

**Minutes
North Lebanon Township Municipal Authority
October 14, 2004**

The meeting of the North Lebanon Township Municipal Authority was held on Thursday, October 14, 2004, at 7:00 PM at the North Lebanon Township Municipal Building, 725 Kimmerlings Road Lebanon, PA with the following Board members present:

Thomas Parry	Chairman
Wynanne Demler	Vice-Chairman
Tod Dissinger	Treasurer
Ronald Ensminger	Secretary
Susan Switzer Pierce	Asst. Secretary
Sheila Wartluft	Asst. Mgr.
Fred Wolf	Henry & Beaver
Scott Rights	Steckbeck Engineering

Also in attendance were Wastewater Foreman Mike Kneasel, and 17 Township residents.

At this time, Chairman Parry called for a motion to approve the September minutes.

MOTION: Motion was made and second to approve the September minutes. Motion approved.

Next, Chairman Parry asked for a motion to approve all invoices and requisitions for payment, all which are subject to audit.

MOTION: Motion was made and second to approve the invoices and requisitions for payment all subject to audit. Motion unanimously approved.

COMMENTS FROM THE PUBLIC

Jessica Weidman – 806 Patmar Drive

At this time, the public will have the chance to speak. Chairman Parry requested that only one person speak at a time, make sure they have signed in, stand to speak and identify themselves before they speak on a particular topic. Sol Wolf said if anyone wanted to speak about the water pressure, they would be discussing this entire topic later in the meeting. If that is their purpose of being here, they can ask their questions at that time.

Someone in the audience asked about the sewer bill. She said she had her water installed on June 1st, but she has not received her sewer bill yet that is reflected by

Jessica Weidman – 806 Patmar Drive(cont'd)

that water bill. Is she going to have to pay \$132 per quarter even though she has public water? That is not fair. She thought the sewer bill would be based on her meter reading? She was told that is what it will be, based on her meter reading. The first bill is scheduled to go out in November. If her usage is lower than 15,000 gallons per quarter, then her sewer bill will be lower. Sheila reported that the first sewer bill would still be based on 15,000 gallons, because of the way the billing system is set up. The first bill that will be based on her actual usage will be in February.

SOLICITORS REPORT

Bonds for 2004

Sol Wolf said they are going to talk about the re-financing of a portion of the Authority's debt and because many of the members of the Authority were not present when the Authority was formed back in 1982 and because some residents have questions about the overall plan for payment of debt service and financing, maintenance, and accumulating reserve, he thought it would be helpful to go over a short synopsis of the background of the Authority and their philosophy. He said he was involved in the first sewer project in the Township. When North Lebanon Township did not have any municipal sewer, the State came in and mandated that we start a program of going through the Township and extending sewer lines from the City of Lebanon to North Lebanon Township to provide sewer service for the residents. An overall plan was developed at this time and he showed the audience and the Board members a map of this area. It was such a large area, that it could not be done at one time. So the Township started out by doing some of the sewer projects. When it was started, the customers were billed on what was called, "front foot assessments", according to the front footage of the property. That meant that the customer would pay their plumber to run the sewer line from the lateral and connect into the house. Also, they would take care of taking the septic system out of operation. But instead of having the debt service becoming part of their bill, they were billed for everything at one time. So they had to go to the bank and get the money to pay it up front. As this went along, it became impossible for many of the residents who were on fixed incomes or had limited incomes to be able to afford this type of set up. Many of them already had mortgages or were living on Social Security. The residents that were in the future areas that were to be expanded said to the Board of Supervisors, you have to come up with a better plan than giving us a lump sum bill or we will not be able to afford it. Some of the people that had the front foot assessments were paying us after 17-18 years because she could not afford to pay the front food assessments at the time. In 1982, the Township formed this Municipal Authority and appointed the first five people to this Board and asked the Authority take over a part of the responsibility and that part would be to examine the areas that need to be sewerred, to have an engineer do all the design and survey work, and then to make arrangements to borrow the money for the project. The Township would collect the money, the

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Township would operate the system, but the Township in collecting the sewer bills would give the Authority enough money to pay the debt service. This Authority started the first project in 1985 and that was the 7th Street Project that involved quite a few pump stations, since it could not be served strictly by gravity. In 1991, the Ebenezer Sewer Project was considered. When that was done, there was a public meeting held at the Old Ebenezer Elementary School, which is now the New Covenant Christian School. The entire auditorium was filled with residents concerned about the sewer project, about 400-500 people. Everybody had the chance to speak at this meeting if they so desired, which many did. There were a couple of major issues at that time that came to light. As the discussion took place, first, as happened with every sewer project, there were residents that felt there was nothing wrong with their septic system. So they felt they did not need the public sewer system. But everybody at this time realized that the State was mandating the installation and it had to be done. The other primary areas of concern was, Farmers Home Administration was going to provide the financing for the project and in order to save money on construction costs, they wanted the Authority to do a sewer system, where the main lines would be a forced main and that meant you would not have to dig deep, you were not transporting the sewage to the City of Lebanon Treatment Plant by gravity. Every individual resident on the system would have to purchase a pump to pump it into the force main and those individual pumps would then force it into a gravity line. Even though part of the project was to pay for those grinder pumps and to give them to the people, the people were violently opposed to having that kind of a system where they would have to pay their plumber more, because more was involved in the connection. Also, then having to maintain those pumps themselves was another issue that had the people very upset as well. It was discussed and explained that to do this by gravity, although it can be done, there would be a number of pumps that would have to be maintained by the Municipal Authority. Even though the cost of doing it that way was more than doing it with the grinder pumps, everyone was in favor of doing it this way. The Authority then decided to proceed along those lines. The debt service at that time was \$110 per quarter. Many of the people in this area were of limited income or Social Security. They asked the Authority to take all steps necessary to try and get the debt service reduced so that the people would be better able to afford their sewer bills. When you took the sewer treatment, operations/maintenance and the debt service, those people were paying close to \$180 per quarter for sewer. From the very beginning and inception of the Authority, the mandate because there were so many people that were on limited incomes, whatever the reason may be, the Authority took on that responsibility to do whatever they could do, to keep the debt service payment down and uniform over the entire Township. That ended up being accomplished as they went through the years by a couple of means. One was by providing sewer in areas that there was land adjacent to the sewer project area that once Municipal sewer became available, and then developers came in and developed the land and added more sewer customers on to the project. This helped in two ways. One, you had more

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customers to help pay the debt down, and second, each of those developers had to pay for the portion of the line that was already put in. They paid what is still called today, a tapping fee. A set form that is established by the State of Pennsylvania determines the tapping fee. So at that time, as the developers were developing, the Authority was getting new customers, but was also getting money to set aside to put in the reserve fund from these tapping fees. For example, when this happens today in a development, the tapping fee that has been established according to the State formula is currently, \$3,000 for each house. When that money is paid to the Authority, it is put into the reserve account. Also, some of you may not realize because it is not notated on the sewer bill, is that all the sewer from North Lebanon Township goes through the City's' lines and into their treatment plant for treatment. One of the things that has been happening over the years, is that the City has increased their treatment rates. He referred back to the Lady that spoke earlier about paying the \$132 per quarter. Her bill was based on a flat 15,000 gallons usage per quarter because she did not have a meter on her well. Now, she will be billed the exact amount that she is using based on her meter reading. What has happened over the past years is that the City has increased their rates. Their rates include debt service as well because they continually have to update their sewer treatment plant where the sewer is treated and have to expand it from time to time to accommodate all of the usage that is coming in. He would say from the middle 80's up until now, the sewer treatment charges by the City have probably tripled. Even today, as an example, if a developer has a development and has 50 lots in the development, he has to come through the Township to get into the City to buy sewer capacity at the Lebanon City Treatment Plant. That is for the purpose of paying part of their debt just as a tapping fee can be used for that purpose. Up until this year, the City's portion of that charge was \$600. Now this year, the City's portion is up to \$1,375. This is designed to take care of debt service, but the Authority was concentrating on trying to make the debt service uniform and they were doing this by collecting on new customers, building up a reserve account from tapping fees, and also, by refinancing. There was one big public meeting in 1991 where all of this was discussed with the residents that attended and it was well attended. That became the goal of this Authority. At that time, they were not operating or maintaining the system, they were only looking at debt. In 1997, as the Authority continued on, they added on new sections of sewer in the eastern part of the Township. They had to rebuild and put in a new pump station. They worked on extending sewer lines to eliminate pump stations, since that became a big expense and headache for the Authority. The Township was taking care of the maintenance and trying to do the best that they could with the resources available to them. The Township had been charging \$4 per quarter for operations and maintenance per customer up until 1997-1998. At that time, the Township and the Authority started discussions concerning the growth of the Township and the manpower that it would take to adequately take care of everything. It was clear that the Township did not have enough manpower to take care of the sewer system along with the rest of the Township properties. They

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asked the Authority if they would be willing take over the maintenance of the sewer system. When they looked at what was being paid for maintenance per quarter, it was apparent that it was not enough to pay for the actual maintenance of the system. They had to go to the people and tell them that they were going to have to increase the operation/maintenance fee in order to take of things properly. The Township had a reserve fund and was basically taking the money from the reserve fund to cover the maintenance costs. It was decided to increase the operations/maintenance charge from the \$4 per quarter to \$20 per quarter. The Authority was willing to take this task on as they had done a sewer project in 1997 and been able to refinance their debt at a lower rate and when the Authority did refinance it was always at a lower rate and were able to reduce the payment that would have to be made in debt service. The debt that was \$110 in 1991 kept gradually coming down because of the refinancing. By 1997, the debt service payments were reduced to about \$70 per quarter. The Township and Authority recognized that telling the people that their operation/maintenance bill on their quarterly sewer bill was going to jump from \$4 to \$20 per quarter was not going to be welcomed news to a lot of people that could not afford it. The Township and the Authority decided that the Authority would send a letter out to all the sewer customers telling them what was going on and telling them that the plan was to have one sewer system for North Lebanon Township. The operations/maintenance costs could no longer be financed by the \$4 per quarter that was being charged, but had to be increased to at least \$16-17 per quarter. Because of the refinancing that took place in 1997, there was room for the Authority to reduce the debt reduction portion of the bill. Hopefully, then a public meeting could be held to explain this to the people and they could tell us how they felt about it. Another big public meeting was held at the Sandhill Elementary School. It was announced on the radio, public notices were mailed out to all of the residents so that everyone was informed of the meeting that would want to attend. It was very well attended by numerous people. Too many in fact to hold the meeting here at the Township building. It was very difficult to tell the people that it was impossible to continue billing them the \$4 per quarter for operations/maintenance. We also told them at that time of the increase in this fee and that the reserve funds that the Township had were going to be given to the Authority in order to maintain the system. The Authority was going to combine that with the money they had accumulated from tapping fees and savings to keep in a reserve fund to be spent and applied in the future for either debt service or maintenance of the system. Those decisions would be made jointly between the Township and the Authority. The Authority and the Township would meet at least once a year to discuss budget and review these items concerning the sewer system. Also, with the Authority taking over the sewer system, maintaining the system meant taking care of it in the right way. The Authority did not want to put the pipe in the ground and then ignore it for 20-25 years. Then if there are problems, go borrow the money to fix everything because there was no preventative maintenance done prior. The Authority decided where ever they or developers could eliminate pump stations by putting in gravity

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systems, we are going to do it. We are going to maintain these pump stations. If they are old or wearing out, we are going to take them out of service, single handedly. We will replace them and get on a schedule. We are going to inspect 1/5 of our lines once a year, flush those lines, monitor our force mains and manholes, check to make sure our manholes are in good condition. If people are going to go up to this new figure, then we are going to do it right. The people were pretty near 100% receptive to that. Some of the concerns that they had about this was, promise us a couple of things, number one, set the rate at a rate that they can count on for their budgeting purposes and keep it there for a length of time. The Authority said that's reasonable and OK, we can do that if you are willing to pay \$20 per quarter. The people agreed to that. They also pleaded with the Board not to use the reserve fund for this type of thing and then come to us with another big increase. If things need to be increased, do it gradually, not all at once. The Authority also made this promise to people. Then at this time also, they had enough money coming in that they were able to reduce the debt service portion of the bill again, which pleased the people as well. After that meeting the Authority went back and looked at what they could do to offset the increase in the operation/maintenance increase and was able to reduce the debt service portion. He went on to explain that the reason a lot of people did not realize the reduction in the sewer rates is because at the same time, the City of Lebanon increased their treatment rates to the Township. The refinancing that we are talking about now actually happened in 1997 shortly before this discussion was taking place. The purpose was to try and get the debt service payments down. The other thing that is extremely important to recognize is that the Authority is going forward with this to keep debt service in place, trying to build up a reserve for maintenance and also, to have a plan for shortening the term of the debt and reducing the term of the debt to pay it off sooner. This Authority at the present time, between the money that was given by the Township and the other reserve funds that have been accumulated, has between \$2.7-3 million dollars in reserve funds. He indicated that we have some old sections of lines that are not plastic, but rather clay lines that are going to need to be replaced in the near future or have liners put in. The maintenance men started checking all of these things, along with checking the manholes in the problem areas of the Township a couple of years ago. We have replaced some of the manholes that were in need of dire repair. When developers or even if the Authority is building new lines where it looks like there could be a problem with the deteriorating of the manholes, we require that lined manholes be put in. We have been doing everything to keep this thing together and keep debt service low. In 1997, a portion of the debt, which is what the Authority is going to be looking at tonight, couldn't be refinanced again until September of 2004. He has a copy of the payment schedule and if anyone would like a copy, feel free to request one. By looking at your own mortgage rate, the interest rates now are at a 30-40- year low. When we look at what they were in 1997, the rates ranged from 4.45% interest and the loan would continue until the year 2026, that interest rate goes up gradually, which was the only rate you could get at the time. In the

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last few years, the interest rate is up to 5.35% interest. The other thing with this existing issue is that in order to try and keep the interest rates lower and hopefully develop a plan to pay down on the other debt, there is interest being paid on this debt only until the year 2018. At that point until 2026, that is when the principle gets paid. In year 2002, the Authority, when the other portion of the debt was refinanced for the entire term of 30 years at 3.7%, even though this debt could not be refinanced, we were able to enter into an agreement to lock in the interest rate for this. If we chose to refinance this portion it could be at the lower rate. This way we would accomplish two things. Number one, we would have level payments throughout the term and number two, we would have a lower fixed interest rate and that interest rate would remain the same throughout the term of the loan. So they are looking at fixing that interest rate at 4.10%. It does extend the term of the loan from 2026 to 2033, but principle payments begin next year, so there is an even payment of principle and interest as we are going through this until the last year. Interest alone on this costs \$170,000 a year. The goal is to be able to pay this debt off sooner than later and not have to use the funds in reserve, but rather keep accumulating them. Yes, interest rates are going down when you borrow the money, when you have this money in the bank you can't get more than 1.9-2.0%. Not too long ago, we were getting 5-6% interest for them. The Authority is looking at the plan being, let's get the debt service interest rates down and locked in while it is low to keep it there. Recognizing the history of interest rates of CD's going up that we will be back during the term of this loan where we will be earning, 4-5-6% interest. As you can see from the accumulation of the reserve funds we have now, even with bad interest at 2%, the Authority is receiving almost in the neighborhood of \$60,000 per year in those reserve funds if the interest rates go back to where they were at 5% in the reserve funds, you are looking at having enough money just on the interest receipts to be applied to debt service and on this debt it would be about 75% of the annual payment. Even with this refinancing it is placing the required debt service payments to the Authority that they saved money and they will have more money coming in for debt service payments than they have going out. Not only is the Authority looking at interest, but also a portion of the reserve fund to get the debt service down and to pay it off faster. But the Authority is looking at the commitment that was made with O & M. In the new budget, the Authority will be able to go next year yet without having any increase in this area. The Authority is also doing an exceptional job of keeping the budget expenses that they can control in line, but as we all know, there are certain things that you cannot control. Payroll expenses go up, insurances are unpredictable, there are a lot of insurances that are all involved with wastewater, we all know how the price of gas keeps rising, but the Authority has tried to control all of those expenses that we possibly can. The final determination on payroll and benefits is actually made by the Board of Supervisors because the employees, even though are acting under the direction of the Authority, are still Township employees and have the same benefits. The Authority has done an exceptional job of keeping this system fine-tuned and properly maintained. Hopefully we are at the end of sewer

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projects, since we have done what we originally set out to do. Fortunately, in two areas, because of development, the Authority has been able to upgrade some of the pump stations since the developments have helped with the upgrades since their flow will directly affect the station and its performance. With the industrial tract that is being developed out next to West Lebanon and south of Tunnel Hill Road, the Authority has gotten the sewer line to that tract several years ago by building a line that went into Boscov's to handle all of that flow from the Northern part of the Township. What is happening is that we have a pump station on Hillside Drive, which is a huge maintenance problem. We are looking at eliminating that station just as we have others. By the developer providing for sewer within that area, we were able to reach an agreement with them to extend the line to the end of their property which will be close to Hillside Drive at a depth that we will be able to take our sewer flow and have it flow by gravity into that line and reduce and eliminate that pump station. By collecting the tapping fees that come into that park, we will be able to not tap into our reserve fund. The savings over the life of this loan, if you take the loan we have now and you refinance, the savings over the life of the loan are between \$300,000 to \$325,000. If you add up all the payments you would make as we have it now, this is the amount we would save. Even after paying the issuance of the bond, we would still save this amount of money.

This is a brief synopsis of the history of the Authority and how it works. Now the focus of the plan should be can we do something that results in either not having to charge the customers not as much debt service or paying part of the debt service off. Those of you that are present this evening that are interested in seeing that the Authority is addressing the maintenance of the sewer system, trying to keep it in the best shape possible, come to the meetings at the end of the year when the budget is being worked on and ask questions about it. Today we have between 3,000 and 4,000 actual sewer customers in the Township and we know that about 1/3 of those customers are those that are retired or are on a limited income. It is very important to the Authority that even though there may be 2/3 of the customers who could afford to pay more to pay this debt service down faster, the Authority has adopted the philosophy, we can accomplish the same thing by collecting tapping fees from the developers rather than from our existing customers that are having a tough time making ends meet to begin with, so let's continue with this plan. This Authority has been meeting once a month since their inception and sometimes the Authority has to meet more than that if there are special circumstances or issues. The meetings are always open to the public and they always welcome your questions and concerns. They know they cannot satisfy everyone, but they know with this plan, they are trying to help the ones that can least afford to have their debt service payments go up, while everything else that is connected to that goes up. This has been the purpose, the goal and the plan of the Authority. He then asked if anyone has any questions or comments.

Jessica Weidman – 806 Patmar Drive

Ms. Weidman asked if they always have to refinance every 5 years? She was told no. Sol Wolf said when you are buying or selling tax-free bonds, commitments are made to those people that you will not pay those bonds off until you get to a certain date. We are not sure if there will be a call date or not with this loan. Typically, there is a call date of 5 or 7 years, which means you cannot refinance within that time frame. He wanted to make sure that they understood that before anything can be refinanced it has to be discussed here at this Board meeting, at the Board of Supervisors meetings, because they guarantee the bonds and are responsible should something happen with the Authority that they could not pay the bond issue. We always have enough money in the reserve fund account to cover one year's payment, which is another requirement of the bond. The Authority must also obtain bond insurance that pays a once and done premium and they guarantee the bond holder that if for some reason they do not get paid, the insurance company will pay it. The third thing they look for is, to make sure that we are collecting enough in sewer payments to cover our payments to the City. Sol Wolf explained to the residents that when they pay their sewer bill, the money is deposited in an account with the Trustee for the Authority who happens to be Fulton Bank. The money is then requisitioned out and paid to the debt service fund, the operation and maintenance fees and also, pay the bond holders their fees. They are provided with all of the information about the bonds and they are going to receive the money and invest it into legal investments until it is time to pay the bondholders. When it is time to pay the bondholders, then that is done. Ms. Weidman again said, so you will be refinancing again in another 5-7 years? She was told no, unless the interest rates warrant the refinance. She asked what if the rates drop again, are we going to refinance and then extend the term of the loan again for us? Sol Wolf said he thinks the Board of Supervisors along with the Authority Board is hearing the concerns of you people that are concerned. It cannot be done without the proper advertising in the newspaper as you all well know, it has to be handled at this meeting, at a Township meeting and you will want to be current with what is going on. In answer to her question, can this be refinanced again; the answer is yes, but not without going through all of the steps he just went over. He realizes that everyone would like to see this debt be paid off, but he also knows that they are probably concerned with the individuals that are on fixed incomes or on Social Security. He feels we are at the end of refinancing. Anything is possible, but not foreseeable. He wants the people to know that the Authority and the Board of Supervisors hear the people loud and clear. We have reserves in place in the event of an emergency and we are planning for the future all the time.

Dave Newhard – 867 Jay Street

He mentioned that this is the first time he has attended an Authority meeting and he wants to complement Sol Wolf on his presentation this evening. He was very knowledgeable and precise in what he said. The only two things he is concerned about are, he spoke about more planned extensions, we do or we don't? Sol Wolf

Dave Newhard – 867 Jay Street(cont'd)

said the extension of the existing sewer system that he is referring to are ones that are going to happen by developers buying land and building homes that is in close proximity to our existing lines. We have a rule that if they want the sewer in their development, they have to install it, pay for it, and then turn it over to the Authority. We are expecting that developers will continue to run lines further north and into areas that are not sewerred and connect into our existing lines. Chairman Parry said another thing that we need to address is if developers has a plan that has an impact on an existing facility such as the pump station down on North 8th Avenue, then he is responsible for contributing to that cost. Mr. Newhart said his last question is for him. He said the Township collects the sewer bill payable to North Lebanon Township. Does every penny of that go to the sewer authority or do they have a handling fee that is a percentage of the charge? Sol Wolf asked Sheila to help him on this one. Sol Wolf said part of his sewer bill goes to the City of Lebanon for the treatment of his sewer at their plant. This is based on the meter reading. The portion that is for debt service gets paid into the Trustee. The \$20 O & M charge goes into the Sewer Operating budget. Sheila explained that the money that Mr. Newhard is referring to does not go into the Townships' Reserve accounts. It stays with the Authority in order to operate the sewer system. Mr. Newhard said he came into this meeting with the idea of trying to find something wrong with what they are doing, but now he has a very good understanding of what the Authority is doing.

Jessica Weidman – 806 Patmar Drive

Ms. Weidman again asked if at the next meeting, they would be able to tell them whether or not they will be paying more or less than they are paying at this time. Is this something that they will have to wait and see? Sol Wolf asked is she referring to her sewer bill? She said yes. Chairman Parry said the Supervisors would not make any decision on the sewer bill. Sol Wolf said what will happen is at least for now, until we go a period of time, until we can see what is coming in, debt service will not change. After that, we may be able to make a change, but not for a while yet. Unfortunately, every time we made a change in rates to reduce the amount of debt service, another part of the bill, such as per gallon charge or O & M rates went up, so it was not as noticeable to the customer. So if you don't tell the customer what is going on, the customer has no idea what we are doing. Sheila mentioned the last time that the City rates went up, Tina, the sewer billing clerk, noted such on the sewer bill itself in the message portion of the bill. She also mentioned that it was indicated on the Township Newsletter and since we now have the website up and running, information like this would be included there as well. Ms. Weidman, asked if for some reason you would not get the Newsletter, would it be posted on the website? Sheila said yes, it is on the website and copies of the actual Newsletter are available in the Township Lobby. Ms. Weidman said that would be great. She will check it out. Chairman Parry said it should be mentioned again, that the \$20 Operations and Maintenance charge that the customer pays on their sewer bill is

Jessica Weidman – 806 Patmar Drive(cont'd)

the **only money** that this Authority gets to operate the sewer system within North Lebanon Township. That is the only income for operating expenses.

Rick Hicks – 820 Patmar Drive

He wanted to clarify the amounts that were just mentioned. He asked if it were \$51 for debt service and \$20 for the O & M, with the rest going to the City of Lebanon? Sol Wolf said that is correct. The City has a chart that lists the rates according to a scale of usage. He mentioned that the City gives a complete listing of all the customers and their respective readings, along with those customers that are well water users, so that we can base the sewer bills on those readings. This way we can pay the City back what we owe them for treatment of the sewer within the Township. At this time, Tod also wanted to commend Sol Wolf for his detailed explanation of the North Lebanon Township Municipal Authority and its' purpose. Some of us were not here when this went into place and he did an excellent job of explaining it. Chairman Parry said the notice that was in the newspaper did upset a lot of people and since it was all in legal terms that most people do not understand, rightfully so. Unfortunately, it has to be printed the way it was for legal requirements and unless you truly understand what you are reading, a lot could be read into it. Sol Wolf said we did not do the ad, we have a Bond Attorney that handles that type of thing because it is a specialty field and they have to put in all the certain things whether it confuses people or not, because if the Township does approve of this, then they have to send all of the papers into the State to review and approve before the Supervisors and the Authority can. Basically, they are trying to cover all the bases. Chairman Parry said, unlike the Supervisors, we are not a taxing authority and have to self-liquidate our debt. Any debt that we incur, we have to make sure are self-liquidating. Sol Wolf said when we talk about self-liquidating, that means we have sewer revenues coming in that will pay for the service we are providing, since we cannot tax the people for this service. But the other question that comes up, especially on the Township side is, the Townships have a limit on what they can borrow, which is based on their revenues via a formula. The State looks at the type of the loan that is being requested and is this exceeding the Townships' borrowing authority? But when you have a self-liquidating debt, meaning a debt that is being paid by revenues that are coming in from a utility use, then that part if the debt is exempt from calculating the Townships' debt limit. It was, at one time, the Townships' concern about guaranteeing the Authority's' debt because they were concerned about their borrowing capacity should they need to go out and borrow money. This self-liquidating debt does not count against their borrowing capacity. With that being said, Sol Wolf is now presenting the resolution to the Authority to approve of proceeding with the re-financing under the terms and conditions that we just reviewed. He went on to summarize some of the items in the resolution. One of these items is paragraph 1, provides the authorization of the sale of the bond and we are expecting this to be \$3,300,000 and not to exceed, \$3,400,000. This also

Rick Hicks – 820 Patmar Drive(cont'd)

authorizes the Chairman, Vice Chairman and Secretary to sign documents that would authorize and permit the sale of these bonds. Paragraph 2 deals with entering into a guarantee and reimbursement agreement with the Township, which he has already explained, and to authorize the Chairman, Vice Chairman and Secretary to sign that should the Township decide that they would guarantee the bond. You are authorizing the Chairman, Vice Chairman and Secretary to sign any agreements that there might be to sell the bonds. Bonds can always be turned back in from time to time and re-sold since this thing goes for 30 years. You also have an agreement where an entity is agreeing, should a bond be returned and paid off and sold again, that there is a back up agreement should no one want to buy these bonds, the entity would purchase these bonds. You are also authorizing the form of the bond, which we do not have yet, and will be presented to the Authority in certificate form once approved. The Chairman and Vice Chairman will then be authorized to sign this bond and then that will be your authorization to issue to the new bondholder. The Trustee will notify the existing bondholders and they will be told that their bonds are being bought. You are then amending your current trust agreement with Fulton Bank to allow for the sale of these bonds and to incorporate this new bond issue into your current trust documents with the Trustee. This then authorizes the Trustee to contact the current bondholder and tell them to surrender their bonds as of a certain date. He will then receive the money from the sale of these bonds and he will pay those off. So we are authorizing signing the amended agreement with the Trustee to have him perform those services. You are authorizing the Trustee to deposit all the funds from the sale of the bonds into his trust account and also, to pay for any costs for the issuance of the bonds. The Trustee, because some of the bondholders will not be turning in all of the bonds at the same time, is charged with taking the money that is received from the sale of the new bonds and invest them into short term legal investments, which are normally treasury notes which are done on a daily basis so the money is not just sitting there without gaining any interest at all. There will be an official statement presented to the Board which you are authorizing it to be signed once we have seen it. It is basically just a history of the Authority as he has presented this evening and the legal information that has to be in the prospectus to the new bondholders so they know the bonds are insured and guaranteed by the Township. Once this is all in place, then you are authorizing the Chairman, Vice Chairman or Secretary to sign that official statement. You are appointing Stevens and Lee as the bond counsel, as they have been our counsel for many years. Their obligation is to oversee all of the legal aspects of this, especially how it relates to guaranteeing bondholders that they are buying tax-free notes. You are ratifying and confirming all acts of the Authority Board in bringing this to a conclusion whatever it needs to be effective. This resolution would be effective and valid as of tonight. If for any reason, any section of this resolution would be determined not to be valid, because of legal reasons, it does not change the validity of the remaining sections. Chairman Parry said the date that is noted on the top of the paperwork states September 9, 2004 is obviously incorrect, and shall be changed to reflect October 14, 2004, this

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evenings meeting date. Parry then asked if anyone has questions concerning this or any comments they would like to make concerning Resolution 10-2004? With no comments or questions raised, the motion will be entertained.

MOTION: Motion was made and second to approve Resolution 10-2004. Motion approved.

Chairman Parry clarified that all of the essential changes will be made prior to the official documents being prepared.

Pertinent Issues

Sol Wolf said he doesn't have anything at this time.

ENGINEERS REPORT

Water Pressure Issue

Scott said he would get into the water pressure issue before he starts on the water project itself. As they had discussed at the last meeting, there were some concerns with the water pressures that some of the new customers are getting in the third phase of the project. Sol Wolf said those that are in attendance to discuss this issue are welcome to come up to the table to look at the maps and other presentations that Scott will be referring to during his part of the meeting. Scott said they tried to color code the lots based on the static pressures in the system. Just to refresh everyone's' memory, the pressure in the system is provided by the water tank outside the building here. That water tank has about a 4' operating level in it. He said they tried to take the elevation of the water tank and transfer that to static pressures at the homes. Then, also take the elevation of the mains and took pressures at the main as well. Those lots that are in yellow are the ones that have static pressures of 20-25 psi. The ones that are color coded green, have a static pressure of 25-30 psi, the ones that are coded in purple have a static pressure of 30-40 psi, and the ones in the tan color are over 40 psi. He showed then a very large area where the pressures were all over 40 psi, which included the Christine Drive, Mt. Zion Road area and North 8th Avenue. The area that is the primary concern is the Patmar/Marcon Drive Area. Tod asked what static pressure means. Scott explained that static pressure means there is no movement of the water in the line. It is essentially based on the pressure that is provided by the tank alone. The static pressures that he is reflecting on his drawing **is not** accounting for any kind of system losses, but from the main in to the house. When they started getting into this, one of the options to go with was a central booster pump system. The other option was, could we make adjustments to the height of the storage tank to get more pressure for these customers. Because those two options directly affect the City, he made some calls to them. He received a letter back from them, advising us

Water Pressure Issue(cont'd)

they are not interested in taking over a booster station. They also did not want to fool around with the elevation of the water tank because there are other tanks that are in their system that are at the same elevation. What would happen is when you change the elevation of one tank; you have to change them all because you ruin your ballast of the entire system of tanks. That really only leaves us with the in-line booster pumps. The in-line booster pumps, which are supplied by APR Supply and GF Bowman, cost around \$1,000 installed. If you look at the area where pressure is a problem according to the owners, it is a matter of 5 homes. If you take the green area, which has static pressure of 25-30 psi, you are adding an additional 61 homes, which could be quite costly. The question becomes, where do we go from here? The booster pump for the central station has some concerns as well. The stations are not all that big, as he can show with some drawings. The problem with the booster pump station is isolating this part of the system and not impacting the rest of the system. You would have to watch where you would put the pressure-reducing valve because this could impact the rest of the system and bring the pressures way below what is acceptable. This would then make the area that is requiring the booster pumps larger and hence, make the pumps bigger and more expensive. Someone asked Scott if the depth of the line has anything to do with the water pressures? Scott said not at the house it doesn't. Scott said whether the line is 10' deep or 6' deep, has nothing to do with the amount of pressure the customer is experiencing and irrelevant to the pressure. The level in the water tank is what is providing the pressure in the line. Scott said the one thing that we do not want to do is anything that would take the pressure away from the fire hydrants. The only real logical solution is to install individual booster pumps. The one thing that he does not agree with the vendors on is that they could do a station similar to the one at the Cedar Crest Middle School. It wouldn't be a massive tank but would cost about \$50,000 for materials only. His guess would be about another \$25,00 for the installation or a total of about \$100,000 for the complete station. Tod asked where the little booster pumps would go in the house? Scott said they would go in the basement where the water line comes in the house. This would then make the homeowner responsible for the maintenance and repair of the pump. At the most, we would have about 66 homes that would require these types of pumps. One of the residents asked what kind of pressure would they be looking at if they were to put in a booster pump like he is referring to? Scott said probably about 30-50 psi. Ms. Weidman asked if the personal pumps would be the homeowner's responsibility? She was told yes, since it is in the home. She then asked if they could count on that dollar amount for the cost of the pump? Scott said he could not answer that for her, that is just the price he was given. Scott was then asked if there are any legal requirements that state that they have to provide a certain amount of pressure? Chairman Parry said the American Water Works states anywhere between 20-80 psi static pressure. This individual said he checked the Universal Plumbing Code and BOCA and both of them stated that the required pressure should be 35 psi. Scott said the Public Water Supply Commission states that the pressure at ground level should be at least 20 psi and at all points in the

Water Pressure Issue(cont'd)

distribution system under all conditions of flow. The gentleman said they would never hit that. Member Ensminger said his feeling is that we should put one central pump in versus individual pumps in the homes. Chairman Parry said he tends to agree with him. Ensminger said if the City does not like it, it is ours to tend to. Chairman Parry said he made the statement at the last meeting, that we are putting this water system in and we promised people good water pressure and we need to stick by that. We need to do what is necessary to give what is reasonable as far as pressure is concerned. Sol Wolf asked if we could solve this problem here? Scott said we did not dive into this too far for the pressure problem. When the City said they would not take over a booster pump station, he stopped there, because he didn't think the Authority would want to take on another pump station. Chairman Parry said if that were the case, would they allow us to put something on the line that would increase the pressure? He feels if push came to shove they would agree to it and allow us to do it. Someone asked if Scott is worried about increasing the pressure where it does not need to be increased, if he were to put a booster pump station in, it would only increase the pressure to 80-85 psi. Parry said the problem is that some of the people on Maple Street are already close to this pressure. Sol Wolf asked where we would need to put a pump station? Scott said that is what is causing some of the concern is the location of the station. It would have to be very isolated from everything else. Tod asked if one station costs \$100,000, then you would have to maintain it, possibly have to buy the land to put it on and there are only 66 homes that are involved, wouldn't it be better and less expensive to buy the individual pumps for these people at \$1,000 each? That's \$34,000 less than the station. Wouldn't that be the better route to go? He is not following the math that is going around here. He realizes that 20 psi really isn't that much pressure when you are accustomed to well water with good pressure. Chairman Parry said anything that you would install that would be intended to affect a particular area would most certainly affect a larger area. Tod said it is his opinion that this should have been caught before it got this far. Chairman Parry said we probably should have but did not pay as much attention to it as we should have. There was some discussion about the Plumbing Code and BOCA. Chairman Parry said the Township has no plumbing code and we do not go by BOCA. An individual in the public said he doesn't understand how the Township can get away with that. Had the Township had a plumbing code, the engineer would have had to abide by that while planning this project. In which case, we probably would have had a booster station included in the plan. Scott said he is hearing that the BOCA code is requiring 35 psi at ground level, which is what we have. They do not talk about the house connection or the lateral in their codes; they talk about the pressure at the main or ground level. They do not go beyond the main. They are only concerned in the event of a fire that they have the adequate pressure at the hydrant. Sheila interjected that she is still concerned with the fact that the City has told us they are not going to take ownership of this booster station should we decide to install one. Are we going to maintain it and do what is necessary to keep

Water Pressure Issue(cont'd)

it going? We do not have the manpower and time to maintain this. Chairman Parry said that is an issue to talk to the City about. See if they will take care of it. Sol Wolf said they have already stated they will not take it. Parry said then we have to go from there. At this point we don't even know what type of maintenance we have to do in the first place. Sheila again said we couldn't maintain this station; we do not have the certification necessary to maintain a system such as this. We have to be a certified water operator in order to maintain a station such as this and we are not certified. It is new legislation that is now in place. Chairman Parry said then we need to get certified or get someone who is certified to take care of it. Where do we want to go from here? Scott said he thinks we need to sit down with the City and go over this with them. Sol Wolf said we already have done this and Jon Beers gave him the impression that they will not take over a booster station. Chairman Parry said that is separate issue. He wants to know how they feel about putting the booster on, forget about the maintenance. Sol Wolf said he can ask him that question but he knows they will not maintain it. Scott said he is hearing at this meeting that he is to go forward and see what he must do for a central booster station. Is that correct? The Board said yes. Also, where would the location be? Chairman Parry asked who owns the land to the east of this area? Mike said it is mostly the tree farm. Tod asked what the life expectancy is on these types of pumps? Scott said it is usually 20 years. Sol Wolf said he should also find out the life of the pumps along with the type of maintenance they require. Ron said he would like to know what the life of a home pump is as well. He said he would imagine the same as a well pump, about 15 years. Someone in the public asked if this situation is going to get worse as more people connect? Scott said there is always that possibility, there are no guarantees. Scott then said he could add to this. He said when the Babe Tract is developed; they are going to be required to loop their line to North 8th Avenue and Kimmerlings Road, which will help the hydraulics of the system. Now the flow is taking different directions and will offset the pressures. Will it make a substantial difference, no, but it will make a difference. At this time, Tod asked what the total would be for the yellow, green and purple areas? Scott said it is about 115 customers total. Tod asked when he got the average cost of the home pumps at \$1,000 installed, was that based on one pump or many pumps? Does he think if he were to purchase 100 pumps, would he get a price break on them? And does that include the tank? Scott said yes and no. He said there were two systems that they looked at. APR Supply carries a pump that does not need a tank and they claim it works great. GF Bowman offers another type of system that does require a tank. The prices are both comparable, with the tank price being a bit higher, but still around \$1,000. Tod said if we were purchasing the pumps for the homeowner and they are maintaining it, wouldn't it be better for all doing this rather than going with the booster station that we have to maintain? Chairman Parry said we have to remember that if we were to provide the pumps for each home, we would then have to also have agreements drawn up for those and the like, which would incur a lot of cost as well. We need to have Scott gather more information and get back to us. We need to run more numbers look at a location

Water Pressure Issue(cont'd)

and talk to the supply houses to see if we would get a price break on a multiple purchase. Scott mentioned that the punch list is near completion. He said some of the banks were washing away due to the heavy rains and they were to get back and refill them with stone. The only things that are left are with paving of driveways. We have one at 887 Kimmerlings Road. There is a drainage problem out there. The inlet is blocked and it needs to be milled out. There is a spot on Miller Street at the very end of the line where there was a swale and now it is disturbed. But in large, most of the list is done. Chairman Parry asked about East Maple Street. He said after the last rain, on the downhill side, going towards the City, it is really washed out. Scott said he talked to Ed and he said they used Pennsy Supply and they are working up a number for us.

Scott reported that the Board had directed him to issue a certificate of substantial completion for the portion that the City has signed off on. He has received the signed copies back from Marks and now needs the signature of the Chairman of the Authority. We have a pay request for this month in the amount of \$48,417.07, which includes \$1,444.70 for work completed in the period for paving restoration. The balance of \$47,072.77 was in the reduction of retain age, since all four phases are now substantially complete. We still have \$2,500 that we have retained. Sol Wolf asked if we have enough in reserve should we have a problem with washouts? Scott said if we are talking about the roads versus the yards, the area that Tod is talking about on East Maple Street, this has been worked out with the Township since they are going to be paving. In answer to Sol Wolf's question, if we wanted to, we could retain more for the restoration, if the Board so desires. Sol Wolf said we have to retain enough in the event the contractor does not get it done or done right, we have to retain enough to have it done. Scott said we have enough to do that. Sol Wolf asked how the restoration of the 7th Street section went? Scott said it is actually coming up really nice. In fact it came up better than the other parts of the project. They used the jute matting on the banks and it made a huge difference. Chairman Parry asked if he feels about raising the retain age to \$4,000 versus the \$2,500 we currently have? Scott said we could if they want to. We will look at it again next month.

MOTION: Motion was made and second to approve payment to GL Marks in the amount requested above, minus \$5,000 for retain age. Motion approved.

Scott reported that the total contract amount is now done. That amount is \$2,479,963.39, which is \$186,618.39 over the original estimate. That does not include the deducts for the reimbursements that are due from the vacant lot owners, developers, and the like. That amount is in the ballpark of about \$30,000. Tod said to remember that we have to possibly add another \$100,000 for the pumps.

North 8th Avenue Pump Station

Scott reported that the permit application is just about done. He sent a letter to the City in September concerning capacity, what we are discharging into the sewer system, the rate at which we are discharging and he wanted to get their clearance that they had looked at this hydraulically. He got an e-mail back from Jon Beers today saying that everything Scott had submitted was OK with the City. Chairman Parry asked if Scott was going to get this OK in writing? Scott said he already has it in writing via e-mail. With that being said, the application will go in this month and will probably get it back the early part of January, so we can bid this out in February and open the bids in March or April. This will then most likely be the first project of the year. Mike mentioned that the asbestos removal is scheduled for October 25th thru the 27th. Sol Wolf said then he could put the ad in for taking the house down. We will then arrange for the pre-bid conference to be scheduled after the 27th.

PLAN REVIEWS

Scott reported that there are no plans to be reviewed this month.

ASSISTANT MANAGER'S REPORT

Reserve Fund Investments

Sheila reported that she has been looking at different ways of investing the reserve funds and we did go ahead and go with PLGIT. We were able to get some interest rates between 2.6% and 2.9%. PLGIT goes out and finds the best banks to invest the money in and then goes with them. Chairman Parry asked the length of the term for these CD's? Sheila said they are one-year terms. She said that the best they could find locally without tying the money up for any length of time was 1.6%, so this is a lot better.

2005 Meeting Dates

Sheila mentioned that she has given the Board members the proposed meetings dates for next year. They are on the normal Thursday nights at 7 PM. She reminded the Board that the meeting for next month is on Wednesday night due to Veterans Day on that Thursday. Sol Wolf asked if this has been advertised? She said it was and she will remind the Board members closer to the meeting date. Sol Wolf then said we should probably let the people know that were here this evening, otherwise, they will come on the wrong night and think we pulled one over on them. He said since they signed in, we would be able to contact them.

Budget

Chairman Parry said he wants Sheila to update them on the changes she made to the budget. She asked that they take the 3 pages of the Sewer Operating Budget, the revenues and expenses, that she mailed to them and delete them. She would ask them then to replace them with the new sheets she sent out to them. Chairman Parry asked if the Board would have a new "period ending balance sheet" for the next meeting? He is referring to the sheet that has all of the most current and actual numbers on it to date. Sheila said she would. Parry said he thought the sheets they received for this meeting should be for the end of the quarter. Sheila tried to explain that those numbers only come up when Bonnie runs the checks and she only gets those when the checks are run. Parry said, excuse me, but she should know that we want this and need this to properly review the numbers. Sheila said if we do it that way, the system would not request the checks that he is taking care of. He said, we are talking about the end of September, not October. These checks were run in October for this meeting, he wants the period ending balance for September. He fails to follow what Sheila is explaining to him. There should be a better system than this to get the numbers that we want. If this is the way it has to be, that's the way it is. Again, excuse me; we should have a better reporting system than this and more current numbers as well. Sheila said it was in the packet that was on the table this evening. He argued that this is not what he wants. She said it is the exact same numbers as he is requesting. She will show it to him. Parry argued that this is not showing anything with the 2005 budget in it. Sol Wolf said it would be updated for the next months meeting with expenditures at that point, so that when you are looking at expenditures to date, you have something to compare it to. Chairman Parry again said it needs to be more current than 6 weeks old. Sheila tried to explain that he has the numbers; it is just not in budget form. She asked him to look at his packet that he received this evening. She then asked him to page through the packet to where it states "Sewer Operating Fund Profit/Loss". Sol Wolf asked if Scott needs to stay for this part of the meeting? The Board said not. Sheila went on to say that she has simplified the budget over the past couple of years to make it more user friendly. When they look at the expense line, it is going to follow down through the budget. So the first column, which shows January 1 to October 14th, is all of the updated numbers up to October 14th. Parry said but they are not on the actual budget sheet. They would have to sit down and pencil the numbers in. She again tried to explain that the numbers they are talking about were not available until today. She would be happy to make copies of the sheets for them this evening. Parry said that is what they want and should have, not what they received last week. She again tried to explain that she did not have that information when she mailed the packets out last week. Parry asked if the week before the next meeting would there be any "fresher" information that could be put on the sheet and mailed out? Sheila said no, it would reflect what comes up at the meeting and the bills would not be done by then. He said he understands what

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she is saying, but he still thinks we should have newer numbers than what we have. Sol Wolf said if he understands what Parry is asking, he wants the expenditures year to date, compared to what we are budgeting for the next year. Chairman Parry said the numbers they have this evening are absolutely wrong, they are not updated to reflect the most current numbers. Tod said he likes to be able to take the end of September numbers divide it by 9 and annualize the budget. Sheila said with the way our bills are paid and the way the revenues come in, that cannot be done. We have bills that are only paid quarterly, such as pensions, insurance, etc. We do not have bills that are paid on a monthly basis to be able to calculate the budget in such a manner. Parry said so if they look at the sheet she is referring to, they will see the numbers to date this year? She said that is correct and she would make the Board members a copy of this report.

At this time, Tod asked if the Township, on a yearly basis, shops around for the best deals on health insurance? Sol Wolf asked if he could answer that. He stated that the Police Department Contract first dictates the type and cost of health insurance. The same thing holds true for the escrow fund. That happened from either a negotiated agreement or ends up being ordered by an arbitrator on the Police side for those nine employees. This then dictates what type of policy and coverage that they have to have for the Police Department. The Township always felt that it isn't fair that they should have one policy for the Police Department and another for the non-uniform employees. In order to get the best rates, they had to put all of the employees together and then they shopped around for the type of coverage they were required to have for the Police Department. The best group rate that they get was through the Builders Association. Everyone, including the Supervisors have been very satisfied with the coverage, unfortunately, it is a high cost, but does provide good coverage for the employees. Part of the problem that you have when you look at this is, it's really the Township that is making the determination. They do look at the Builders Association and other policy's, but he does know that when they looked around with what they have to cover, the best rate is to continue with the Builders Association. Tod confirmed that the Police Contract dictates or determines what we have to provide the entire Township staff? Sol Wolf said that is correct. The real critical issue that is coming up is, we are required to give partial post retirement health insurance in 2006. If they stay on the Township plan, the Township for the Police Department has to pay 25%. If they go somewhere else, they have to pay \$200. Chairman Parry said this is one of the problems with arbitration, they simply don't care what they give them, and it's not their problem to deal with. They give them everything; we are powerless to stop it. It is basically court ordered and we are stuck with it. Tod asked if a policeman has insurance, he gets it for his whole family, not just himself. This includes eye and dental. Plus, each employee has a health escrow, that this year was \$850, next year it is going up to \$950, which basically takes care of the deductible off your medical costs. Tod again asked, if the Township shops year-to-year for better health insurance? Sol Wolf said no, not year to year, but Cheri does check into different plans to see if it might be

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better for the employees and the Township as well. Tod said he knows what they pay for health coverage for the employees where he is employed. He said they shopped around at various different companies. The last thing you want to do as an employer, anywhere, is to decrease health insurance coverage for your employees. That is important to everyone. His issue here is we went with a different company for the same cost where we were at before, so they did not have the increase of 26% like here. Why can't the Township say to the insurance companies, this is what we have now, this is what we want, and this is what we are willing to pay. It won't cost the Township anything to do this. Chairman Parry said he totally agrees with this. Ron said we have a problem with this because not everyone will insure the Police Department. Tod said he wasn't aware of that. Tod asked why they would not separate and look for different policies? Sheila said because we would not have enough employees to make it worthwhile and keep costs down. Tod said that still is not a problem. They had to change year after year in order to give their employees the best coverage for the same amount of money. You have to keep looking for a better deal for the employees. Ron explained that Townships are very hard to insure and not everyone will insure them for the reason he spoke of before. Sol Wolf said we really need to address the question about the budget. We want to have our second meeting with the Supervisors. One of the things they want to review is the different parts that are controlled by them and what we control and suggestions from either side on what we can do to save money in different areas. One of these areas will be the health insurance issue. Sol Wolf said he thinks Tod has a good point and this is something that should be discussed at that meeting. Sol Wolf also mentioned that a lot of the things in the budget that are beyond our control are related to payroll and insurance. Chairman Parry asked if the workman's comp claims affect the rates that we as the Authority have to pay? Ron said they do. The Township is lumped together for workman's' comp as well. So if there are claims for any department, it is going to reflect in the payments we make as well. We are all on the same plan. Sheila said they have tried to do the best they can with the numbers, between Sol Wolf and her. It looks like it is going to be an increase of about 2.7% increase over last year. Sol Wolf said these are things, again, that we cannot control. Chairman Parry said he realizes that Sheila has been able to simplify the budget compared to how it has been over the past 10 years; the narrative is wonderful and very easy to understand. She also pointed the Board to the chart that shows the operations and maintenance changes. The O & M that we calculated comes to about 2.8% of an increase for next year, due to new customers. She did want to mention for those that were not here last year, the items she has printed in red, are the items that we get reimbursed for. If you take those numbers out, you can come up with an actual budget expenditure, which is the number, she has used, 2.7%. The revenue collection for O & M, is about the same amount. She mentioned that some of the things they tried to trim down a bit, if they did not use the amount this year. Sol Wolf said this Board does not project the wages that are projected in the budget. We can make the recommendations to the Supervisors, but they make the final decision. They have looked over the high

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average and the low average as supplied by PSATS. We are still trying to get our people up to the average, but we are not there yet according to the 2002 wage census. Tod asked if we sit down and have evaluations with the employees? Sol Wolf said the Board of Supervisors do that. Sheila said she doesn't think they are going to do that anymore, there was no discussion about it. Mike said we basically have a chance to speak our minds, but we aren't "evaluated". Sol Wolf said the Board's intent is that they look at where they are, and see if a merit increase is warranted. Otherwise, it is an across the board increase. Ron said he has some questions about the raises. Why do some get a certain percentage, when others get less? He was told because of problems throughout the year. Sheila wanted to also let the Board know that if one of our guys were to leave, we could not just hire someone to come in and take over. We need someone that is certified in collection systems. She also wanted the Board to know that we were not the runner up in the Eastern Section for Collection Systems this year, we won it. She is not sure if Mike is aware of it, but we did win it this year and she is very proud of the department. Sol Wolf said we have our budget together and if it meets the Boards' approval, we will then schedule the joint meeting between the two boards. They would like to do it their second meeting in November, which would be the 15th. Chairman Parry asked that Sheila either send a memo or call them to let them know when the meeting is.

Water Project Update

Sheila stated that she wants to give an update on the water project. Today is the deadline for Phase III of the project. We still have 83 people that have not connected from those three phases. Out of those 82 people, we have 45 people that have not filed any paperwork, extension requests, financial hardship requests, etc. The good news is that the out of the Phase III people, only a handful have not paid their tapping fees, about 7 or 8. She did check with the City today to get an update on the connections. She was told that it was pretty much the same as the last time she checked.

North Lebanon Township Business Park

At this time, Sheila passed around some information sheets for the business park. Normally when we do a project such as this, we hire an inspector, pay the inspector a rate, and then bill the developer for these costs. Unfortunately, we have not been able to find an inspector for this project, so Mike has been designated as the inspector. Now we are looking at doing a project that is using our people doing their inspections. We are looking at a better and fair rate for a non-profit entity versus a developer that is coming in. They have about \$20,000 for inspections in their budget. We really want to make sure that Mike is out there doing the inspections to make sure that everything is being done right. We also want to work with the Economic Development Corporation. We would still be charging them a rate for the inspections, but we may not want to charge them the full amount that

North Lebanon Township Business Park(cont'd)

we would normally charge a developer. She had received a letter from them stating their position as a non-profit corporation. Sol Wolf said we are in a phase that we need to be there all the time because of the bonding. It's not like Mike can come and go as he pleases, he has to be there all the time. If they work overtime, he has to work overtime as well. Sol Wolf asked what Jeff charges for his inspectors? He was told that it is somewhere in the vicinity of \$42 per hour. Sheila mentioned that we do not make any money when we charge for these types of inspections. Chairman Parry questioned the method of figuring the amount to charge for these inspections. Sheila explained she based the rates on Mike wages, since his is the highest, whether or not it is Mike or one of the Tom's. Parry asked if Sheila wants to incorporate this new rate into the rate structure for the new year? She said only for this instance, since, any other development would be inspected by one of Jeff's men. Plus this entity is non-profit, whereas, any other developer in the Township is making money off of the area. Sol Wolf advised against incorporating this into our yearly rate structure for various reasons. Chairman Parry asked if she is requesting that we go on the record to approve the rates for this project. She said basically, that is what she is looking for. The Board then decided to approve her request to bill the Lebanon County Economic Development Corp the reduced rates as presented. This will act as a verbal agreement with the Authority Board.

Sol Wolf reminded Scott that come May or June, the new rates for the sewer tapping fees have to be presented and adopted. It is best to get started on these calculations now. We will have to incorporate the water rates as well into our rate structure. Chairman Parry asked when the new rates go into affect for the water project, meaning the tapping fees? Sheila said we do not have them yet. Sol Wolf said we are at the \$2,000 mark at this point, because the project is basically over. Any new customers that connect from this time on are considered not part of the project and will pay the higher amount. Parry then asked about the people that have not paid or picked up their permit yet? Sheila said according to Sol Wolf's letter, they would be charged the higher rate. Parry asked, effective when? Sheila said 10 days after the date of the letter, which is gone. Ron asked if anyone has paid the higher rate yet? Sheila said we don't know what the higher rate is yet. The people that haven't paid, according to Sheila, have made no attempt to communicate with us what so ever. Sol Wolf said we have to have Scott start working on this now, so we don't have to make revisions to it constantly. Sheila stated that the charge is set at \$2,000 for the water-tapping fee now, with a note that states the fee is subject to change based on a tapping fee study. Sol Wolf said we couldn't write as such. In the rate resolution, you have to say what the rate is and have the calculations attached for reference. Sheila then asked if he could have this by the end of the year? Scott said he most likely could have these calculations done. Sol Wolf said we would have some sort of draft ready to present to the Board for review.

North Lebanon Township Business Park(cont'd)

At this time, Sheila also wanted commend Sol Wolf on his presentation of the history of the Authority Board. She felt it was very well presented and is sure that the newer members of the Board know a lot more than when they came in this evening. She then thanked him for his contribution to this meeting.

SEWER DEPARTMENT REPORT

Mike began his monthly report by stating they had a problem down at Weis Markets recently. They were in the day before, flushing with the right-of-way machine and pulled back a big pile of stone parallel with the store, between the store and White's Harley Davidson. They stopped what they were doing, backed up and put it down right at the manhole that would look right over to Whites parking lot and back to Weis', right next to the creek. They put the grit catcher in and started running hose up through and started to hear a dinging noise. They had 300' between the manholes and did not know how much stone was in the line. He said the road department built a bridge with a truck over the creek to vacuum the stone out of the line. We lifted an emergency permit from DEP in order to do this. Tommy estimates that he pulled about three back hoe buckets out of that section of line. They are three runs from being done on that side. The Board questioned where all of that stone came from? Mike said that section of line was never, ever cleaned and was installed in 1980. His thought is that it was construction debris when Weis Markets was built or even possibly the original construction of the line itself.

The new service truck is to show up next week.

Chairman Parry questioned the work that was done down at Ridgeway Mobile Home Park. Mike said there was sewer coming out of the pipe onto the ground and the owner of the park did not want to clean it up. He felt it was the trailer owner's responsibility to do. But eventually, he sent a plumber out to take care of it. Tommy had DEP come down and check it out.

Mike reported that most of his time has been spent at the North Lebanon Township Business Park. The fill area is probably one half done. They are putting 8" lifts down and the compaction is running about 97% to 108%. He is very pleased with what is going on out there. At this time, Sol Wolf had a question. Does Mike think, cost wise, it is really saving any money versus putting in the support for the pipes? Mike said he doesn't think so. They have to put in 18,000 yards in there to make this happen. Tod said it is incredible what they are doing out there. He said he put his boots on the other day and walked the entire site. It is unbelievable what they are doing with the land there. The whole project is immense. Tod asked when they are going to put the netting down to support the pipes? Mike said the manholes are coming in November and were told that the bases are backed up about 6 weeks. These are the ones that we require have the plastic bottoms. Tod asked how wide

Worden Alley

the dyke is going to be? Mike said he thinks it is going to be about 15' wide, across the top in order for us to access it. Mike showed pictures at this time concerning Worden Alley and the restoration that was done. He showed before pictures, even before the sewer line was put in. He then showed pictures after the job was completed. We now have a complaint that there is water lying in the alley. He, Alson Fetter, wants us to give him stone in his truck to fill this in. If you look real close, you can see a couple little puddles that are doing no harm. He told him he would bring this to the attention of the Board and take it from there. The Board felt that the alley was better than it was before the project started and needed no action.

With no more business for the good of the Authority the meeting was adjourned at 10:45 PM.

Respectfully Submitted,

Tina M. Haser
Recording Secretary