

**W T M A**  
**Warwick Township Municipal Authority**  
*Administration of Water & Wastewater*

**JULY 15, 2014**  
**MINUTES OF THE BOARD**

The meeting was called to order by Edward Stone at 7:05 P.M.

**Present Were:** Board Members: Edward Stone, Jeffrey Tennis and Joyce Gerhart, Administrator Daniel Zimmerman, Claudia Watt, Carl Haws, Solicitors William Crosswell and Jason Hess, Consulting Engineer Steven Riley and Kenneth Phillips of RBC Capital Markets and Paul Lundeen of Rhodes & Sinon.

On a motion by J. Tennis, seconded by J. Gerhart, E. Stone was appointed Chairman Pro Tem in the absence of both the Chairman and Vice Chairman of the Board.

**GUEST RECOGNITION:** K. Phillips, of RBC Capital Markets, said that he was present to ask for the Authority's approval of the legal documents that were prepared by B. Crosswell and P. Lundeen with respect to the refunding and to adopt a parameters bond purchase contract. A parameters contract basically states that the authority will do all of the appropriate filings with the state, will obtain the appropriate legal opinions from counsel and that the bonds are tax exempt. The last page provides a maximum parameters schedule which will establish the guidelines for the sale of the bonds. The goals of the refunding are three-fold: to realize savings, to shorten the term of the indenture and restructure the debt service, and to provide more flexibility and control over the investment of Authority funds. There was a lot of discussion about when the refunding should occur. There was general discussion at the last meeting that net savings should be in excess of \$100,000. K. Phillips distributed a sheet which illustrated the difference between the potential savings as presented last month and the potential savings today, which have decreased by approximately \$40,000 due to changing rates. He explained that savings would increase the closer you get to the call date of May 1, 2015 if rates remain the same; however, if rates increase, the savings could decrease or be eliminated. He said that the market could move either way and there is no way to foresee what will happen. The Board was asked to consider and confirm the amount of savings they hope to achieve. K. Phillips explained that tomorrow morning there will be an hour-long rating call from Standard and Poors ("S&P") during which D. Zimmerman and C. Watt will answer questions about the Authority and Township. Then, in approximately 10 days, S & P should issue a rating. At that point, RBC would be able to execute the refunding meeting the objectives established by the Authority. B. Crosswell said that the 2010 bond issue was also a parameters borrowing. The Chairman or Vice Chairman are pre-authorized to execute the Agreement once the objectives have been met. He said that the bond purchase agreement contains a clause that allows termination. P. Lundeen reviewed each section of the proposed Resolution which outlines the terms of the net-revenue

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indenture. Among other things, he explained the contents and importance of the Official Statement, he explained that the resolution specifies the parameters established by the Board, accepts the proposal by RBC Capital Markets for purchase of the Bonds and authorizes the Chairman or Vice-Chairman of the Board to execute a written acceptance on behalf of the Authority. The Resolution also authorizes those Officers to accept an addendum to the proposal containing the final terms and conditions for issuance and sale of the Series 2014 Bonds. It states that the Authority will open and maintain a separate Operating Account for Receipts and Revenues of the Authority and outlines how those funds are to be handled. It establishes the relationships and responsibilities of the Trustee and all Consultants with regard to the indenture. P. Lundeen explained that under a net revenue indenture, as the Authority collects money from its customers, instead of that money being swept weekly by the Trustee, the funds will be placed in the Operating Account. It will be Authority held funds and, under the direction of the Treasurer and Board of the Authority, the money will be used to pay the operating and maintenance expenses of the Authority. Twice a year, funds will be transferred to the Trustee for the debt service. At the end of the year, or at such time as the Authority chooses, excess funds can be transferred to the Trustee to be held in the Bond Redemption and Improvement Fund. P. Lundeen explained that the scope of the types of investments the Trustee can make are broader than what the Authorities Act permits. He emphasized that it is very important that the Authority maintain theft and dishonesty insurance for any people on the Authority Board or Administration - anyone who has access to the accounts. Upon closing, the 2010 Indenture is released and all of the funds being held by the Trustee will be turned back to the Authority. A decision should be made by the Authority how the money will be deposited. B. Crosswell said that, once funds are transferred to the Trustee for deposit in the BR&I Account, it will be necessary to requisition funds if the Authority wishes to use them. The consensus of the Board was to use the minimum savings of \$100,000 agreed upon by the full Board at the last meeting. P. Lundeen said that, since the 2010 bonds can't be paid off until May 1, 2015, an escrow account will be established with Fulton Bank into which proceeds of the issue will be deposited and invested by Fulton Bank for payment to the Bondholders. There is a provision regarding the purchase of bond insurance, which is not anticipated, but which could be necessary if the rating comes in lower than anticipated. P. Lundeen emphasized the importance of Continuing Disclosure. K. Phillips said that a verification agent will verify the amount required to pay off the existing bonds and will produce a verification report. A motion was made by E. Stone, seconded by J. Gerhart, to adopt **Resolution #07-15-14-02**, in the form presented, with a minimum savings of \$100,000. Passed unanimously.

A motion was made by E. Stone, seconded by J. Tennis, to adopt **Resolution #07-15-14-01**, authorizing the Administration to work with the Financing Team and Trustee to call for redemption of the April 1, 2017 maturity of the Series 2004 Water Bonds, currently outstanding in the amount of \$335,000, on the optional redemption

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date of September 1, 2014. Passed unanimously.

The **MINUTES** of the June 17, 2014 meeting were unanimously approved on a motion by E. Stone, seconded by J. Tennis.

The **TREASURER'S REPORT** was unanimously approved on a motion by J. Gerhart, seconded by E. Stone.

**PAYMENT OF THE BILLS**, in the amount of \$195,607.34, for the period from June 17, 2014 through July 15, 2014, was unanimously approved on a motion by J. Tennis, seconded by J. Gerhart.

The **WATER OPERATING REQUISITION**, in the amount of \$183,000.00, for operation of the water system through August 19, 2014 was unanimously approved on a motion by J. Tennis, seconded by E. Stone.

The **SEWER OPERATING REQUISITION**, in the amount of \$48,000.00, for operation of the sewer system through August 19, 2014, was unanimously approved on a motion by E. Stone, seconded by J. Gerhart.

The following **REQUISITIONS** from the **Water BR&I Fund** were unanimously approved on a motion by J. Gerhart, seconded by E. Stone.

<u>REQ.</u>	<u>PAYEE</u>	<u>REASON</u>	<u>AMOUNT</u>
WB446	Entech Engineering, Inc.	Tapping Fee Update	\$2,277.50
WB447	Morgan, Hallgren, Crosswell & Kane, PC	Lititz Water Rate	<u>\$2,586.00</u>
		Total	\$4,863.50

The following **REQUISITIONS** from the **Sewer BR&I Fund** were unanimously approved on a motion by J. Tennis, seconded by E. Stone:

<u>REQ.</u>	<u>PAYEE</u>	<u>REASON</u>	<u>AMOUNT</u>
B462	Entech Engineering, Inc.	Tapping Fee Update	\$2,277.50
B463	Lancaster Newspapers, inc.	Notice of Township Guaranty - sewer bonds	<u>\$746.51</u>
		Total	\$3,024.01

#### **ADMINISTRATOR'S REPORT**

D. Zimmerman said that Staff will come back to the Board after we have a chance to talk to Fulton Bank and the auditors regarding how the new indenture format will work. C. Watt said that we will also have to review our insurance coverage to make sure that our coverage is sufficient.

D. Zimmerman said that the owner of 123 Mayfield Drive has not responded to the letter from the Solicitor

regarding the cross-connection to the Authority's water system. This is a serious issue as a cross-connection has the potential to contaminate the entire water supply. Now that the Authority is aware that the homeowner did not respond to previous notices to terminate the cross-connection, it is necessary for the Authority to continue to try to have the condition corrected in order to avoid potential liability should contamination occur.

At 8:17 PM, E. Stone announced that the Board will hold an **EXECUTIVE SESSION** to consult with the Authority Solicitor concerning potential litigation and/or issues upon which identifiable complaints may be filed relating to the Lititz Borough water rates and the Lititz Borough water system and relating to a cross connection to the Authority's water system.

The regular meeting resumed at 8:32 PM. A motion was made by J. Tennis, seconded by E. Stone, to authorize the Authority, through its solicitor, or the Authority in cooperation with the Township, to take such civil action as is necessary to enforce the prohibition against cross-connections to the Authority's water system with respect to the property located at 123 Mayfield Drive. Passed unanimously.

#### **MAINTENANCE REPORT**

C. Haws reported on the following maintenance to the systems since the last meeting:

- Maintenance personnel repaired several meters this month at properties where we were unable to obtain a reading for the last billing period.
- A water leak was repaired at 333 Knights Bridge Way. The leak was on the homeowner's side of the curb stop.
- Maintenance personnel located several curb stops on Winding Way. These are curb stops that we have been unable to locate in the past. Previously, if there were problems in the house, we always had to turn the main off so that the homeowner could work on the issue. Most of these houses are on slabs and there was no way to terminate service. Our men spent several days locating the curb stops. They hydro-excavated with the vac truck and raised them up.
- The dry well at Station 4 was cleaned.
- We finished televising at Traditions of America, Phase I. All of the damaged areas that we found previously had been repaired and all repairs were put on a disc that will be kept in the file for future reference.
- Wolf's Fiberglass was called in to repair the fiberglass hatch at Station 5.
- A block heater was installed on the generator at Station 4.

- At Station 3, maintenance personnel cleaned the check valve and also pulled and cleaned pump #2. 1
- The meter pit installation at Grant Street is complete. Two 6" fire meters were installed to provide better 2  
fire flow to the north. We will be shutting down the 501 meter pit. Staff will meet with Entech to create 3  
sketches of all the meter pits that we have upgraded for the borough and will make sure that the Borough 4  
gets that information. The 6" fire meters will meter down to 3 gallons per minute and will provide a flow 5  
of 2,000 gallons per minute. 6
- Maintenance personnel did the quarterly cleaning of all of the pump stations with the vac truck. They 7  
washed down both the wet and dry wells. 8  
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### **SOLICITOR'S REPORT**

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B. Crosswell said that the three main things worked on by his office - the bond issue, Lititz water and Mayfield Drive 11  
- have already been discussed. 12  
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### **ENGINEER'S REPORT**

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S. Riley said that the work performed by Entech this month will be discussed under agenda items. 15  
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### **SUBDIVISIONS**

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**Hometowne Terrace** - D. Zimmerman said that this is a 28-unit apartment complex on Newport Road. There will 18  
be no extension of the Authority's lines; however, there are three two-story buildings which will require sprinkler 19  
systems. Entech has a few minor comments that remain outstanding but conditional final approval is 20  
recommended. A motion was made by J. Tennis, seconded by E. Stone, to approve the Final Plan of Hometowne 21  
Terrace contingent on satisfaction of final administrative issues and the outstanding comments listed in Entech's 22  
letter of July 15, 2014. Passed with two ayes, J. Gerhart abstained. 23  
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### **ISSUES PENDING**

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**Rothsville Well #2 Update** - D. Zimmerman said that we received a review letter from SRBC with a list of 26  
information to add to the electronic application in order to make it administratively complete. Staff, Entech and 27  
C. J. Conapitski are all working on a response. We received notice that our project is scheduled for review on the 28  
SRBC September 4, 2014 docket. 29  
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**Tapping Fee Calculation** - D. Zimmerman said the Entech tapping fee report shows the potential to increase the 31  
water tapping fee to almost \$2,500. The potential sewer tapping fee is over \$5,000. While there is cause to 32

increase the water tapping fee due to planned capital projects, Staff does not recommend increasing the sewer tapping fee. D. Zimmerman suggested postponing the discussion of the tapping fees until the full board is present. B. Crosswell said that changes will have to be made to the recitals in the resolutions since there have several changes since the last tapping fee adjustment. C. Watt will send copies of the last resolutions to S. Riley for review and comment.

**Billing Software Update** - D. Zimmerman said that we executed an agreement with Link Corp for Muni-Link Billing Software. The transition process will start this fall. Staff thanked J. Tennis for his review and input which, among other things, resulted in a refund arrangement being written into the contract should things not work out.

As there was no further business to discuss, the meeting was **ADJOURNED** at 8:50 PM on a motion by E. Stone, seconded by J. Gerhart. Passed unanimously.

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Jeffrey A. Tennis, Secretary

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