

Weaverland Valley Authority

Meeting Minutes

July 7, 2016

The board of the Weaverland Valley Authority (“Authority”) met at the East Earl Township building 4610 Division Hwy, East Earl, Lancaster County, Pennsylvania on July 7, 2016. Chairman Ken Witmer called the meeting to order at 6:35 p.m. and informed all present that the meeting was being recorded by a resident.

The following Board members were present: Ken Witmer, Harold Kilhefner, Gene Pierce, Scott Marburger, & Robert Jackson. Also present were Bradford J. Harris, Good & Harris LLP; Jeff Sweater, ELA; Julian Mazero, ELA; Denise Bensing, Administrative Assistant; Daryl Peck, Concord Public Finance; and David Busch, Keystone Alliance Consulting.

PUBLIC COMMENT:

Joanne Gillis asked if the Authority has considered keeping the water and sewer authorities separate. She asked what if Aqua PA would approach the authority to purchase the water system. Brad said the recommendation to combine water and sewer was made by the Exploratory Committee. They felt it made sense to combine the utilities. Ken said that many of the people served by sewer are charged based on water and for this reason, it makes sense to have them combined. Jeff also noted that the recommendation was made for billing purposes and the fact that Terre Hill has excess water and could possibly be allocated more water if there was more need. David Busch also noted that if Aqua PA were interested in buying the water system, having the two combined would not be an issue.

MINUTES: A motion was made by Harold Kilhefner and seconded by Scott Marburger, that the minutes of the June 6, 2016 and June 20, 2016 meetings be approved as submitted. The motion carried unanimously.

ENGINEER’S REPORT: Jeff noted that Daryl Peck, with Concord Public Finance, was present to discuss interim financing. He also reported that ELA has agreed to hold billing for 90 days if that is what the municipalities would like to do. Gene reminded Jeff that the municipalities also requested an estimate of the minimum “trimmed down” expenses and asked what that estimate was. Jeff explained that since their original amount already represented what they believe to be the minimal costs, they were only able to trim it down a little to possibly \$75,000. Gene asked if this includes all costs or just engineering. Jeff noted this amount represents only engineering costs.

SOLICITOR’S REPORT: Brad reported that the filing certification DEP has been filed, but that he could not file the certification to DOS without the social security numbers for a few of the officers who were either on vacation or absent from the meeting; as soon as he could obtain such information, he will proceed with the certification to DOS, which actually gets filed with DOR who then notifies DOS. He also reported that he needed to obtain social security numbers to apply for an EIN. The appeal hearing for the 537 plan has been set for October 17, 2016 at the Environmental Hearing Board office.

NEW BUSINESS:

Temporary Financing – Daryl Peck, with Concord Public Finance, was present to discuss obtaining financing for costs incurred before the assets are transferred. The costs for this time are projected to be \$1,500,000. Since interest and costs will be rolled into the loan, Daryl and Jeff both recommended pursuing a \$2,000,000 loan. He reminded the board that the authority will only pay for what is used. Gene asked what is included in the financing costs. Daryl explained that the estimated financing costs include Concord's fee, legal fees, and any bank fees. Jeff explained to the board that the intent is to authorize Daryl to send out RFPs. Daryl would receive the RFPs from the lenders before the next meeting and present them to the board at the next meeting for the authority to accept an offer. Aaron Marines asked if it is a requirement to have the loans guaranteed by the municipalities. Daryl explained that since the authority currently does not have any money or assets, the banks would likely require a guaranty. The timeline for obtaining the loan was presented to the board. The plan is to close on the financing in September or October based on the accelerated timeline, but it could take longer depending upon any currently unknown delays or complications. The engagement letter was presented to the board stating Concord Public Finance would seek financing in the approximate amount of \$2,000,000. Concord's fee for doing so would be \$17,500.00 and any actual, reasonable out-of-pocket expenses. Also included in the letter was a proposed fee for Concord Public Finance to look over the proposed financing that East Earl Sewer Authority is seeking to fund the Earl Township Sewer Authority project to make sure the loan is ultimately assumable by the Weaverland Valley Authority. Daryl estimated an amount of \$2,500.00 for such review. The board agreed that they would like to wait until after the East Earl Sewer Authority meets on the 11th to decide if they would like to authorize Concord Public Finance to review the loan documents of the East Earl Sewer Authority. Gene Pierce made a motion to appoint Daryl Peck as the financial advisor and to sign the engagement letter, (subject to the authority later deciding whether to have Daryl review the EESA and ET loan documents for said \$2500 fee), seconded by Harold Kilhefner. Motion carried unanimously.

Establishing Rates – David Busch, with Keystone Alliance Consulting, was present to discuss performing a rates study. David did note that at this point, the number of customers and amount to finance has not been determined. David feels that a rate study should be done before the assets are transferred so that rates will be in place for when the new authority is ready to operate. Harold believes these services would be needed prior to the assets being transferred and when the final numbers are in place. He then asked David what his services cost. David explained that they charge \$95.00 per hour and he would estimate approximately \$25,000.00 to do it twice including looking at both water and sewer rates. Aaron Newswanger asked why this rate analysis can't be done by Gary Martin who has done so in the past for the East Earl Sewer Authority. Jeff said there are new limitations as to what an engineer can do as far as rates. Scott asked if this appointment needs to be done now since it doesn't even sound like the information he needs is available. Gene explained that since charges will only be incurred when work is done, it won't cost anything right now and he feels with three entities merging, it is important to look at all the rates. Gene Pierce made a motion to appoint David Busch with Keystone Alliance

Consulting as the rate specialist for the Authority, seconded by Harold Kilhefner. Motion carried unanimously.

Temporary Funding – Aaron Marines explained that Frank Mincarelli is of the opinion that it is not a proper use of the East Earl Sewer Authority funds to give or loan money to the Authority. His firm feels that East Earl Sewer Authority can legally fund the project, because the purpose of East Earl Sewer Authority is to fund sewer projects in East Earl Township and that is what the Authority would be doing. Ken explained to Aaron that he is not opposed to loaning the money, but unless he is told by Frank that it is legal to do so, he would not be in favor of it.

Appointment of Accountant - Brad explained that the board members should begin to think about who to hire as an accountant for the Authority.

OLD BUSINESS:

Bylaws – Brad provided a redlined copy of the bylaws to the board members and reviewed all the changes that have been made. Brad also distributed Jerrene’s email regarding requested changes. The board did not have any further changes, but expressed that with only five of the eight board members present, that a vote should be postponed until the next meeting so that a greater number may vote on such a significant document.

Harold Kilhefner moved to adjourn the meeting at 9:02 p.m., seconded by Scott Marburger. The next meeting will be held on August 1, 2016, beginning at 6:30 p.m.

Respectfully submitted,

Denise A. Bensing

Cc: Scot Ash
Robert Jackson
Harold Kilhefner
Scott Marburger
Randy Miller
L. Eugene Pierce
Kenneth Witmer
Jerrene Zimmerman
Bradford J. Harris, Attorney
East Earl Township
Terre Hill Borough
Robert Rissler
Jeff Sweater, Consulting Engineer
Gary Martin, Becker Engineering
Frank Mincarelli, Blakinger Thomas