

MINUTES
LOWER SWATARA TOWNSHIP MUNICIPAL AUTHORITY
JUNE 22, 2009

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
- Donald Jones, Solicitor
- Matthew D. Cichy, Engineer
- Ronald J. Paul, Township Manager
- Leslie A. LaVia, Recording Secretary

Absent: Peter R. Henninger (excused)

Others in Attendance: Brian Straub, Robert Sheker,
Roy Shanafelter, Paul Navarro

Chairman Gingrich opened the floor to Robert Sheker, the President of Envirodyne, a Camp Hill, Pennsylvania firm. Envirodyne's equipment has been at the Highspire Plant since 1987. Mr. Sheker stated that Envirodyne would like to provide the oxidation system for the Chesapeake Bay upgrade for the Highspire treatment plant and bid on the project. Mr. Sheker stated that they were the low bidder and a Denmark Company's bid for the oxidation system was \$150,000 higher.

Mr. Sheker stated that the Lower Swatara Township Municipal Authority reported in previous minutes that according to Highspire Borough Authority Engineer, Envirodyne did not meet an extended deadline. Mr. Sheker stated that Envirodyne did not miss a deadline, but learned at the Highspire Borough Authority meeting last Thursday night that Envirodyne was not preapproved.

Chairman Gingrich stated that while the Township has a financial interest, Highspire is the owner of the plant and the bid decision is their responsibility. Mr. Sheker stated that perhaps the Lower Swatara Township Authority could speak in Envirodyne's behalf. Mr. Paul stated that Highspire may have other concerns regarding the oxidation

equipment. Mr. Sheker stated that all the questions have been answered and the calculations should be understood by Highspire. Mr. Sheker stated that the European competitor has threatened legal action if they are not awarded the bid. Mr. Sheker stated that Rettew is supposed to contact Envirodyne after June 29, 2009.

Mr. Navarro stated that he also attended the Highspire Borough Authority meeting last Thursday night. Mr. Navarro updated the Board on the survey/design work for the Lumber Street upgrade. Letters have been sent to the five or six property owners. There is an agreement between the developers regarding the cost sharing for the project. The permit will be in Lower Swatara Township Municipal Authority's name. The construction documents are being reviewed by HRG and the work should be completed this summer.

Mr. Navarro commented that he has worked with Mr. Sheker and Envirodyne and stated that it is a good firm. Mr. Navarro stated that he is also a sewer ratepayer in the Township and is concerned about costs.

Mr. Brokenshire, seconded by Mr. Martino made motion to approve the May 18, 2009 Minutes. The motion was unanimously approved.

Mr. Straub was in attendance to talk to the Board about the management letter regarding the 2008 Municipal Authority Audit. The Municipal Authority's numbers are obtained from some of the Assets and Liabilities of the Sewer Revenue Fund. There is no General Fund for the Municipal Authority. Last year the findings were not disclosed in the management letter. However, this year there are new regulations. Finding # 1 stated that the required non-routine audit adjustments constitute a deficiency in the Authority's ability to record and report financial data in accordance with generally accepted accounting principles. Mr. Straub stated that of the 75 audits prepared by their firm, 95% of the management letters will include this language. Mr. Straub stated that it is not worth the cost to correct.

Finding # 2 states that no one associated with the Authority has the expertise to prepare the financial statements and required note disclosures in accordance with generally accepted accounting principles. This results in a deficiency in the Authority's internal control over the financial reporting process. Mr. Straub stated that this is not a reflection on the Township or the Authority's operation and again not worth the cost to

correct. This language will again appear on future management letters. Most small businesses, non-profit organizations and governments will have this finding which is a result of reporting requirements since Enron.

Mr. Brokenshire commented that years ago reporting was rather simple. Now the regulations are so complicated, a CPA is needed and that is just not practical.

In addition to the management letter, there is a second letter from Waggoner, Frutiger and Daub outlining the audit. Chairman Gingrich signed the annual report for the Department of Community and Economic Development and Chairman Gingrich and Mr. Paul signed the Client Representation letter to Waggoner, Frutiger and Daub.

Mr. Brokenshire, seconded by Mr. Wilkinson, made motion to acknowledge the receipt of the 2008 Municipal Authority Audit prepared by Waggoner, Frutiger and Daub. The motion was unanimously approved.

Engineer's Report: Mr. Cichy distributed his monthly written report. The Farr Pump Station work began the end of May. During installation of the manholes and sewer mains it was discovered that the existing force main alignment differed from the Authority records and would interfere with the proposed sanitary sewer main. The proposed sewage grinder chamber also needed an anti-floating collar around the base of the chamber. A work change directive No. 1 was needed. The change order increases the contract price by \$586.16 to \$116,086.16 and increases the contract time by four (4) days. Substantial completion was June 17, 2009, within the contract time. A punch list of remaining items needs to be corrected or completed and the contractor has until July 2, 2009 to address those items. Mr. Cichy included four pictures of the Farr Pump Station as part of his written Engineering Report.

Mr. Brokenshire, seconded by Mr. Martino made motion to approve Work Change Order Directive No. 1 increasing the price of the contract to \$116,086.16. The motion was unanimously approved.

Solicitor's Report: Mr. Jones reported that the Authority may receive payment in full on the account of Donna Lauck. The Authority Board approved the Middletown Treatment Agreement and the Board of Commissioners approved the agreement at their meeting. The Township Commissioners will be approving an ordinance and the Solicitor has prepared a Resolution for the Authority.

Mr. High, seconded by Mr. Wilkinson made motion to approve Resolution 2009-R-1, adopting the Middletown Treatment Plant Agreement. The motion was unanimously approved.

Manager's Report: Mr. Paul reported that Daryl Peck and David Twadell were in attendance at the Board of Commissioners Meetings, June 3 and June 17, 2009 to explain the financing of the treatment plant upgrades. The Board of Commissioners concurred that there will be two borrowings, the first borrowing for the Highspire Treatment Plant upgrade in the amount of \$6,431,000. The second borrowing will be for the Middletown Treatment Plant upgrade and any other additional projects. The Township will be the issuer of the General Obligation Bonds.

Mr. Wilkinson, seconded by Mr. Brokenshire made motion that no further credit for tapping/connection fees will be given for previous connections in the Middletown drainage basin now that there is a new treatment agreement and the Township is now paying for capacity at the plant. The motion was unanimously approved.

Mr. Brokenshire reported that Highspire Borough Authority plans to send the Intent to Award to the contractor in July and their bond financing will occur in July. Mr. Brokenshire commented that as a ratepayer he objects to paying more than necessary for the Highspire Plant upgrade. However, Mr. Brokenshire stated that he heard that Envirodyne did not describe the process as requested by Rettew and stated that Envirodyne needs to communicate with Highspire Borough Authority's Engineer regarding their bid.

Mr. Wilkinson, seconded by Mr. High made motion to approve the June expenses of the Sewer Revenue Fund in the amount of \$144,401.24. The motion was unanimously approved.

Mr. Navarro asked if he could proceed with the first twenty-three (23) units, Phase One of the Retirement Community Project since the upgrade on Lumber Street will take some time to complete. Mr. Paul stated that Mr. Navarro can proceed as long as the improvement guarantees are posted. It was noted that there is capacity to start the project.

Mr. Cichy reported that Middletown Plant upgrades have been estimated at 13.5 million. The Authority's share would be 2.7 million. Middletown expects to bid the project in July and work to begin in September or October.

Chairman Gingrich stated that he would contact Von Hess regarding Envirodyne's bid. York Building Products plans to connect to the sanitary sewer system and CET is working on the design. Derry Township Municipal Authority did approve York Building Products capacity based on discharge flow.

The next Authority meeting is scheduled for July 27, 2009. Hearing no further business, Mr. Brokenshire, seconded by Mr. Wilkinson, made motion to adjourn. The motion was unanimously approved and the meeting adjourned at 8:25 P.M.

ATTEST:

Leslie A. LaVia
Recording Secretary