016

Chairman F. Eisenhart opened the meeting at 7:15 PM. Others present were S. McCleaf, D. McCarney, G. Price, S. McFarland and S. Trinh. A. Geesaman was absent.

Business from the Floor

There were no members of the public attending so there was no Business from the Floor.

Agenda

The Agenda was approved on an S. McCleaf, G. Price motion (4-0).

Minutes of June 21, 2016

The Minutes of June 21, 2016 were approved as presented, on S. McCleaf, G. Price motion (5-0).

LesSantis Properties Tap Fee Deferral

The Manager explained that the Tap Fee Deferral program had been used by Mr. Lesniak of LesSantis Properties on September 3, 2015. He explained that through an oversight in the office, it was discovered that the property had been transferred to a new owner, but the tapping fees were never paid. The Manager stated that he had contacted Mr. Lesniak several weeks ago to inquire about the status of the payment, and was told that they were coordinating with the bank and would have the payment to the WTMA soon, but they have not paid to date. The Manager explained that the WTMA staff have resolved the problem internally that led to this situation, but was bringing the issue of the unpaid tapping fee to the Board.

The Manager explained that under the Policy, the WTMA could place a lien against the property or remove the meter, but in this circumstance there was a new owner who was not involved in the original agreement and presumably knows nothing about the deferral used prior to his purchase of the property. The Manager read an email to the Board that he had received from Mr. Lesniak that morning stating he was continuing to work with the bank to free up the necessary funds. The Manager suggested an option to give LesSantis two more weeks to make the payment and discussed several options to exercise in the event that payment is not received. The Chairman stated that the policy gave three specific instances at which time LesSantis should have made the payments, but the owner failed to meet any of the three requirements. The Board authorized the Manager to give LesSantis Properties two more weeks, until the next Board meeting, to make the payment, plus the accrued interest assessed at the statutory rate of 6% effective from the end of the

90 day period which began with the installation of the meter. The Board also discussed alternatives the Board could take in the event that payment is not received, including filing suit. They also clarified that due to the failure to pay in accordance with the Policy and the signed Agreement, LesSantis would not be able to take advantage of the deferral program in the future.

Engineer's Report

The Manager presented the June Engineer's Report. The Engineer's Report was accepted as presented on an S. McCleaf, D. McCarney motion (4-0). The following items were discussed:

Water

- No activity

Sewer

- Blue Ridge Summit Pumping Station Replacement

Submittals continue to be received and processed by GHD.

- Miscellaneous Professional Services

GHD is finalizing some changes to the proposal for the Industrial Pretreatment Program Assistance project.

A Water Quality Management permit application has been submitted to DEP for the replacement of the bar screen at the WWTP.

GHD was working on permit applications for two stream bank restoration projects. The emergency permit for Baumgardner Lane was submitted to DEP and approved on the same day, and work has begun.

The Manager pointed out that a few of the projects are over budget and he has asked K. Shannon to attend the next meeting to discuss the overages.

WTMA Project Update Report

The Manager reviewed the activities on various WTMA projects for the Month of June. They include:

Old Forge Road – No activity for the month

BRS Pumping Station Upgrades – Multiple submittals have been received and reviewed.

Development of Sewer Use / Industrial Pretreatment Ordinance – The Authority is awaiting a revised proposal expanding the scope of the work.

Inflow and Infiltration Reduction - The Manager provided the Board with an updated report on the activities for the month from A. Zeigler, Project Supervisor. He explained that smoke testing has taken place and numerous repairs have been made based on those findings.

PA DEP Violation Notice

The Manager presented and discussed a letter that was received from DEP stating that the WTMA failed to monitor for inorganic contaminants during 2015. The Manager explained that he had received a Violation Notice in April and had referred it to the Water Superintendent who was to take care of it. He explained that the current Superintendent had found some emails between the former superintendent and DEP regarding the issue, but it was evidently never taken care of, and now the matter has been referred for enforcement. He explained that the samples have now been taken and sent to the lab. The WTMA will have to issue an amendment to the 2015 Consumer Confidence Report, and mail postcards to all of its customers. There is a Pre-enforcement Conference to be held in late July in DEP's York office. The Manager will attend along with the Superintendent and inform the Board of the outcome. The Manager explained that the new Superintendent has prepared a calendar based on DEP's testing schedule.

Adjourn to Executive Session

The Board adjourned to Executive Session to discuss Legal Matters at 7:44 PM on an S. McCleaf, G. Price motion (4-0).

Reconvene to Regular Session

The Board reconvened to regular session at 8:25 PM.

Miscellaneous

The Manager presented the Waynesboro Borough Authority minutes and the Authority magazine to the Board.

The Manager discussed a 34 unit trailer park in Rouzerville that was considering adding a unit and the Manager wanted to discuss options with the Board including charging them a tapping fee for the new unit or placing master meters on the park and allowing them to not pay the tapping fee as long as the total usage for the park did not exceed the 34 EDUs that they would be granted under the grandfathering process. The Manager explained that he wanted to briefly discuss master metering the remainder of parks to be consistent with the three parks in the Township that currently are master metered. The Board indicated their desire to think about the subject and discuss it at some future meeting.

The Manager also presented a spreadsheet showing several alternatives for refinancing its debt with BB&T and some estimates of the interest savings and change in the terms of the loan. The first option would reduce the interest rate from the current 3.87% to the bank proposed 2.36% while keeping the current payment levels, which would reduce the life of the loan to February of

2028 and save approximately \$963,699 in interest. The second would include using approximately \$1,000,000 in reserves to reduce the outstanding principal prior to refinancing, and keeping the current repayment levels. The Manager explained that this alternative would cause the last payment to be made in April of 2026 and would yield \$1,255,511 in interest savings. The third option would be simply refinancing the current balance at the proposed bank rate, but reducing the monthly payments by \$5,000. The final payment under this scenario would be in April of 2029, and the interest savings would be \$855,679 over the life of the loan. The Manager also explained that if the Authority chose either of the first two options, the bank was estimating their proposed interest rates would drop to approximately 2.20% and 2.07% respectively, which would increase the interest savings and decrease the payment time period, but he had not obtained revised amortization schedules and the numbers he had just reviewed were all based on 2.36%, which would remain if the WTMA chose the option that reduced the monthly payment amount.


The Board discussed the alternatives and reviewed various pros and cons. The Board discussed possibly reducing the payment amounts to avoid increasing rates next year. The Manager explained that approximately 90% of any cost savings would be allocated to the Wastewater Department. The Chairman reviewed his analysis of the rate increases over the recent years, the midyear analysis of actual income and expenses compared to budget for the two departments, and the advantage to the Authority of paying the loan off in a shorter time and freeing up the money the Authority currently spends on principal and interest. After further discussion, the Board asked for offers from the bank to refinance the loan based on the two alternatives that would keep the payments at their current level and pay the loan off faster.

The final item the Manager discussed with the Board was the WTMA staff's insurance plan. He explained that he had been contact by their broker and informed that Capital Blue is no longer offering the Traditional plan the Authority has been enrolled in, and have presented them with options for moving to several PPO plans. He explained that he has a meeting scheduled with the broker next week and will have more information for the Board following that meeting. He also explained that he inquired whether other providers offered a traditional plan and was told that they do not. D. McCarney suggested investigating increasing the deductibles and purchasing a supplemental 'gap' policy. The Board also discussed contacting the Union and looking at the plan that they offer.

Adjourn

The Board adjourned at 8:55 PM on an S. McCleaf, G. Price motion (4-0).

Sean McFarland, Manager, respectfully prepared these Minutes, and submitted on this 19th day of July, 2016.


D. McCarney, Secretary/Treasurer