

MINUTES
LOWER SWATARA TOWNSHIP MUNICIPAL AUTHORITY
APRIL 28, 2008

Chairman Gingrich called the Regular Meeting of the Lower Swatara Township Municipal Authority to order at 7:30 P.M. The record indicated the following officials in attendance:

- James R. Gingrich, Chairman
- James R. Brokenshire, Vice Chairman
- Charles A. High, Secretary
- Richard W. Wilkinson, Treasurer
- Donald Martino, Asst. Secretary/Treasurer
- Matthew D. Cichy, Engineer
- Peter R. Henninger, Solicitor
- Ronald J. Paul, Township Manager
- Leslie A. LaVia, Recording Secretary

Others in Attendance: Darryl Peck, Mike Williams, Tom Williams

Chairman Gingrich informed the Board that he received a call from Von Hess this evening. Mr. Hess stated that Highspire's Lumber Street Study is complete. An additional 250 feet of line needs to be replaced in the Borough. Mr. Hess stated that he would contact Paul Navarro. It was noted that it should not be necessary to change the Lower Swatara Township Municipal Authority's agreement with the developers. Mr. Henninger stated that he would contact Mr. Patterson., Highspire Borough Authority Solicitor.

Darryl Peck with Concord Public Financial Advisors was in attendance to discuss financing options for the Chesapeake Bay Compliance. Mr. Peck distributed a handout to the Board. The first graph is a current market update. Mr. Peck stated that borrowing conditions are favorable and noted that it would not be wise to refinance the present debt. The Lower Swatara Township's estimated cost for the Chesapeake Bay upgrades is \$10,680,000. Highspire's estimated project cost is \$12,000,000 and the Township's portion would be \$7,680,000 (64%). Middletown's project cost estimate is \$15,000,000 and the Township Authority's share is 20% or \$3,000,000. Mr. Peck stated that the Authority should consider two separate bank financings, one in 2008 and one in 2009. The Authority should also take into consideration any other capital improvements which

would need to be financed in order to save on the financing costs. It was noted that the existing annual debt service is \$617,088.75 through 2011

Three financing options were outlined although Mr. Peck stated there are other options. The first option would increase the sewer bill \$16.89 per EDU just to cover the increase in the debt service. The other two options would wrap around the debt service. The term for the second option is shorter than the third option. The impact on the rate for the second option would be \$9.96 per EDU and the third option would increase the rate \$6.27 per EDU.

Should the Authority receive money from the State, the loan could be prepaid with bank financing; however, with bond issues there is usually a five-year call provision. Mr. Henninger commented that with Penn Vest money, once you begin a project, it is difficult to receive grant money. It was noted that it appears that DEP is not approving any permits until the lawsuit is settled. It was noted that the State could provide funding in the form of a subsidy. With \$6.27 added to the sewer bill for the debt service, the sewer rate would be \$46.00 per EDU. This amount does not take into consideration any additional increases to the operation, maintenance and administrative expenses of the Sewer Revenue Fund.

It was noted that Highspire is ready to move forward with the upgrades and would like to bid the project in the fall. It is this Authority's opinion that Highspire should wait to see if any funding from the State becomes available. Joint meetings should be held with both Highspire and Middletown Authorities. . It was noted that Highspire Borough is participating in the legal suit; the Highspire Borough Authority is not. There are no Chesapeake Bay upgrades necessary for the Southwest Treatment Plant at Derry Township but Derry Township Authority should be contacted regarding their projected rate structure over the next five years.

Questions were raised regarding operation and maintenance costs for Middletown and Highspire. Ed Ellinger was not successful contacting Highspire's Borough Authority's Engineer. It was noted that this is another item that should be discussed when meeting with Highspire. Chairman Gingrich stated that he would call Von Hess, Highspire Borough Authority Chairman and Peter Pappas, Middletown Borough Authority Chairman to arrange joint meetings.

Mr. Wilkinson, second by Mr. High, made motion to approve the minutes of March 24, 2008 with two noted spelling changes. The motion was unanimously approved.

Engineer's Report: Mr. Cichy distributed his monthly written report. Mr. Cichy informed the Board that the Water Obstruction and Encroachment Permit Application was submitted to DEP. Once the permit is received and the project manual and construction drawings finalized, the project will be ready for bidding.

The Nissley Drive/Ray Road Sanitary Sewer Rehabilitation Project is completed with the exception of the paperwork. New Hope Pipe Liners, LLC has submitted Application for Payment 1. Mr. Wilkinson, seconded by Mr. Brokenshire, made motion to remit payment in the amount of \$48,439.31. The motion was unanimously approved.

Mr. Cichy distributed Exhibit C to be included in the Future Flows to Middletown Borough Authority Study. Mr. Cichy stated that he heard from Alpha Consulting Engineers regarding the development of the Lehman Shope Farm. The concept sketch indicates flow of 150,000 gallons per day. HRG used 142,500 gallons per day in the Study.

The Preliminary Plans and Phase I Final Plans for the Linden Centre have been reviewed by HRG. Comments will be sent early this week to the developer.

Mr. Cichy informed the Board that additional information has been received regarding Middletown Borough Authority's Act 537 Sewage Facilities Special Study. HRG is preparing comments for Mr. Paul's review and should have those comments completed by the end of the week.

Solicitor's Report: Mr. Henninger informed the Board that the Proposed Middletown Treatment Agreement is near completion. The Agreement may be ready for approval next month.

Mr. Henninger distributed an updated sewer lien list. Mr. Henninger stated that the estate has never been opened for Gary Strohm. The Authority has several liens filed on this property. There is no mortgage on the property. Mr. Henninger has sent correspondence to Mr. Strohm's sister regarding the estate and she has not responded. Mr. Henninger stated that if there are no objections from the Board, he will petition the court to be the administrator of the estate of Gary Strohm. It was noted that the Authority

continues to bill the property for sewer and the property appears to be vacant. The 2007 taxes are delinquent and 2008 taxes due on the property.

Mr. Henninger stated that Donna Lauck died last week so the Authority may have a similar situation. The Mecca property on Rosedale Avenue is for sale and the Authority may receive payment on that lien shortly. The sewer liens including legal costs and interest as of February 15, 2008 total \$35,528.78.

Manager's Report: Nothing to Report.

Mr. Wilkinson, seconded by Mr. High, made motion to approve the April expenses of the Sewer Revenue Fund in the amount of \$203,681.81. The motion was unanimously approved.

The next meeting of the Authority is scheduled for May 19, 2008. Mr. Brokenshire briefed the Board on the April Highspire Authority meeting. The repair for the Ann Street line will need an open cut. Highspire Borough Authority's rate study has been estimated at \$12,000.00 and Highspire may not proceed with that study. Mr. Brokenshire stated that Highspire Borough Authority asked if Lower Swatara Township Authority would consider sending more flow to Highspire for treatment. Mr. Brokenshire stated that he informed Highspire that the matter has been discussed in the past by the Board.

Mr. Brokenshire gave Mr. Paul information from the PMAA regarding the credits program. Mr. Brokenshire stated he did not attend the recent DEP meeting regarding the Chesapeake Bay regulations and did not attend the recent meeting at the Lower Swatara Township Fire Station.

Mr. Henninger stated Senator Piccola and Representative Payne were in attendance at the meeting, April 10, 2008 at the Fire Station. The legislators are aware of the Township's need for state funding for the Chesapeake Bay upgrades.

Hearing no further business, Mr. Brokenshire, seconded by Mr. High, made motion to adjourn. The motion was unanimously approved and the meeting adjourned at 8:40 P.M.

ATTEST:

Leslie A. LaVia
Recording Secretary