

**North Middleton Township Board of Supervisors
Joint Meeting with North Middleton Authority
April 24, 2008**

The joint meeting of the North Middleton Township Board of Supervisors and North Middleton Authority was held at the Township Municipal Building, 2051 Spring Road, Carlisle PA on April 24, 2008 at 5:00 p.m. Board Members present were Chairman Richard A. Bucher, Supervisor Robert H. Shearer, Supervisor Robert Reisinger, Supervisor Harry Kelso, Manager Deborah A. Ealer, and Recording Secretary Lori A. Coleman. North Middleton Authority members present were James E. Hurley, Blaine Shatto, Howard Swart, Stanley Dye, Manager E. Lee Koch, NMA attorneys Hubert Gilroy and Chris Rice, engineer Steve Huntzinger, and consultant Larry Zimmerman. Supervisor Dennis E. Hurley and Solicitor Mark W. Allshouse were not in attendance.

Visitors: **see attachment #1.**

Series 2002 & 2003 Bond Refinancing

Lee Koch referenced a meeting back in February with Larry Zimmerman and Bob Reisinger in which Mr. Zimmerman informed them that Middlesex Township Authority was researching the process of refinancing their bonds with a bank revenue note since the rates were attractive. **See attachment #2.** Mr. Koch thus completed a follow-up email with the NMA members in which the members felt it was good option to research. After presenting the findings, the board authorized him to proceed forward with the refinancing process. Mr. Koch sent a request for proposal letter and attachment outlining the proposed business terms and conditions to seven different banks. Five of the banks responded. Pennsylvania State Bank and PNC Bank did not respond. Fulton Bank (former trustee) and M & T Bank (current trustee) did respond, however their proposals were not even close to the other banks therefore they were not evaluated. The three evaluated were from Commerce Bank, F&M Trust, and Orrstown. The difference was .08 percent between the three proposals on a fifteen year fixed interest rate, and Commerce and F&M Trust did not require a township guarantee whereas Orrstown did. Mr. Koch mentioned Orrstown just removed the requirement 2 hours ago. Mr. Koch and Larry Zimmerman explained the self liquidating debt.

Ms. Ealer questioned how much NMA would be saving versus taking out the note or keeping the bond. Mr. Koch reviewed the Debt Service Comparison documentation with the board. Hubert Gilroy pointed out Orrstown was not seeking a prepayment penalty. The prepayment penalty criterion was reviewed for each of the participating banks. Mr. Koch added NMA was in contact with Frank Liebert NMA's bond council in which he felt the rates were attractive. Mr. Koch added NMA could not float a bond until September 15th. Mr. Zimmerman reviewed the sources of funds for the project. Overall, Mr. Gilroy pointed out the \$1.1 million (10%) in savings that would occur with the refinancing. He added the Authority was seeking a general acknowledgement from the Board of Supervisors. Supervisor Reisinger questioned if an approval was needed since the BOS was not signing off on anything. He added the Authority's next step was to make a commitment with one of the banks once the final rates are verified. Mr. Koch added Mr. Liebert could not be present this evening, but he was well aware of what the Authority was doing and would have the resolutions prepared. Mr. Gilroy verified with Mr. Liebert that it

was not worth going out in the bond market when these rates were very attractive. He added he would be comfortable for future action if the supervisors are in favor of the concept to formally adopt a motion directing the Authority to go ahead with the refinancing consistent with the terms as presented subject to final decisions of the Authority. He felt it was better to have the motions down. Supervisor Reisinger noted since they were saving funds, the Authority would not lower the rates. He stressed they were building up money in the reserve for the Chesapeake Bay strategy. Mr. Koch added Middlesex's rate was 4.14%. Supervisor Bucher asked about the prepayment issue. Supervisor Reisinger stated the numbers would have to be analyzed first. Supervisor Shearer stated this was the best financing plan he has seen from the Authority. Thus, Supervisor Reisinger moved to recommend the Authority proceed with the refinancing of the 2002 & 2003 bonds consistent with the terms as presented in the package this evening and subject to final decision of the Authority to which financial institution to retain. Supervisor Shearer seconded the motion, and the motion carried.

Borough of Carlisle

Mr. Koch mentioned being contacted by the Borough of Carlisle this week in which they indicated to him that the EPA is making them revise their pretreatment ordinance. Whenever that happens, any contributing jurisdiction has 90 days to implement it. He stated they implemented the ordinance in the early 90's. Mr. Koch explained the pretreatment process to the board. Supervisor Bucher inquired if money or penalties were involved. Mr. Koch noted money and penalties would be involved with the industrial clients.

Chesapeake Bay Strategy

Steve Huntzinger of CET reviewed his memo. The Tier I treatment plants have been issued or are in process of being issued their NPDES permits. Of the Tier I plants that were issued their permits, Mr. Huntzinger noted 17 have appealed their permit because of the COG litigation or procedural issues. Mr. Huntzinger mentioned some information from DEP in which they were not going to address the appeals until they are all in and the issues with the COG lawsuit are settled. Also, he discussed three legislative acts, potential to extend the timeline for Tier II and Tier III plants and request for an extension of time by DEP to address the COG litigation.

Mr. Huntzinger discussed a conversation with DEP in which they would accept the 1.3 million gallon per day capacity for the treatment plant. He noted they were in the process of submitting the application. Mr. Huntzinger stated the treatment plant was permanent for .925 million gallons per day. Overall, he thought the 1.3 million gallon per day capacity would be granted but the nitrogen reduction requirement would be based upon the .925.

Supervisor Bucher questioned if the Chesapeake Bay Strategy would be the next big issue. Mr. Huntzinger felt the issue of the treatment plants trying to get funding to assist with the upgrades, and how DEP has not followed many of their own procedures and protocols for issuing the permits will be next. Mr. Huntzinger shared two graphs with the board which depicted the original point sources of the nitrogen. Supervisor Kelso questioned how the nutrient trading worked. Mr. Koch referenced an article in which Fairview Township signed on for a 15 year lock in with the Red Farm trading company. Mr. Huntzinger noted Fairview Township built a new treatment plant a few years ago. The debt was for 15 years in anticipation of growth. Growth slowed and DEP offered them a 15 year deal to buy nitrogen credits to keep their debt at the

same level. At the end of 15 years, the plant will be paid off and they could proceed forward with building another treatment plant. Fairview Township decided to participate since it was a temporary means to buy time to keep their debt service at some level that it can be paid for. In addition, Mr. Huntzinger mentioned the trading / selling of nutrient credits between municipalities that could occur.

Bennington Square

Mr. Koch noted Bennington Square had not entered into a developer's agreement or paid anything on reserve capacity. Mr. Koch added the resolution was adopted in September 2006 and implemented in May 2007.

Supervisor's Comments

Supervisor Reisinger mentioned the differences in the water rates for the residents of Meadowbrook Farms since some residents reside in Middlesex and others reside in North Middleton.

Supervisor Bucher questioned the violations as listed in the "Important Information about your Drinking Water Quality" from NMA. Mr. Koch noted the Authority completes 9 reports which have to be submitted to DEP. At the end of April, one report did not reach DEP which constitutes a late reporting issue and has to be listed in the update. Supervisor Bucher questioned the second violation concerning the Synthetic Organic Contaminants. Mr. Koch explained the process of the testing, how the late submittal occurred, and how it was corrected.

Adjournment

Supervisor Reisinger moved to adjourn the NMT / NMA joint meeting at 5:55p.m., and Supervisor Shearer seconded the motion. The motion carried.

Respectfully submitted,

Deborah Ealer
Township Secretary

Lori A. Coleman
Recording Secretary