

**DRAFT MINUTES OF THE ANNVILLE
TOWNSHIP AUTHORITY
August 28, 2018**

The August Regular Monthly Meeting of the Annville Township Authority was held starting at 5:30 PM on August 28, 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; Barry Ludwig, Treasurer; and Anthony Deaven, Assistant Secretary/Assistant Treasurer. Also in attendance were Nicholas T. Yingst, Township Administrator and Authority Clerk; Leslie Powell, Superintendent of the Wastewater Treatment Plant (WWTP); Joseph Viozzi, Public Works Department; and Corey Lamoureux, Esq., Township Solicitor.

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.

OPPORTUNITY FOR PUBLIC COMMENT: Chairperson Myers provided an opportunity for public comment. While there were no comments, it was noted that Daryl S. Peck of Concord Public Finance would be making a presentation on a financial consulting services proposal for the WWTP dewatering project upon his arrival.

MINUTES: MOTION by Mr. Perrotto, second by Mr. Deaven to approve the minutes of the Regular Meeting held July 24, 2018 as presented. Motion carried by a vote of three to zero with Chairperson Myers, Mr. Perrotto, and Mr. Deaven voting in favor of the motion and Mr. Ludwig abstaining.

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 July 31, 2018. Mr. Perrotto asked if the annual expenses thus far in the Sewer Fund Insurance account and Chemicals account appeared to be running high due to advance payments. Mr. Yingst said this was the case for the Insurance account, while the Chemicals account had been charged for the large annual purchase of methanol, with a subsequent smaller purchase anticipated toward year-end.

Hugh Rooney, Secretary of the Authority, arrived at the meeting at 5:38 PM.

ACCOUNTS PAYABLE: The Accounts Payable list for August 2018 was reviewed. Mr. Deaven asked about Check No. 11917 in the amount of \$50,618.36 to Amerigreen, Inc. Mr. Yingst noted this was for the cleaning and disposal of the three reed beds which were to serve as the location for the dewatering building. He also noted the material removed from these reed beds included the dewatered material from the equipment pilots as well as the rental centrifuge used to process the large amounts of sludge being stored at that time. Mr. Perrotto asked about Check No. 11940 in the amount of \$1,071.00 to Keystone Pump & Power and Mr. Powell noted this was for the rental of a portable pump during the previous month's flooding to keep water levels down in the wet well so the electric was not damaged. Mr. Perrotto also asked about Check No. 11946 in the amount of \$2,021.00 to Rotork Controls, Inc. and Mr. Powell noted this was to replace a valve for the filter system damaged by the flooding. Mr. Deaven asked about Checks No. 11933 and 11934 in the amounts of \$39,730.62 to Annville Township General Fund and \$15,986.74 to Annville Township MS4 Fund, respectively. Mr. Yingst noted these were interfund transfers representing trash receipts and MS4 fees initially collected by the Sewer Fund but transferred at month-end to the appropriate funds. **MOTION** by Mr. Ludwig, second by Mr. Perrotto that the list of vendors

to be paid (Cash Disbursements Journal) for the Sewer 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 well. He began by reviewing the Monthly Report, discussing the current levels of Total Nitrogen and Total Phosphorus in relation to the plant's nutrient loading permit. He also discussed the recent disposal of sludge at the Heilbronn farm and the anticipated disposal of sludge at the Hershey farm with Mr. Deaven. 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 the American Legion, Annville-Cleona High School, and Kindred Place. 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 September 1, 2018 sewer bills. Mr. Powell and Mr. Viozzi reported on a conversation with a representative of Kindred Place, noting its recent surcharges were due to changes in its kitchen staff.

Daryl S. Peck of Concord Public Finance arrived at the meeting at 5:44 PM.

Dewatering Building: The Authority briefly reviewed the plans for the dewatering building.

FINANCIAL CONSULTING SERVICES PROPOSAL FOR DEWATERING PROJECT: Chairperson Myers deviated from the agenda to recognize Mr. Peck for comment. Mr. Peck distributed a handout summarizing the financial consulting services proposal for the dewatering project he submitted to the Authority for its consideration the prior month. He spoke of his long working relationship with the Authority, the Township, and the Annville Economic Development Authority, touching on several projects for which he has assisted those entities. For the dewatering project, he noted Concord would provide a comprehensive scope of financial services extending beyond merely obtaining the best interest rate possible. Mr. Peck expounded on this, noting he would work with the Solicitor, and bond counsel if necessary, to ensure the required public financing regulations were followed, as well as getting the necessary approvals from the State. Based upon Concord's reputation and experience, he noted that when a bank receives a Request for Proposal (RFP) from Concord, it knows many other banks are receiving the same, which results in a more competitive proposal being submitted. He described himself as being the quarterback for the financial process, meaning he would be handling all details from start to finish. Referencing the Authority's recommended course of action from the prior month's meeting, Mr. Peck noted it had the potential for banks to be confused should they receive parallel RFPs for the same financing from both Concord and the Authority. He noted Concord would have a fiduciary responsibility to the Authority, but under the Authority's suggested course of action it would essentially place Concord in competition with the Authority. He also expressed his concern about whether RFPs that would be issued to the banks would be the same, and thus generate proposals that may not truly be able to be evaluated on an apples-to-apples basis.

Mr. Deaven noted that the amount of Concord's proposal, \$12,500, was higher than he had expected, and he asked what that would provide to the Authority and the ratepayers that would be

subsidizing that cost. Mr. Peck indicated he would be overseeing an efficient process, which would include obtaining financing at the best rate along with a beneficial structure. After developing the RFPs with this in mind, he would submit them to a large number of banks with whom he has worked in the past, and prior to the proposal submission deadline he would contact these banks several times to ensure their continued interest in the process. He would also be available to address any questions the banks would have, and his professionalism and continued input with them makes them take the RFP seriously, especially since they know the same RFP has been submitted to many other banks. He noted that for the financing being sought, an eighth of a percent difference on the rate would pay for Concord's fee. Mr. Ludwig suggested the costs to involve Concord were akin to the additional costs of financing a mortgage, albeit for a much more complicated sort of borrowing. To that end, he noted his employer, Myerstown Borough, had used Mr. Peck in the past for similar financing and he expressed his support for Annville doing so and his belief that Concord's fee seemed reasonable. Mr. Rooney asked Mr. Peck if he ever structured financing so that the bank pays Concord directly. Mr. Peck noted he rarely did so, primarily because the bank would incorporate such costs into their proposal that would make it less advantageous to the funding recipient. Mr. Rooney asked Mr. Peck if he was ever paid by the lending institution and the latter indicated he was not. Mr. Lamoureux noted the proposal mentioned that Concord would be paid for out-of-pocket expenses in addition to the \$12,500 fee and Mr. Peck indicated that was boilerplate and he would not charge for any out-of-pocket expenses for this project. Mr. Lamoureux shared with the Authority that he discussed Concord's past involvement with Annville with Timothy Sheffey, the former Solicitor, and Mr. Sheffey spoke very positively about his involvement with Mr. Peck. He then asked how quickly Mr. Peck would be able to start on this process if Annville was inclined to accept his proposal. Mr. Peck said he would start as soon as he received the go ahead from Annville. He noted the first step would be to establish the amount to be financed, after which point he would develop and send out the RFP. Once the proposals were received, Mr. Peck would make a recommendation to the Authority and the Board of Commissioners. Following Annville's decision, there was a waiting period mandated by the State and various logistical matters pertaining to a Township ordinance and final paperwork, but he believed 90 days from start to finish was a reasonable goal for the entire process. Mr. Perrotto asked if Mr. Peck was ready to recommend an amount to finance, and the latter indicated while he has had preliminary discussions with Mr. Yingst about this, ultimately the anticipated costs for the project were still being determined and as such it was probably a bit premature to do so at this point. Mr. Powell asked what would happen if the entire amount being financed was not ultimately needed. Mr. Peck recommended a draw-down loan with the ability to reamortize the payment amounts could be part of the RFP, thus providing for immediate savings for amounts not drawn instead of a reduction of years at the back-end of the financing.

With no further comments or questions noted, Mr. Peck thanked the Authority for its time and left the meeting at 6:18 PM.

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

Legal Actions Against Significantly Delinquent Customers: Mr. Lamoureux provided brief updates on several properties with large outstanding sewer and trash balances:

144 Water Street: 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 which was comprised of legal and filing fees.

Properties Listed for Tax Sale: Mr. Lamoureux reported that several properties with outstanding sewer and trash balances were listed for Tax Sale on September 10, 2018. As it is difficult to collect on municipal claims at a Tax Sale, no liens were recommended to be placed on these properties yet, but he and Mr. Yingst were monitoring these properties to determine whether liens should be placed on them in the future if they are not sold at Tax Sale.

Intermunicipal Agreement with North Annville Township for Tapping Pennsy Supply Office: Mr. Lamoureux and Mr. Yingst reported the additional equivalent dwelling units (EDUs) that are proposed to be tapped for the Pennsy Supply Office are already included in the existing intermunicipal agreement with North Annville Township. As such, a revised addendum to this agreement will not be necessary for this tap and clarification has been requested from North Annville concerning the number of EDUs represented in that agreement specifically for Pennsy Supply

ENGINEER'S REPORT: Nothing to report this month.

MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4) REPORT: Mr. Yingst reported the second quarter of billings for the MS4 fee was issued on August 1, 2018 and the third quarter of billings was on schedule to be issued on September 1, 2018. He also reported an appeal form was received from Norfolk Southern on August 21, 2018, but was determined to be incomplete as it did not provide the supporting documentation for the appeal as required by the appeal form and the Township MS4 Fee Ordinance. The Authority reviewed Norfolk Southern's submission, and Mr. Deaven and Mr. Rooney expressed their belief the ballasted tracks Norfolk Southern was claiming to be pervious was similar to gravel, which was impervious. It was also noted that due to the lack of necessary supporting documentation it was not possible to make a determination at this time. **MOTION** by Mr. Perrotto, second by Mr. Ludwig to authorize the Township Engineer and Township Solicitor to evaluate Norfolk Southern's appeal upon receipt of the necessary supporting documentation as described above, at which point the appeal form will be considered submitted. Motion carried unanimously. **MOTION** by Mr. Deaven, second by Mr. Rooney to waive penalties and interest for Norfolk Southern's August 1, 2018 MS4 fee bill due to its intention of appealing the fee. Motion carried unanimously.

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 July 24, 2018 Authority meeting 27 accounts were posted for shutoff; this was comprised of five customers who were under a payment contract but had not paid, 15 customers not under a payment contract with the Township, and seven landlord/tenant customers. Mr. Yingst concluded by reporting that over the past five weeks more than \$6,100 had been received from significantly past-due customers.

Accepting Payments at Fulton Bank: Mr. Yingst reported the Township Office will shortly need to place an order for the pre-printed postcard stock it uses for sewer/trash/MS4 bills. He noted the current postcard stock indicates payment may be made at the Annville branch of Fulton Bank as well as at Town Hall. He noted the annual cost for having Fulton Bank accept these payments is approximately \$100 per year (which is based upon the number of payments received and deposits made) and approximately 300 to 350 payments are made annually at the bank. With this in mind, he asked the Authority members if it wished to continue to provide this service to its ratepayers. The members concurred with continuing to do so.

FINANCIAL CONSULTING SERVICES PROPOSAL FOR DEWATERING PROJECT:

The members of the Authority revisited the proposal submitted by Concord, as well as Mr. Peck's presentation, and discussed their impressions. **MOTION** by Mr. Deaven, second by Mr. Perrotto to (1) withdraw the motion from the July 24, 2018 Authority meeting to recommend the Board of Commissioners approve the proposal received from Concord Public Finance as presented contingent upon Concord agreeing that if the Authority can secure financing at a lower rate than Concord the latter would not be compensated and (2) recommend the Board of Commissioners approve the proposal from Concord Public Finance as presented without the aforementioned contingencies. Motion carried unanimously.

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

RECESS FOR EXECUTIVE SESSION: At the request of Mr. Ludwig, Chairperson Myers called a recess for an Executive Session to discuss a personnel matter and the room was cleared of the public at 6:45 PM. The Regular Meeting was reconvened at 6:55 PM with the five members of the Authority, Mr. Yingst, and Mr. Lamoureux present.

RECOGNIZING EXTRAORDINARY EFFORTS AND COMMITMENT DURING

FLOODING: **MOTION** by Mr. Deaven, second by Mr. Ludwig to recognize the extraordinary efforts and commitment of Leslie Powell and Joseph Viozzi during the prior month's flooding by granting them each one additional day of vacation for 2018. Motion carried unanimously.

There being no further business to come before the Authority, **MOTION** by Mr. Perrotto, second by Mr. Rooney to adjourn the meeting. Motion carried unanimously and the Regular Meeting was adjourned at 6:57 PM.

(Assistant) Secretary