

ANNVILLE TOWNSHIP AUTHORITY
AGENDA
October 23, 2018

Announced Visitor(s): Daryl Peck, Concord Public Finance

1. Call to Order – 5:30 PM
2. Recognition of Visitors and Opportunity for Public Comment
 - Mr. Peck – Proposals for Dewatering Project Financing
3. Minutes
4. Financial Reports
5. Accounts Payable
6. Superintendent's Report
 - Surcharges
 - Dewatering Equipment and Building
 - Purchase of Nutrient Credits
7. Solicitor's Report
 - Legal Actions Against Significantly Delinquent Customers
8. Engineer's Report
9. Municipal Separate Storm Sewer System (MS4) Report
10. Clerk's Report
 - Delinquent Report
 - 2019 Tentative Budgets - Sewer Fund, Sewer Capital Fund, and MS4 Fund
11. Adjournment

**MINUTES OF THE ANNVILLE
TOWNSHIP AUTHORITY
October 23, 2018**

The October Regular Monthly Meeting of the Annville Township Authority was held starting at 5:30 PM on October 23, 2018 in the Commissioners' Room of Annville Town Hall, 36 North Lancaster Street, Annville, PA with the following members present: David Myers, Chairperson; Anthony Perrotto, Vice Chairperson; and Anthony Deaven, Assistant Secretary/Assistant Treasurer. Also in attendance were Nicholas T. Yingst, Township Administrator and Authority Clerk; Leslie J. Powell, Superintendent of the Wastewater Treatment Plant (WWTP); Joseph Viozzi, Public Works Department; Corey Lamoureux, Esq., Township Solicitor; and Daryl S. Peck, Concord Public Finance.

Chairperson Myers called the meeting to order and led those present in the Pledge of Allegiance to the flag of the United States of America.

Hugh Rooney, Secretary of the Authority, joined the meeting at 5:31 PM.

RECOGNITION OF VISITORS AND OPPORTUNITY FOR PUBLIC COMMENT:

Chairperson Myers provided an opportunity for public comment and the following comments were noted from those in attendance:

Proposals for Dewatering Project Financing: Mr. Peck shared information on the proposals received by the October 17, 2018 deadline for financing the dewatering project. He reported that requests for proposals were issued to 30 banks, and six banks responded by returning a total of 11 different proposals. He reviewed the proposal from Fulton Bank for an initial rate of 3.8% for years one through ten followed by a variable rate not to exceed a cap of 5.25% for years 11 through 20, noting it represented the best blended rate conservatively assuming the cap rate would be paid. Mr. Peck and Mr. Yingst then shared information on how this rate was better than what had been previously anticipated and budgeted. Mr. Peck noted that while this rate was subject to final credit approval by the bank, he considered that to be a formality that was unlikely to hold up the process. He also indicated this proposal initially had some conditions he and Mr. Yingst found to be onerous, and that he was able to have Fulton Bank remove them. Mr. Lamoureux asked if there was a required withdrawal amount at closing and Mr. Peck indicated there was, noting that tax law required a withdrawal of \$50,000. Mr. Yingst noted that some of that withdrawal would be paid directly to Concord Public Finance and the bond counsel at closing, while other costs incurred by the Sewer Fund for the project prior to closing would be reimbursed at that point. Mr. Rooney asked if the full \$800,000 could be withdrawn at closing, thus avoiding interest-only payments in 2019. Mr. Peck indicated the financing would allow for this but based upon the strategy of first having the Township pay for the non-financed portion of the project out of reserves, he did not believe there would be a significant amount of interest to be paid when the first payment would be due in June, as only those amounts drawn would incur interest. The Authority discussed this and decided to consider revisiting whether reserves should be used to pay down principal on the loan in mid-year 2019 if the project was forecasted to be underbudget at that point. Mr. Lamoureux asked if there was a prepayment penalty if the Township wished to refinance with a different lending institution in the future and Mr. Peck indicated there was not. Mr. Rooney asked Mr. Peck what was the necessity of bond counsel. While noting he was more qualified to speak about the financial aspects of the process, Mr. Peck indicated use of a bond counsel was customary due to their legal expertise in municipal tax-exempt financing, preparation of the necessary ordinance and other documents, and required filings with the Pennsylvania Department of Community and

Economic Development. Mr. Rooney asked if bond counsel was necessary. Mr. Peck indicated use of bond counsel may not be necessary, but an attorney was beneficial to ensure the municipality's interests were protected in the preparation of the loan documents with the lender and an opinion on the tax-exempt nature of the financing would have to come from an attorney. At the request of Chairperson Myers, Mr. Lamoureux reviewed why he believed this information could best be prepared and submitted by bond counsel, who has expertise in this field. Returning to the matter of the credit approval, Mr. Perrotto asked if the rates should change based upon this if the proposal would need to be resubmitted to the Authority for its approval. Mr. Lamoureux confirmed this, and Mr. Peck indicated he anticipated he would hear back from Fulton Bank regarding the credit approval sometime the following week. With no further comments or questions noted, **MOTION** by Mr. Deaven, second by Mr. Perrotto to recommend to the Board of Commissioners it (1) accept the 20-year financing proposal submitted by Fulton Bank with an initial rate of 3.8% for years one through ten followed by a variable rate not to exceed a cap of 5.25% for years 11 through 20, and (2) adopt an ordinance and approve the necessary paperwork making this financing official. Motion carried unanimously.

Mr. Peck thanked the Authority for its time and left the meeting at 6:01 PM.

MINUTES: **MOTION** by Chairperson Myers, second by Mr. Deaven to approve the minutes of the Regular Meeting held September 25, 2018 as presented. Motion carried unanimously.

FINANCIAL REPORTS: The Authority reviewed the income statements and balance sheets for the Sewer Fund, Sewer Capital Fund, and MS4 Fund for the period ending September 30, 2018. Mr. Deaven asked why the percentage of budgeted-to-actual funds for the Sewer Fund Maintenance Contract Fees account was only at 48%; Mr. Yingst indicated this was because Cleona is invoiced quarterly for this revenue stream and only two quarters have been invoiced and paid thus far. Mr. Perrotto asked why the percentage of budgeted-to-actual funds for the Sewer Fund Management Fees - External and Laboratory Fees accounts were at 64% and 63%, respectively. Regarding the latter, Mr. Yingst indicated that Pennsy Supply is invoiced quarterly for this revenue stream and only two quarters have been invoiced and paid thus far. Regarding the former, Mr. Yingst indicated this revenue stream is a function of the Sewer Rentals - External account, which is also running below budget. He further indicated that Hill Farm's water consumption has been decreasing recently, resulting in a decrease in both these external revenue streams which are based on flow from adjacent municipalities, and the 2019 budget reflects this decrease for the upcoming year.

ACCOUNTS PAYABLE: The Accounts Payable list for October 2018 was reviewed. Mr. Perrotto asked about Check No. 12016 to Light's Welding, Inc. in the amount of \$2,879.60. Mr. Powell indicated this was the cost for the stainless-steel grates that replaced the grind hog. **MOTION** by Mr. Rooney, second by Mr. Perrotto that the list of vendors to be paid (Cash Disbursements Journal) for the Sewer Fund, Sewer Capital Fund, and MS4 Fund, which list is filed with other Authority records, be approved by the Authority for submission to the Board of Commissioners for payment. Motion carried unanimously.

SUPERINTENDENT'S REPORT: Mr. Powell reported that the WWTP is operating very well. He began by reviewing the Monthly Report, noting that its Total Nitrogen (TN) and Total

Phosphorous (TP) figures represented the annual totals for the permit year and while the TP figures were within the limitations set by the plant's nutrient loading permit, the TN figures exceeded the limitations by 286 pounds. He also explained that while the Monthly Report showed the plant at 99% of its permitted TN loading for the year, there was an overage that did not show up on the report due to rounding. Mr. Powell then reviewed the Status of Pending Projects Report, a copy of which is attached hereto and made a part of these minutes, and the following items were discussed in detail:

Surcharges: The Authority reviewed the results of the latest samplings for Donut Break, Hoss's Steak and Sea House, Lebanon Valley College, and the Union Hose Social Club. Mr. Yingst reported that copies of these sampling results were mailed to these entities earlier in the month and based upon these results surcharges would be assessed to their November 1, 2018 sewer bills. He also noted the sampling and testing fee would be waived for the Union Hose Social Club due to its surcharge being less than \$25 for consecutive sampling periods.

Dewatering Equipment and Building: The following items were noted:

Geotechnical Engineering: Mr. Powell reported that BlueScope Construction, Inc., required exploratory borings, laboratory testing, and a geotechnical engineering report for the suitability of the site for the proposed dewatering building site. To that end, a proposal in the amount of \$7,975 was received from J.E. Horst for scheduling, managing, and providing a third-party company to provide same for the proposed dewatering building. Mr. Powell noted BlueScope was requiring this due to the increase in the building's height and, as such, he authorized this work to commence, which has since been completed. He also expressed his frustration that this cost was not included in the previously approved proposal for the building, which did include the increased costs for the increase to the building's height. Mr. Rooney asked if the costs for larger pillars were already included in the approved building proposal, should the results of the report require them, and Mr. Powell believed they were. **MOTION** by Mr. Perrotto, second by Mr. Rooney to note receipt of the aforementioned proposal and to authorize Mr. Powell to communicate with BlueScope Construction, Inc. and J.E. Horst regarding responsibility for this cost and why it was not included in the previously approved proposal for the building. Motion carried unanimously.

Application and Certificate for Payment #1: Application and Certificate for Payment #1, received from BlueScope Construction, Inc., in the amount of \$43,280, was reviewed by the Authority. **MOTION** by Mr. Rooney, second by Mr. Deaven to recommend to the Board of Commissioners it authorize payment in the amount of \$43,280 to BlueScope Construction, Inc. for Application and Certificate for Payment #1, the costs of which are to be reimbursed to the Township at the closing of the financing for the dewatering project. Motion carried unanimously.

Engineering Work by Gannett Fleming: Mr. Yingst shared an update from Gannett Fleming on its involvement in the dewatering project. In particular, it was noted the vibration analysis and design was completed on the platform on which the dewatering equipment would be located, and a copy of the draft drawings were distributed to the members of the Authority and WWTP staff for review and input. It was also noted the specifications for the equipment were being reviewed by Gannett Fleming, after which point they would be submitted to Sherwood Logan for a final quote, and the stormwater/erosion and sedimentation control package was submitted to Lebanon County for

ANNVILLE TWP. WASTEWATER TREATMENT PLANT

STATUS OF PENDING PROJECTS

October 24, 2018

- (1) **SURCHARGES** See attachments from Township Office.
- (2) **HAULING** We just got the Pennsy field, so we should be good until spring unless he puts chicken manure on it.
- (3) **PLANT** The plant is operating very well.
- (4) **DEWATERING BLDG.** We had to get some core drillings done for the new building since we raised the height of the building (see attachment)
- (5) **CREDITS** We are going to need 286 pounds to meet the TN limits. Nick from Gannett Fleming contacted some plants and we are recommending getting them from Hampden Township at \$3/pound, at a total cost of \$858.

Respectfully submitted,
Les Powell
Chief Operator

review earlier in the month with approval anticipated within a week. Finally, it was noted the Gannett Fleming design team would be scheduling a meeting with WWTP staff in the next few weeks to review the previously provided draft building and site layout drawings, as well as the platform drawings.

Purchase of Nutrient Credits: An Agreement of Sale with Hampden Township/Hampden Township Sewer Authority for the purchase of 286 TN credits at \$3 per credit was presented to the Authority for its review and comment. It was noted this amount of credits would bring the WWTP into compliance with its permit for TN limits for the October 1, 2017 through September 30, 2018 permit year. **MOTION** by Mr. Deaven, second by Mr. Perrotto to (1) approve the Agreement of Sale with Hampden Township/Hampden Township Sewer Authority for the purchase of 286 TN credits for the sum total of \$858 and (2) recommend the Board of Commissioners ratify this action. Motion carried unanimously.

SOLICITOR'S REPORT: The Authority was informed of the following items:

Municipal Separate Storm Sewer System (MS4) Fee Appeal for Norfolk Southern Property: Regarding the Norfolk Southern MS4 fee appeal, Mr. Lamoureux reported Norfolk Southern had been in contact with the Township Engineer the prior week for working out the particulars of the infiltration testing along the railroad's ballasted tracks. At the request of Mr. Powell, Mr. Yingst indicated he would ask the Township Engineer if it would make sense to see if a representative of the Pennsylvania Department of Environmental Protection should be invited to the testing.

Legal Actions Against Significantly Delinquent Customers: Regarding the lien against the Forbes property at 144 Water Street, Mr. Lamoureux noted no payments were made over the past month regarding the outstanding balance of \$931.89, which was comprised of legal and filing fees.

ENGINEER'S REPORT: Nothing to report this month.

MS4 REPORT: Nothing to report this month.

CLERK'S REPORT: The Authority was informed of the following items:

Delinquent Report: Mr. Yingst informed the Authority of the measures taken by the Township Office over the past month to collect on delinquent accounts. He noted that since the September 25, 2018 Authority meeting 15 accounts were posted for shutoff; this was comprised of two customers who were under a payment contract but had not paid, nine customers not under a payment contract with the Township, and four landlord/tenant customers. Mr. Yingst concluded by reporting that over the past four weeks more than \$5,400 had been received from significantly past-due customers.

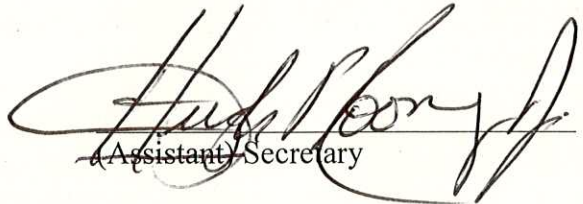
Cleona Pump Station Maintenance Agreement: Mr. Yingst informed the Authority he and Mr. Powell were recommending a \$500 increase to the quarterly fee charged to the Cleona Borough Authority (CBA) for the pump station maintenance agreement in 2019, which would increase the fee from \$7,000 to \$7,500 per quarter. Mr. Powell described the amount of time his staff typically spends on its daily inspections of the pump station and Mr. Yingst noted the fee had not been

increased for four years, over which time the wage costs for WWTP staff had increased by roughly the same percentage he was proposing the fee be increased. It was also noted that Mr. Powell communicated to the CBA the possibility of such an increase and the CBA did not express any concerns about this to him, with its Solicitor asking if Mr. Lamoureux would draft the necessary resolution making such changes. **MOTION** by Mr. Rooney, second by Mr. Perrotto to authorize the Solicitor to create a resolution revising the charges for services provided for routine maintenance of the Cleona pump station to \$7,500 per quarter, to be presented to the Authority for its consideration at a future meeting. Motion carried unanimously.

2019 Tentative Budgets - Sewer Fund, Sewer Capital Fund, and MS4 Fund: Mr. Yingst provided an update on the 2019 Sewer Fund, Sewer Capital Fund, and MS4 Fund budgets. He noted these budgets were reviewed by the Board of Commissioners on October 16, 2018 and that minor changes had been made to the Sewer Capital Fund budget and the MS4 Fund budget since they were first presented to the Township Authority at its September meeting due to information received after that meeting. Mr. Yingst then briefly discussed these changes with the members of the Authority before noting the Sewer Fund budget remains balanced with a 2019 transfer to the Sewer Capital Fund budgeted in the amount of \$66,289. He reported the Board tentatively adopted the 2019 budgets and would be holding a Public Hearing to discuss all 2019 budgets at 6:45 PM on November 7, 2018 and anticipates official adoption of the 2019 budgets on December 4, 2018. **MOTION** by Mr. Deaven, second by Mr. Rooney to recommend to the Board of Commissioners that the 2019 tentative budgets for the Sewer Fund, Sewer Capital Fund, and MS4 Fund be officially adopted as presented. Motion carried unanimously.

MOTION by Mr. Perrotto, second by Mr. Deaven to approve the reports as presented at this meeting. Motion carried unanimously.

There being no further business to come before the Authority, **MOTION** by Mr. Rooney, second by Chairperson Myers to adjourn the meeting. Motion carried unanimously and the Regular Meeting was adjourned at 6:38 PM.


Assistant Secretary