

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Workshop Meeting held April 10, 2012

A workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:04 p.m. by Chairman William B. Hawk, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain.

Also in attendance were George Wolfe, Township Manager; Steven Stine, Township Solicitor; Marcus Hite and William J. Carlin, Jr., PNC Bank; Mike Bova and Nick Falgione, Boenning and Scattergood (phone conference); Tom Smida, Mette Evans and Woodside; Ed Paukovits, Dunmore Street; David Johnson, Public Safety Director; Chief Tom Swank; Chief Mike Fife; Chief William Payne; Jan Bowerman; Mike Kafka; Jim Rowell; and Watson Fisher and Ted Robinson, SWAN.

Pledge of Allegiance

Mr. Hornung led in the recitation of the Pledge of Allegiance.

Public Comment

Ted Robertson, 4351 Crestview Drive had a question regarding the Planning Commission minutes in that it was mentioned that the Shadebrook Traditional Neighborhood Development (TND) has been abandoned. He questioned if that is a permanent thing. Mr. Hawk suggested that it has been put on temporary hold because of the cost involved in trying to move it forward. He noted that the TND was an overlay to the R-1 District. He suggested that Mr. Yingst may be putting a plan together that may involve single-family homes as opposed to a TND. Mr. Crissman noted that it was speculation only at this time.

Review of a proposed resolution implementing the
Pennsylvania Intrastate Mutual Aid Act in the Township

Mr. Wolfe noted in 2008, the Pennsylvania Intrastate Mutual Aid Act (PIMAA) was passed by the General Assembly. He noted that it was adopted in light of Hurricane Katrina and the inability of emergency forces to properly coordinate and address needs as a result of that natural disaster. He noted that Pennsylvania realized, like many other states that were adversely affected by Hurricane Katrina, that the Commonwealth's mutual aid system was lacking.

Mr. Wolfe explained that the PIMAA states that all municipalities in the State are party to the system and their fire and emergency medical services can respond when dispatched to any place in Pennsylvania. He noted that there are some restrictions in that a service provider cannot leave its home municipality without having proper protection, to include being responsible for the equipment and any workers compensation that would result from injuries; however, the receiving municipality is required to pay for the costs incurred to the emergency and abatement thereof. He noted if the Pennsylvania Emergency Management Agency (PEMA) or the Federal Emergency Management Agency (FEMA) funds are distributed to the affected municipality, they are to share that with the responding emergency providers. He noted that this legislation allows fire fighters and Emergency Medical Service (EMS) workers to respond throughout Pennsylvania, not only to instances of disaster and emergency, but also for training purposes. He noted that the local government is responsible for their response.

Mr. Wolfe explained that the elected officials of Lower Paxton Township can agree to participate within the realms of this Act without taking any action whatsoever, or it can inform the Commonwealth that it does not want to participate. He stated assuming that the Board would want the Township to participate in this Act; he suggested that the Board memorialized the Township's participation by way of a resolution. He explained that the "whereas" paragraphs detail the fact that the legislation has been passed and that the Township will be a participant. He noted that the first "resolved" paragraph explains that the Board will acknowledge its participation in the PIMAA, and the second "resolve" explains that fire services and EMS shall only participate with the consent of the Public Safety Director. He explained that would be prior consent as opposed to getting permission while on the way to a dispatched call. He noted that the Public Safety Director will provide his consent in regard to the resources necessary to provide and maintain public health and safety within the Township.

Mr. Wolfe noted that the proposed resolution also states that the Public Safety Director has the ability to recall firefighters and EMS personnel and it memorializes the fact that if this resolution is adopted, the Township expects the full faith and credit of the act and the reimbursement as provided per the Act to the Township.

Mr. Wolfe noted that the Act has been in existence since 2008 and the Township only recently found out about it when the Colonial Park Fire Company requested permission from the Township to participate and train with someone outside of Dauphin County. He noted that the Township currently has an intermunicipal agreement with all the entities in Dauphin County. He explained that the Colonial Park Fire Company requested to go to an out of Dauphin County location and it took a while to figure out that they were referring to being covered to participate in accordance with PIMA Act. He explained that he asked a large number of municipal managers, public safety directors, and police chiefs if they were aware of this Act and no one had heard of it before. He noted that the worker's compensation carrier is not aware of it either. He suggested that there needs to be state-wide training on the Act, and although it is not the Township's responsibility, we need to be aware of it and he requested that a formal acknowledgement of this Act be done by way of a resolution.

Mr. Hawk questioned if the resolution would be on the April 17th agenda. Mr. Wolfe answered yes. He noted if the Board should choose not to participate he could prepare an alternative resolution. Mr. Hawk stated that the Township should participate in this; however, it is very important that permission must be granted from the Public Safety Director (PSD) Johnson prior to anyone leaving the Township. Mr. Wolfe noted that the dispatch, by Act, is required to occur through the 911 Center. He explained when a request for emergency aid is received, and the Fire Chief determines that they have the manpower to respond, they are to inform the PSD if they choose to go to a non-mutual aid event. He noted that these responses would become a mutual aid act, and if all of a sudden the Township finds out that a fire company is out of the area and a firefighter is injured and it had no prior knowledge of this, it would become an issue. He noted that the insurance carrier is not aware of the need for this coverage. He noted that it is best that this be memorialized and the fire chiefs are required to obtain the PSD concurrence before they go anywhere with Township-purchased equipment. Mr. Hawk suggested that an event may

not allow for much time to make notifications. Mr. Wolfe noted that the PSD is always accessible by cell phone.

Mr. Seeds questioned if Mr. Wolfe and PSD Johnson are in favor of this resolution. Mr. Wolfe noted that the alternative is to say no and choose not to participate. He suggested that a municipality of nearly 50,000 residents not participating in a state-wide plan for natural disasters is not a good thing. He noted that he is not happy with the way the Act was rolled out on the State level.

Mr. Crissman noted that Mr. Wolfe indicated that Worker's Compensation was not aware of this Act; he questioned if the Township personnel will be covered. Mr. Wolfe responded that they will be covered by the Act. He noted that he sits on the Board for the Susquehanna Municipal Trust and he has made them aware of it. He noted that they are seeking a legal opinion in regard to this Act; however, there is a paragraph in the Act that states the Worker's Compensation is to be provided. Mr. Seeds questioned if extra-curricular activities are covered. Mr. Wolfe answered no; permission for those types of activities will have to be received. He noted, last year, the fire fighters wanted to escort the Central Dauphin High School Football team from Hershey and it was determined that the fire equipment would meet the parade at the Township line. Mr. Seeds explained that he has never heard any complaints from anyone about these types of activities.

Mr. Wolfe noted that he would place this on the agenda for April 17th meeting.

Presentation of a proposal from PNC Capital Markets LLC
regarding the refunding of certain municipal bonds and
telephone conference call with Boenning and Scattergood, Financial
Advisor, regarding the proposal from PNC Capital Markets LLC

Mr. Wolfe explained Mike Bova from Boenning and Scattergood requested permission to be included in the discussion by way of a telephone conference. It was noted that along with Mr. Bova, Nicholas Falgione, from his firm would be joining in the telephone conference.

Mr. Hawk noted that Marcus Hite from PNC Public Finance along with William Carlin, Jr. are in attendance to make a presentation on bond financial considerations.

Mr. Wolfe noted that PNC is the depository for the Lower Paxton Township Authority, and at the end of 2012, the Township and Authority will have bonds that could be refunded. He

explained that Mr. Hite came to him and presented a proposal to staff in regard to an early refunding of those bonds in the amount of approximately \$10 million. He noted that, typically you can not do the refunding early because it would be an advance refunding and the bonds have already been refunded once. He noted that PNC would like to provide a proposal for an early refunding through a bank loan and a Swap (a transfer of one fund for another).

Mr. Hite distributed updated information to the Board members. He explained that PNC looks at the existing customer's accounts, noting that they just assumed the relationship with the Lower Paxton Township Authority, to see what other types of savings opportunities he can bring to the Township.

Mr. Hite introduced William Carlin, from the Philadelphia office of the Capital Market Group. He explained that he is based out of the Camp Hill office and Kyle Patino, who works the SWAP desk, is also based out of Philadelphia.

Mr. Hite noted that PNC Bank is the 8th largest bank in the nation by deposits. He noted that their most recent acquisition expanded their market into North and South Carolina, Georgia, Alabama and Florida. He noted that PNC has over 6,800 ATMs, 2,500 branch offices located in 16 states and the District of Columbia. He noted that PNC has over 470 branches in the State of Pennsylvania in 45 counties, with \$58 billion in deposits and 2,100 ATMs. He noted that there are offices in Camp Hill, Philadelphia, Wilkes-Barre, and Pittsburgh, and that PNC paid \$164.9 million in taxes in Pennsylvania in 2010. He noted that there are several ATM locations in the Township, with one branch office located in the Township and two offices that are adjacent to the Township.

Mr. Hite explained that the banks have undergone a capital stress test and as of September 30, 2011, PNC was tied for second place on the Tier One common ratio. He noted that this is done to determine if banks will be able to withstand any possible down turn in the economy. He noted that PNC ratings for Moody's, Standard and Poor's and Fitch are all high A's, and PNC continues to have positive and stable outlooks for all the ratings agencies. He noted that PNC will not take part in risky investments.

Mr. Hite noted that PNC, through its Chairman Jim Rohr, wants to ensure that it gives back to the citizens and the employees as well. He explained that it is done through cash donations, volunteer services, or foundations and programs.

Mr. Carlin noted that he enjoys meeting client to discuss saving money as opposed to how much it will cost them to do something and how to raise the funds. He noted for the past 25 years he has worked with local government, primarily townships, boroughs, counties, and school districts. He noted that 80% of those municipal governments have been in Central Pennsylvania.

Mr. Carlin noted that the Township has not been big proponents of synthetic fixed rate swaps, and he stated that neither is he. He explained that swaps became legal in 2002, under the Commonwealth Law and it is not something that he presents to clients. He noted that the extremely large differences between what he is talking about and what you may have read about with the Bethlehem School District, Lancaster County, Harrisburg Authority, and State College is that swaps have not worked out well for these entities. He suggested that the Township is in a good position to take an opportunity for something very different.

Mr. Carlin noted on page one of his handout, it shows the 45-year history interest rates, noting that we were very low a month ago, but there was a recent spike. He explained that although we are not at the absolute lowest rate, they are very low, but for how long this will continue it is hard to say. He noted that many of the problem swap transactions were done in prior years at higher interest rates. He noted for the people to get out of the swaps there are termination payments to be paid in the millions of dollars. He noted that it is much different now than it was for the earlier swaps.

Mr. Carlin noted that page two shows the details of the 2006 Bond Issue that he is making a proposal for. He noted that the interest is a little over 4% and the issue would be retired in 2022. He noted that ten-year financing is a factor that makes this deal attractive. He noted page three notes that the issue has already been advanced and refunded so that the Township cannot call the issue in until April 1, 2013. He explained that you could close in January of 2013, escrow the money for three months, and save money at that time, assuming that the rates are favorable.

Mr. Carlin proposed a bank loan at a variable rate and at the same time enters into a swap agreement with PNC which would fix the rate. He noted that the bank loan is extremely critical to the structure versus what you may have read about. He noted, in the past, rather than using bank loans, they used auction rate securities, with billions of dollars of swaps done that way, but that market disappeared in 2008. He noted that many were done with a variable rate with the

security being a bond insurance company, but there is only one left. He noted that others were done with a letter of credit but after 2008, the pricing got very expensive. He explained that he is proposing a straight bank loan with a ten-year commitment on the bank. He noted that the bank loan rate is 1.04%, with a payment of 70% LIBOR that is very low at this time. He noted that the protection on the other side is when you enter the swap, the bank will pay to the Township 70% LIBOR, and it will cancel out both. He noted, in the past, there were many mismatches on that as well, but this structure takes that out completely, noting that it is an exact wash. He noted that the Township would be left with 1.04% on the bank loan and 1.705% on the swap providing a net payment of 2.745% including the transaction, and the tax exempt opinion that would come into play when the bank loan is taken down on April 1, 2013.

Mr. Hawk noted that it is his understanding that you must have a swap advisor. Mr. Carlin answered that was correct, noting that the fee is built into the 2.74% rate. He noted that there would have to be qualified independent trade agreement. He explained that there is a fee to have the legal documentation work done.

Mr. Carlin noted that he would keep the payments dates the same, as well as the final term date. He noted that you would be replacing the bank loan and swap with the bonds, putting the commitment of these numbers for the current rate into place now for it to occur on April 1, 2013, instead of waiting to see what the market rate would be at that time. He noted that the heart of the deal is to take advantage of the current rates.

Mr. Carlin noted page four includes a summary based upon the current markets with a debt service reduction of \$983,063 over the life of the issue, with the present value being \$862,083, with a ration of 8.833%; the savings divided by Series 2006 Refunded Principal. He noted that the bench mark for saving is normally 3% and this is almost three times that number. He noted that it is a very worthwhile transaction. He explained if you do the refunding on January 1, 2013, you will invest the money for three months at virtually no earnings rate. He noted that it takes out the negative arbitrate, but the downside is the unknown for what the market will be next year. He noted that today versus April 1, 2013, could provide another \$170,000 in savings, noting that it would be about ¼%; therefore, if interest rates rise ¼% from where they are it would be about a wash.

Mr. Hawk noted that the yield is generally narrow as the economy improves. Mr. Carlin

noted that typically it goes up, as things get better. He noted that municipal rates were up three to four tenths of a percent in the last month, mainly due to all the issues that wanted to take advantage of the market. He noted, for the longer term, if the economy heats up it will move rates up. He noted one other factor that could impact rates is the tax law changes. He explained, at the end of last year and again in January of this year, the President made an attempt to tax the tax-exempt interest and not just for new issues, but on all the billions and trillions of bonds in the market. He suggested that the President will continue to try again to get this through. He noted that it could move up the tax exempt rate as they would be less valuable to the holders. He suggested that there would be also be contractual problems with this.

Mr. Carlin noted that PNC would be the swap counterparty, however, there are some safeguards noting that there would be separate documents that if certain downgrades occur that the Township would have to provide collateral to secure the swap. He noted once the swap is entered into, if the Township should choose to cancel it, there could be a termination payment dependant on the rates. He noted if the rates go up, the Township would make money. Mr. Hawk questioned if it provides for a tax advantage if the rates go down. Mr. Carlin noted that is the way it operates.

Mr. Hawk suggested that there are certain times limitations for what you can declare as a tax benefit. Mr. Smida noted that you are betting that interest rates will go up and the value of your contract end goes up. Mr. Carlin noted that the rates could go lower, and the Township could always pay off the bank loan.

Mr. Hawk noted that sometimes you can get involved in a wash sale. Mr. Smida noted that would not be for this instance. Mr. Hawk noted it is when you lose money and you try to sell the bonds and try to upgrade your portfolio. Mr. Smida noted that is from the holder's perspective and note the issuers. He noted that it is an investment decision as opposed to an issuer decision.

Mr. Crissman questioned for the debt service schedule that Mr. Carlin provided, how it differs from the existing debt service and how this piece fits into the overall debt service for the Township. Mr. Carlin answered that page seven provides the answer to the first part of the question. He noted that it is the annual savings structure, showing the new debt service and the old debt service, with roughly \$100,000 per year in reduction, noting that overall it should be

\$100,000 lower than what it is now. Mr. Crissman noted that he is looking at the major jump that occurs between 2018 and 2019. Mr. Carlin noted that it is a rap around structure. Mr. Crissman stated that it is a major jump for the Township.

Mr. Bova noted that several years ago, when the legislation was passed that allowed municipalities to enter into swaps there were hundreds of them completed by townships but mainly school districts. He explained that the law was changed that you had to have an independent swap advisor review the structure and certify that the assumptions were reasonable. He noted all the assumptions were laid out and for the most part the parties understood what was going on and that there were risks with the transactions, but there were ways that the risks could be mitigated. He noted no one could predict what happened to the market, and over the last several years there have been hundreds of billions of dollars in termination fees that are being paid by insurers to unwind their swaps for a variety of reasons. He noted that the issuers find out that the underwriters explained everything and the insurance companies say that they explained everything, and the bond counsel provided their opinion on what was understood by the insurers, but the end result was, due to circumstances that no one could have predicted and no one was responsible for individually, that they lost hundreds of millions of dollars on swaps due to the risks. He noted that the proposal before the Board has identified risks and can't be quantified, but there are risks that are not spelled out. He noted the savings level would be close to what the refunding would be if it was worked today. He noted for the swap structures, if you are going to do a swap and you are taking on additional risk; more than what would occur with a fixed rate refinancing that is zero, you should be rewarded for taking on that risk. He noted in this instance there is no reward; the savings are virtually the same if you could do a refunding today which you can't. He noted that the thrust of the presentation is that the reason that you want to do this now is because no one knows where the rates will be in December, as they could be higher or lower. He noted that the rates were higher a couple weeks ago, and not because the fundamentals of the market changed, because they have indicated that they will keep interest rates low until 2014, but when you drop to the current level, there is a tremendous amount of supply that comes into the market. He noted that there is more supply than demand and the interest rates are going to rise. He explained that has to be factored in as to why interest rates have risen. He noted that another factor is the unrest in Greece, Portugal and Spain and all that

builds up. He noted that the fundamentals of the market have not changed, therefore, there is a likelihood that the rates will be around this level in 2013, but they could be lower or higher.

Mr. Bova noted that based on history, when this deal becomes refundable at the end of the year there is a refunding there, but we don't know what the savings would be. He noted that trying to eliminate the risk from now until December is asking the Township to take a risk from that period on until the end of the maturity of the bonds, because they will be non-callable; with a swap and any event that may be calculated today, the Township could be forced with terminating the swap and paying penalties. He noted that those risks cannot be quantified, and there may not be any risks whatsoever, therefore why would the Board take on the risk for the lien of the balance of the issue given the potential for another refunding, which it would have in 2019, when the bonds would be maturing. He noted that there would be substantial savings to benefit the Township in future years and it would not be delayed if the Township enters into a non-callable bank loan. He noted that the costs and the profits are not all identified, as there maybe some additional ongoing costs, particularly if you want someone to monitor the value of the swap. He noted, in addition, the Board is probably going to ask to have the swap market placed on the financial sheets, and if it is a negative it will show up as a negative, noting that it does not mean that the Township would have a liability that it would have to pay, but it probably will show up on the financial statements. He noted that there are a whole bunch of negatives once you get over the structuring issue. He suggested that there seems to be so many negatives and risks associated with just trying to eliminate five or six months of potential market movement that may or may not happen. He noted that there are a number of issuers in Western Pennsylvania, that are being pitched the same idea and he is not aware of any who are moving forward. He noted that his firm has taken the position that they will not act in any capacity on any transaction, because of the inherent risks and potential liability that may come back to the firm. He noted that it is a neat idea, but it is not one that he can get behind.

Mr. Falgione noted with a bond issue, you know what the fees will be, but you can't get your hands around that noting that a third party would have to tell you that.

Mr. Carlin noted that Mr. Bova indicated that the bank loan is not callable, but it can be paid off at any time, with 30-days notice, but the swap can not.

Mr. Bova noted that the one point that he really wants to emphasize is that something can go wrong but it does not mean that PNC, bond counsel or the solicitor did something wrong. He noted that the market has changed so dramatically since 2008 that no one can say with any certainty that what happened in 2008 will not happen again. He noted that it does not mean that PNC did anything wrong, it is what is happening in the market place that is impacting all these other deals and it could happen again, and he feels that the reward is not great enough to substantiate the Township for taking those risks.

Mr. Falgione noted that many of the risks are outside the control of the Township, and that is more alarming.

Mr. Hawk noted that this was a learning curve for him as he is not very knowledgeable about bonds and the technicalities. He questioned if the premium bonds have a higher rating as opposed to corporate bonds which are risky. He questioned why you would do a swap in the first place. Mr. Carlin answered that the swap part would lock in a fixed rate, but without the swap he could not tell the Board what its future savings would be to produce the schedules that show the benefit over time.

Mr. Hawk noted that page 13 shows what he thinks are success stories. Mr. Carlin answered that they are recent transactions. Mr. Hawk questioned what makes a difference between a success and a failure. Mr. Carlin noted that those were not examples of swaps, but fixed rate bond issues. He noted what makes a difference is how most of the swaps have been done using auction rate securities, bond insurance companies that no longer exist, letters of credits from banks; none of those were permanent solutions to anything. He noted for the auction rate market the hope was that people would keep buying them and it worked for a number of years. He noted that having bond insurance at a variable rate worked for a lot of years until all those entities collapsed. He noted that this is a straight loan with PNC with a variable rate loan, and it will not crater.

Mr. Hite noted with the 70% Libor washing out on each side, it is not like the 1.04% with the bank will increase. He noted whatever rate you lock in with, that is what it will be for the life of the loan that follows the bonds. He noted that the swap and the loan will match up. He noted with a conventional bank loan, a ten-year bank loan, the price is 70% of one month Libor plus a

spread, your rate can fluctuate because 70% of one month Libor can increase or decrease as well. He noted with this arrangement due to the wash, it is not going to fluctuate.

Mr. Wolfe noted at some point the Board would have to provide staff with direction.

Mr. Hite noted, when he presented Mr. Wolfe the rate previously, he indicated that they were indicative, however, prior to coming to the meeting, he had a credit pre-screen, and the 1.04% is the rate that would be on the bank loan. He noted that number will not fluctuate.

Mr. Hawk noted that he would need some time to do more reading on this information. Mr. Carlin noted that it is extremely important that the Board is comfortable with the transaction.

Mr. Hornung summarized the presentation that PNC was coming to the Board to refinance a loan that it can't do the standard way because of tax laws. He noted that the other alternative is a swap loan, noting that the down side of a swap loan is that interest can go down further, and it could create some problems for the Township. Mr. Carlin answered not necessarily. He explained, since there have been so many headlines about the termination fees; it is only payable if you want to get out of the transaction. He noted if the interest rates go higher then there is a termination payment due to the Township. Mr. Smida noted that you could end the contract and say that you want out now and pay us our money. Mr. Carlin noted that you could pay off the bank loan at any time so in theory if the rates skyrocket, it would be a termination payment to the Township of \$3 million; you could cancel the swap and pay off the bank loan. Mr. Hornung noted if you can do a refunding at a later point, or do a funding and pay the loan off, he could actually make money off of it. Mr. Carlin noted that one of the things that is happening on the other side is that you get this big payment, and it is cash that you could use to pay it off, but if it is not cash, you would have to go out to the marketplace and it would be at a higher rate.

Mr. Seeds noted that we are gambling if we do this swap, we are borrowing money, until that time period, and we are taking chances that the interest rates may go down, noting that we lose if they go down and win if they go up. Mr. Carlin noted if you do it now and the interest rates go up, and are much higher in January and March then you won. Mr. Seeds noted that we have to depend on what our bond counsels tells us just like our solicitor. He noted that he would depend on Mr. Smida and Mr. Bova since they have been advising the Township for years and have not given bad advice in the past. He noted that they are the experts.

Mr. Hornung noted that Mr. Bova provided a warning to be careful. Mr. Smida noted that there are risks inherent in every transaction and the Board needs to evaluate the known risks that you have and Mr. Bova is trying to say that there are unknown risks as well. He noted that the Local Enabling Debt Act will require the Township to hire an independent interest rate management advisor. Mr. Carlin noted that the cost is built in but not for the actual swap advisor. Mr. Smida noted that the swap advisor would be tasked with providing a report and an opinion that the transaction is reasonable and he would outline all the risks that are inherent in the transaction. He noted that one of the risks that would not be inherent in this transaction is what is known as a basis risk because the variable legs of the transaction are identical as opposed to other types of contracts. He noted that there are other risks, one of which is counterparty risks, the continued viability of the entities that the Township would be entering into with this transaction. He noted that PNC is a very strong bank today in 2012 but it is unknown what could happen in two to three years. He noted that the Township would have variable rate exposure, and there are also market access risks. He noted that a few years down the road it may want to get out of it, especially if the Township is under water, or the economy has tanked. He noted that the Township would not know what its borrowing costs would be at that point in time. He noted that all this has to be evaluated and priced to ensure that the Board is comfortable to enter into this transaction. He noted, at the end of December, the Township would be able to call those bonds within the 90-day period. He explained what is blocking it now are the tax rules, since the Township has already advanced refunded the bonds, it cannot do it on a tax exempt basis, however, you could do it as a taxable refund. He noted that the Board must question if it is willing to risk the interest rate movement from now until January 1, 2013, questioning if it is worth \$960,000 to the Township. He noted that the rate could go higher or lower, noting that the Township would be locking in at a fixed price now; however there is an element of risk to this transaction. He noted that it would be prudent to agree to hire an independent swap advisor and request periodic monitoring to ensure that the value of the swap is where it should be. He noted that there will be a pricing call and the swap advisors could tell you that it is worth a certain amount, and their person will state what it is worth, and hopefully they will match, but this is all part of the process.

Mr. Hornung questioned how much an advisor would cost. Mr. Smida suggested that it would be between \$10,000 to \$15,000. Mr. Hornung noted that the Township would be out that much money if it decides it does not want to do it. Mr. Blain suggested that it would be a little lower, between \$5,000 to \$10,000.

Presentation by neighborhood residents regarding a potential solution
to a storm water problem on Dunmore Drive in Fairway Estates

Mr. Wolfe explained that Mr. Robbins could not be in attendance at the meeting therefore he would be handling this agenda item. Mr. Wolfe noted that Mr. Ed Paukovits is present to discuss the storm water problem on Dunmore Drive in the Fairway Estates subdivision. He explained that several properties along Dunmore Drive have been experiencing problems from what staff has determined to be a non-public storm sewer line that runs in their backyards. He noted that Mr. Paukovits has retained engineering services at his own expense, potentially identifying a solution and is present to share this with the Board.

Mr. Paukovits thanked Mr. Wolfe, Mr. Robbins and Mr. Fleming for the past meetings that were held regarding this issue. He noted that he would like to present the problem and allow the Board members to make a decision on the ownership of the system. He noted that Susan Lawrence, another neighbor from Dunmore Drive, is also in attendance. He noted that the problem is with the drainage lines in one area of the development.

Mr. Paukovits noted that Fairway Lane lies above the area of Dunmore Drive. He noted that the streets above feed into his system that is behind his property. He noted that there are ten drains, 18-inch in width that takes all the water from the above development to his backyard. Mr. Wolfe noted that Dunmore Drive was developed as a separate phase. He explained, in the area near Dunmore Drive, a temporary construction basin for the earlier phase was installed that the developer eliminated by actual construction in the next phase. He noted that all the water dumps to that point. Mr. Hornung questioned if this is all part of the Fairway Estates. Mr. Wolfe answered yes.

Mr. Hornung questioned if it was all built by the same developer. Mr. Wolfe answered yes. Mr. Paukovits explained that he hired Act One to do the engineering study. He showed the plan as approved by the Township shows a swale but it was not built. He noted that the next slide shows what was built, a pipeline that is not in the swale right-of-way that feeds into a pond. He

noted that one of the drains is nine feet deep, the one located by his house, and it is not even close to the approved right-of-way for the swale. He explained that he is experiencing more water in his yard and in the basement and it is not due to hurricanes or floods. He stated that it is due to the age of the system and the construction or lack of standards. He proceeded to show photographs of the piping. Mr. Wolfe noted after the contractor finished the phase located at the top of the hill, the basin was removed and was to be replaced by a swale that was shown on the plan, however, the basin was placed down from his property but the swale was never put in. Mr. Paukovits noted that the swale only exists for the last few properties along with a pipe.

Mr. Hornung questioned if the pipe that was put in by Lot 76, goes below the house. Ms. Lawrence noted that it is within nine feet of the house. Mr. Paukovits noted that his drain is six feet from his house. Ms. Lawrence noted that the drain is located right at her back porch. Mr. Paukovits noted that the right-of-way is 30 feet and it is roughly 55 to 60 feet from the drains. He noted that there is nothing left from the pipes and it is all rock and stone. He noted that we don't know what the original construction was for these pipes. Mr. Fleming noted that the pipes have been in the ground for 15 plus years and either they did not install the pipes properly, or backfill them correctly. He noted if the pipe joints were not put together properly it could allow for sediment and stone to get into the system. He noted that there are too many unknowns about the construction for this project. He stated that he does not like the idea of recreating the swale only as it would bring way too much water down the back of the yards to their properties. Mr. Paukovits suggested that some water from the County Club feeds into that area as well.

Mr. Fleming noted that there are also some topography issues with the previous phase, as it was constructed and the golf course. He suggested, in order to get a proper swale in that area on Dunmore Drive, you would have to excavate into the lots above on Brighton Court, into the golf course property and most of the yard areas on the Dunmore Drive side, especially lots 175 and 177 since they are so shallow.

Mr. Paukovits noted that he looked into connecting to the existing drain, and putting a pipe within the right-of-way which is feasible. He noted that he has only looked at pipe located in the upper section near his home and not at the pipe located in the lower section. He noted that he does not know if it is a viable solution. He suggested that it would be located in the backyard and would only require a depth of 18 inches. Mr. Fleming stated that there should be a foot of

cover over the pipe, as there is plenty of fall; however, the disadvantage to this would be that the swale would be located in the yard area and any future maintenance would disrupt the properties along Dunmore Drive. Mr. Paukovits noted that it would be in the easement that is associated with the properties.

Mr. Paukovits noted that HRG looked at the possibility of taking the water flow across one of the lots into the existing storm sewer system that runs down Dunmore Drive and into the pond. Mr. Fleming noted that there are two obstacles for this: the system on Dunmore Drive is functioning at its capacity, so the ability to take additional water without increasing the pipe size is not feasible and the second issue is that the pipes have been in the ground as long as the pipes in the rear yard, and they are showing their age as well. He noted that the pipes will be due for a replacement in the near future. Mr. Paukovits suggested that they were installed to standard. Mr. Fleming suggested since they were built in the street, there was probably some level of inspection that occurred at that time. He noted if they choose to go this route, the pipe will have to be upgraded all the way down to the basin accessing it through a yard. He noted that it would be a much longer length of pipe to do this than it would have been for the swale area. Mr. Paukovits noted that there is a drain in front of his place and some upper street water also goes into that system. He noted that there are ten drains on Fairway Drive that feed into the nonfunctional system that was not built for any approved plan and exceeds the right-of-way and has questionable construction. He noted that it was not engineered properly.

Mr. Paukovits noted that staff has been working with him over a six month period to get things together. He questioned, since it is Township water, could the Township accept ownership of the system and come up with the engineering and fix the problem.

Mr. Hawk noted that the as-built and the first solution was a modification of moving the pipe into Lots 176 and 177. Mr. Paukovits noted that the actual solution up from his property would be to replace that section of the line and connect the line to the downstream line as he is not aware that they are having any problems downstream. He noted most of the lower line is in the right-of-way except for one drain. He suggested that the builder put the foundation drains into the pipe. He noted that it would have to be torn up and the system has been in jeopardy since it was questionable construction. He noted that next door, the drain is in the right-of-way, and if it could be connected it would be a possible solution.

Mr. Seeds noted that Ms. Lawrence came to a public meeting within the last year. Mr. Blain suggested that it was in the fall.

Mr. Wolfe suggested that the Board could view this on road tour next week. Ms. Lawrence noted that she has lived there for ten years with no issues, and now that the pipe has failed there are issues. Mr. Seeds questioned if the Township would have to get right-of-way to do this work. Mr. Crissman noted that the private property is an issue that would have to be dealt with. Ms. Lawrence noted that a neighbor was told not to plant anything in the right-of-way since it was Township right-of-way. Mr. Hawk noted that we need to come out and view the property. Mr. Crissman questioned if it was a Township right-of-way. Mr. Stine answered that it was never accepted by the Township. He noted that it is a right-of-way that exists for the benefit of the property owners for the upstream properties to discharge their water through it.

Mr. Fleming noted that since the system is so close to the homes, you can't leave it in place, even though it has partially collapsed, without removing and backfilling it or filling it completely with fill. He suggested that it would be costly to fix it properly.

Mr. Paukovits noted when his neighbor put in a pool and dug up a lot of garbage, Mr. Yingst participated in getting rid of the garbage. Mr. Crissman noted that there may be legal issues with regards to municipalities working on private property. Mr. Paukovits noted that many of the homeowners have no problem with the Township working on their property. He noted that the problem is that it impacts the property values.

Mr. Hawk questioned Mr. Fleming if he reviewed the problem. Mr. Fleming explained he walked the entire drainage basin to see what other changes were made to get a feel of what may have occurred at this location. He noted that they don't show the proposed contours or home locations on Mr. Paukovits plan. He suggested that there were probably several existing drainage ways through the property prior to the subdivision being construction, and the builder, in order to facilitate flat lots or address a cut fill situation, probably raised the site or filled it in and installed pipes in order to have flat lots. He noted that there was also supposed to be a similar swale on the other side of Fairway Lane up to the top of the development. He noted that it was also piped with very deep inlets. He noted that they are not called for on the plan, but they were built in the field. He noted that it is a challenge, with the system being on private property that was not built in the right-of-way. He noted that there are ownership issues as well for the easement. He noted

with most drainage systems, everything is flat, trying to get water out of a flat area, but this area has plenty of fall. He noted that it is a matter of trying to come up with a system that will work for the residents and Township.

Mr. Hornung questioned the difference between a right of way and an easement. Mr. Stine noted that easements are typically for a specific purpose, like a sanitary sewer line, but in a right-of-way, you can do anything and it usually means that there will be traveling through it. Mr. Hornung questioned who the stipulated owner for an easement is. Mr. Stine noted in this instance, it was never dedicated to the Township. He noted that the only reason it appears to be there is to allow the water from the upstream properties owners to flow through the easement to the other basin, so the people could not complain why the water was being sent down on their properties. Mr. Hornung questioned if an easement provided co-ownership to allow that to happen, like sharing a driveway with someone else, noting that it has nothing to do with the Township. Mr. Stine answered no. He noted that it provides for the people living upstream to have their water flow through those properties. Mr. Paukovits suggested that the water comes from the street and not the property owners. Mr. Stine noted that it was to put in the plan to allow the storm water from wherever it came from to flow through it. Mr. Hawk noted that we will look at it next week. Mr. Wolfe suggested that it would be between 5 p.m. and 7 p.m.

Mr. Hornung questioned if there was any liability from the developer in this case. Mr. Stine suggested that any statute of limitations would be expired since it was built in the early 1980's. Mr. Wolfe suggested that the engineer laid it out, the developer had it approved and individual builders may have installed the pipe. He noted determining who is responsible at this time becomes very difficult. He noted, by the lay of the pipe, he suspects that it was more of a builder arrangement, lot by lot, than by the developer. Mr. Hornung questioned, for the Township to be able to do anything it would have to have a dedicated right-of-way. Mr. Stine answered that was correct. He noted that it would only work if all the people would be willing to dedicate it. Mr. Paukovits noted that is true unless the water was directed to the street. Mr. Hornung questioned if all the property owners would be willing to provide a right-of-way. Mr. Paukovits noted that he has not approached all the property owners, noting that there is a good swale at the lower end. He noted that he could approach them and ask.

Mr. Hornung questioned if all but one agreed, is condemnation available. Mr. Stine answered yes that it would be for any municipal purpose and a storm water service would qualify. Mr. Hornung questioned what the cost would be to do this work assuming that no land acquisition would be involved. Mr. Fleming answered that an 18 inch pipe would need to be installed; needing another 18 inch pipe for one pipe and a 30 or 36 inch pipe running down through the street. He noted for the backyards an 18 inch pipe would be the right size pipe if it was buried at least a foot. He noted that the consideration would be who would own and maintain it in the future and who would build it. He noted if the residents construct the system, and continues to own the system and accept the liability of the existing pipe it could be done for a much lower cost than if the Township gets involved. He suggested that your preference would be to bring it out to the street right-of-way so that the Township would have the ability to work on it without entering private property. He noted that is the most costly option.

Mr. Hornung questioned if the Township had the right-of-way, why would it not install the pipe in the backyard. Mr. Fleming answered that you could do it but you would have property restoration issues. Mr. Hornung questioned if it would be less expansive than a road restoration. Mr. Fleming noted that it would be cheaper from a dollar amount, but it would disrupt the landscaped backyards, with decks and playgrounds. Mr. Wolfe noted after we walk the area, he would have it priced both ways. He noted that initial construction costs in the street would be more expensive but when you are doing maintenance and driving a piece of equipment in someone's backyard, dealing with what was planted and recreation and swimming pools... Mr. Hornung noted that you can put plastic pipes in the ground, and it is good for 50 years, therefore, the chance of problems is slim to none and the costs are less. Mr. Fleming noted that another option could be that the residents could maintain ownership of the system and a 18 inch pipe could be installed part of the way down through the back of the yards if the swale was adequate swale to carry the water from that location down to the detention basin. He noted that it would cost less and there would be less disturbance of the property. He explained that he would evaluate different options.

Mr. Wolfe noted that the Township has numerous issues of private storm water problems with many extenuating circumstances.

Continued discussion with representatives of the Townships

fire companies regarding issues of mutual concern

Public Safety Director (PSD) David Johnson noted that several months ago, the Board met with the fire company representatives and at that time it was agreed to meet quarterly to discuss items of mutual concern and interest.

PSD Johnson noted that the Paxtonia Fire Company wants to withdraw from the Lower Paxton Township Volunteer Firefighters Relief Association (referred to as Relief Association) and start its own fund. Mr. Crissman noted that the Board has heard that as a rumor and it would like to hear a response to this.

Mr. Jim Rowell answered that it is true. Mr. Blain questioned why. Mr. Rowell noted that Paxtonia is moving forward to do that, noting that it would be in the best interest of the Fire Company to be able to manage its own funds and not have to go through the process that it has been involved with many years.

Mr. Crissman questioned if all three entities do that, what impact would it have on how the funds are distributed. Mr. Blain noted that he is talking about the funds in the current Relief Association. He questioned if there would have to be some type of equitable distribution of those funds. Mr. Rowell agreed and he stated that he did not know what those numbers are and how it would work out.

Mr. Mike Kafka, President of the Relief Association, noted that this is the first time that he was officially made aware that Paxtonia wishes to terminate their relationship with the Relief Association. He noted that the Firemen's Relief Act 84 of 1968 is very specific. He noted if Paxtonia wishes to withdraw from it, the assets that they purchased through the Relief Association that are currently sitting in their station are the property of the Relief Association. He noted that he spoke to Scott Rickard from the Auditor General's Office and he said that it is Relief Association property and anything they purchased with those funds would have to be returned back to the Association. He explained that he keeps a spreadsheet of what was purchased and there is no ambiguity in the law. He noted, for example, Engine 34 had a contract that needed to be signed that portions of the fund were used to pay for that engine. He noted when Engine 34 was sold, a portion of that would be prorated back to the fund. He noted that Paxtonia may do what they wish to do but the law is very specific.

Mr. Kafka noted that he is the president of Linglestown Fire Company and the Relief Association; therefore he represents the entire fire fighting core. He noted that he takes it very seriously and he does not think that it sends a very good message that we don't work together for public safety. Mr. Hawk noted that would be his major concern. He noted that the fire fighters can detail that out according to the rules and regulations of the Relief Association. He questioned if this would fracture the three companies. Mr. Kafka answered that it does; he noted that it is important for the Township residents to perceive a collective effort with everyone working together. He noted that the fire fighters made great strides at the last meeting of the Relief Association. He noted that everyone collectively approved the \$150,000 expenditure to upgrade the fire hydrants in the Township to the quarter turn Stuarts. He explained as a result of that action, fire fighters will only need a wrench to connect to the hydrants. He noted that was collectively working together for the benefit of the firefighters and residents. He noted that he is not sure what Paxtonia's motive is for doing this and he can't stop them if that is what they wish to do.

Mr. Seeds questioned how the organization is put together. Mr. Kafka explained that each fire company has three representatives; president, fire chief and a member at large, with the Executive Committee made up of nine people. Mr. Seeds questioned when one fire company wants to purchase an item, using those funds, is it brought up for discussion and voted on by the nine members. Mr. Kafka answered yes. Mr. Seeds questioned if a fire company wanted to put a new engine in a pumper truck, would they bring it up to the membership for a vote and the majority would rule. Mr. Kafka noted if it is an approved expense as per the Relief Association, the majority would decide. Mr. Seeds questioned if anyone could expend money from the funds without the majority voting for it. Mr. Kafka answered yes. Mr. Seeds questioned if one company wanted something they could not do it on their own and if Paxtonia would get out of the group and start their own Relief Association, then they could do whatever they wanted to do with their share of the funds. Mr. Kafka noted, at the last meeting, the Relief Association received its allocation from the State. He noted from that meeting the group agreed how the funds are allocated, noting that so much goes to the Administrative Fund, and the rest is evenly allocated to the three individual fire companies. He noted that everyone gets an equal share. He noted at each quarterly meeting, the fire chiefs brings up what they would like to purchase for

that quarter and it is approved at that meeting by majority vote. He noted if someone needs to buy a squad truck for \$150,000 they would bring it up to the membership. He noted if they would need to loan money to help pay for it they can take a loan from the Relief Association for a low interest rate and pay it back over so many years with majority approval. Mr. Seeds questioned why they would do that if they could get a loan. Mr. Kafka noted that they could do that if that is what they want to do, but if they didn't have enough money in their allocation for that year and needed more money they could always come back for additional funds. He explained that the check come to the Relief Association and the State would not recognize Paxtonia as an individual Relief Association. He stated that it could change and the municipality can change it. He questioned if the Board wanted to fragment the fire companies or if it wanted the three fire companies to work collectively together for the common good. Mr. Seeds noted that he did not know if Paxtonia had a company solicitor to represent them, but it might be a lot of cost and paperwork and he hoped that they looked at all the legal issues.

Mr. Crissman questioned if Paxtonia withdrew, could they apply to create their own Relief Association. Mr. Blain noted that they would have to pay the money back that they used to the current one. Mr. Kafka noted that they would have to return their assets, and the only way that it could be changed is if the municipality recognized Paxtonia as an individual Relief Association and it gets divided that way. Mr. Crissman noted that he wanted to clarify that the Township would have to do that. Mr. Kafka noted that he did not know what the mechanism is to do that. Mr. Stine suggested that is not true. Mr. Rowell agreed and stated that the Township does not have a part in Fire Relief. Mr. Stine noted that was correct. Mr. Rowell noted across the State, the majority of fire companies have their own Relief Associations. He noted that the Township is in the huge minority in that it has a combined Relief Association. He noted that 90% are individual companies and not by municipalities. He noted that Paxtonia would create their own Relief Association that would function separately and they would have to file the paperwork to do this. Mr. Stine noted that there is a procedure in the Relief Act that explains what they would need to do. Mr. Rowell noted that Paxtonia would follow that and create our own Relief Association and the funding would be appropriated to each fire company as allowed. He noted that the Township would not have to pass anything.

Mr. Hawk questioned why Paxtonia wants to do this. Mr. Rowell answered that Paxtonia wants to take more responsibility for its funding and manage those funds, noting that they do not feel that the Relief Association has been doing that. He noted that it is a matter of control and he thinks they can do some things that better serve our firefighters, and in turn serve the Township. He noted that he does not buy the fracturing concept. He noted that we are bound by law for what we can use the money for, noting that there are annual audits. He noted that a fire company is still responsible for how it spends the money.

Mr. Seeds questioned why the audit was only for 2009. Mr. Rowell noted that although they audit every year, it takes a while to get the reports out. Mr. Blain noted that the audit for 2011 will be for all three fire companies. Mr. Seeds noted that it is important that the audits are done and if things are going on it might take some time to find that. Mr. Rowell noted that the reporting is two years behind, but the audits are done at the end of every year. He noted that they audit every year, within a few months of the end of the year. He noted that the reporting takes time. He explained that the Auditor General comes back to the Relief Association with a letter of findings very quickly. Mr. Seeds noted that the Township is not aware of this until it receives the reports. Mr. Rowell noted that you can't have a Relief Association running rampant.

Mr. Blain noted if Paxtonia leaves the current association, Mr. Kafka stated that they have to return their assets; they need to pay, in cash, those funds for the items purchased by the Relief Association. Mr. Kafka stated that Paxtonia would need to return the assets and or a cash amount for the assets. Mr. Blain questioned for how long in the past would this be necessary. Mr. Rowell noted that he is not sure that is accurate. He noted when he files, the assets will have to be distributed appropriately and court will determine that. He did not think that they will have to give anything back as it will be divided up proportionally. He noted that Paxtonia stated that they do not own it as the Relief Association will own it that is a new Relief Association. Mr. Crissman noted that there will be litigation to resolve it. Mr. Rowell noted that it must go through the court to do it as it is the official process.

Mr. Blain noted that Lower Paxton is in the minority in Pennsylvania as to how they handle their Relief Association. Mr. Rowell noted, in a sense, it is one entity for all three fire companies. Mr. Blain questioned if Lower Paxton Township is unique in that we have three individual fire companies within the Township. Mr. Kafka noted that Susquehanna Township has

three fire companies: Edgemont, Progress and Rescue. Mr. Blain questioned if they have separate Relief Associations for the fire companies. Mr. Kafka answered no. Chief Fife noted that the 7% that don't do it individually happen to be in Dauphin County and for the remainder of the State; each fire company controls its own funds for one reason. He noted when you have three fire companies there is never a deadlock, meaning two can always tell the other one what to do. He noted once his membership votes on an issue; he takes it to the meeting, representing the Paxtonia Fire Company. He noted that he does not make decisions arbitrarily for himself, thirty people vote on it and the majority rules, just like the Board of Supervisors. Mr. Crissman noted that is democracy. Mr. Fife noted when you have an allowable expenditure; it is not up for negotiation with other fire companies. He noted that less than 1/3 of the funds are divided up three ways, and there should be no discussion about who spends what on what. He noted the Auditor General sets the rules for what the money can be spent for, and he has to follow those rules. He noted that you should be allowed to spend it on whatever you want, if it is an allowable expenditure. He noted that he is not interested in fighting with anyone for something that his fire company makes decisions about. He noted if two fire companies don't agree on the expenditure then you don't get it.

Mr. Crissman questioned if the three fire companies are supposed to be a team working together. He suggested that it is already fragmented and people are not working together as a team. Mr. Rowell noted that may be true, but this is not new, not the first time this discussion has been had. Mr. Crissman noted that it is the first time the Board has heard of it. Mr. Rowell noted that he spoke to Mr. Wolfe about this a few months ago. He noted that he wants to get rid of the notion that this is earth shattering news and that it has never been done before. He noted it is not that substantial or significant. He noted we have a certain allotment and he is looking for the ability to manage those funds. Mr. Crissman noted that he is reacting to what he has heard and it is his perception, and it seems that the three fire companies don't want to work together. Mr. Rowell suggested that it should not be a surprise. Mr. Crissman noted that it is a goal for the Board to get the fire companies to work together.

Mr. Seeds noted that is one of the reasons why the Public Safety Committee was started years ago was to represent the residents and the fire fighters. He noted that he would like to have everyone work together since it is all about public safety and protecting the residents. Mr.

Rowell noted that all those things hold true if Paxtonia has its own Relief Association, noting that the fire fighters will continue to work together at fire scenes. Mr. Seeds noted that he wants to see that the job gets done.

Mr. Kafka questioned what expenditure the Relief did not pay for. He noted that Paxtonia gets their allocation, noting that he recently put out a precautionary memo to spend smartly. Mr. Rowell noted, recently the Relief Association told Paxtonia that it could not spend its funds on an allowable item. Mr. Kafka questioned what that was. Mr. Rowell answered that it was a truck. Mr. Kafka noted that he has a piece of paper from 1959 stating that what is good for one fire company is good for all. He noted that he asked for a radio for a 1961 Ford and the Township stated if it bought one for him, it would have to buy one for the others as well. He noted that his biggest fear is that the Board supports the fire companies in ways that other municipalities don't. He noted if Paxtonia goes out and buys a tower truck what does it tell the Board, noting if it is good for them, then the rest of them will have to do it as well. He noted that it breaks down the team since we are all struggling to buy fire trucks when the Board is struggling to help them to purchase them as well. He noted that Linglestown will do anything that the Board wants; however we want to be a cohesive unit with the rest of the fire companies to provide services to the Township. He noted if Paxtonia wants to go on their way; then do it. He noted that he has been doing this kind of work for 28 years, and he has seen the ups and downs for fire service and he thinks this is a very bad move. He suggested expending the money for a capital expenditure which the Board provides would be erroneous.

Mr. Hawk noted that he agrees with Mr. Crissman's comments and perception, noting that the Board does not always agree, but we don't have to be disagreeable. He noted that it seems that you disagree but you are also being disagreeable. Chief Fife noted that it depends on what your perception of being agreeable is. Mr. Crissman noted that his perception is his reality. Mr. Fife noted as is his. Mr. Rowell noted Paxtonia having its own Relief Association or not does not affect who shows up at a fire as everyone will continue to show up and work together. He suggested it is a matter of managing funds, and Paxtonia chooses to manage its own funds a little differently and would like the control to do that. He noted that he is not sure how it does anything other than helping Paxtonia to be as responsible as we can be.

Mr. Crissman questioned if it would affect the Fire Equipment Capital Fund (Capital Fund). Mr. Rowell answered no. Mr. Seeds noted if you go out and buy your own equipment... Mr. Rowell noted that the fire companies have all bought their own fire trucks. He noted that it has not been an issue. He noted that they own their own fire trucks. Mr. Seeds noted that is true but the fire companies have also gotten equipment through the Capital Fund. Mr. Rowell noted that it has not had a negative impact yet. He noted that past purchasing has never broached the issue of how it affects the Capital Fund, but now all of a sudden it does.

Mr. Blain noted that the Board sets aside funds to purchase equipment with the understanding that the three fire companies will work together in regards to what equipment each needs to adequately provide service for the entire Township. He noted that he is not looking to see a situation where all three want to purchase a ladder truck, but more of a situation of what is needed to adequately service the Township appropriately. He noted in regards to the move to leave the Relief Association, and the Capital Fund for all three fire companies is part of what equipment is needed for each fire company to collectively adequately service the Township. Mr. Rowell suggested that is not adequate. He noted that it is fair to suggest that you get a certain amount of dollars, the Township need to provide adequate protection and spend the money accordingly. He noted that is why you conduct surveys and studies to determine what pieces are redundant. He noted that we have pieces that are redundant that are not owned by the Township. He noted this is not about Paxtonia doing this so we can go buy a piece of apparatus as that is not the issue.

Mr. Blain noted that Paxtonia wants the ability to buy appropriate equipment without having to go through an approval process. Mr. Rowell explained, or not to buy it and maintain a certain amount for protection, paying insurance and things like that it is required to do. He noted that they want to be responsible for that money in a different way than what it now occurring. Mr. Crissman questioned Mr. Rowell if he feels that he does not have that ability with the three working together as a team. Mr. Rowell answered yes.

Mr. Blain noted that the disconnect is that the five Board members are looking at the three Township Fire Companies as one combined unit working together as to what they need, but the reality is in some aspects yes, they work together and in other aspects they do not work together. He suggested that they work together at a fire scene, but each fire company is its own

entity doing things that they think need to be done versus looking at the collective whole to determine if it owns a piece of equipment, then maybe another company doesn't need to have it as well.

Mr. Hornung noted if a fire company determined that the Township needs an aerial truck or whatever and it is purchased with Relief Association funds, then it may mean that the next set of monies may go to another fire company for them to buy something that the Board decides that they need. He noted in doing that you open that possibility. Mr. Rowell noted that it is a very fair comment, and how thankful the Township would be knowing that a fire company is stepping up to take some of that responsibility so that the financial burden does not have to be shared by the Township. He noted if we bought three engines and came to the Board and said buy another one, anyone would understand that it would not happen. He noted if Paxtonia decided to work along those lines and purchase the next piece of equipment that it needs, wouldn't it be a great use of funds, as well as relieving some of the burden for the taxpayers. He noted that it is all taxpayer dollars, whether it comes through local or state government. He questioned why we wouldn't want to spend those funds to prevent the Board from having to raise taxes and be more responsible in our spending. He noted that Paxtonia has spent many years trying to create a different history and culture that says we want to be frugal and smart and exercise wisdom in our purchasing. He noted this is one way that we can best do that by making sure we and not others have control of our funds.

Chief William Payne noted that he agrees with Mr. Rowell in that things have changed but Paxtonia is preaching that they want to take control of their destiny. He noted that he has been on the Public Safety Committee as a chief longer than another other person and he and Chief Shields both voted for the new engine because at the time Paxtonia was not interested in showing up for the Public Safety Committee meetings to talk about it. He noted that he and Chief Shields defended the purchase and he takes it personal if Paxtonia thinks that he is out to get them. He noted that he takes time off of work to attend those meetings and representatives from Paxtonia don't show up. He noted that he understands what they want to do and if they want to do that, it is great, however, don't come to this meeting and tell him that they want to take control of their destiny when they can't take time out to show up for a meeting. He noted that they say that Colonial Park and Linglestown have shut them down on issues; he has a problem

with that and it is wrong. He noted that they were shut down on one issue, and it was in regards to an aerial truck that was not National Fire Plan Act (NFPA) compliant, at a time the Board was talking about a tax increase that would have resulted in having four aerial devices in the Township. He noted that when they brought up about a new utility truck for \$150,000, he seconded the motion. He noted that he is in favor of it because it is something that they need. He did not think that a forth aerial device in the Township was money well spent. He noted when he sends out his mailer seeking donations from the public and the fire companies are purchasing duplication of equipment, it is not good.

Mr. Hornung suggested that everyone may be better off if Paxtonia leaves the Relief Association. He noted if you have two fire companies that work well together and do an awesome job, and a third fire company that seems to be causing problems, it is a problem. He noted that you need to get the fly out of the ointment and the division might provide for better meetings. He noted that it has been Paxtonia's mantra for many years to be that way.

Mr. Hawk noted that he did not want to see this develop into a civil war that we are still fighting today. Mr. Rowell noted that it is not personal and there is nothing to fight about.

Mr. Hornung explained that he and his mother owned all the hardware stores, and the rest of his family was involved and we were always fighting and would not talk to each other at Thanksgiving dinners. He noted that he separated his store from the group, his mother cried for two weeks, but when all was said and done, we now get together and it is much better. He noted that sometimes when you force people to work together in a financial setting it can get ugly. He explained that the Board can't stop Paxtonia from starting its own Relief Association. He suggested that we should just try to get along and make things work and maybe someday it might come back together. He explained that his mother still hopes that he will become a True Value store. He noted that he does not condone it but it looks like it is going to happen so if you can't control it or beat it, then join it.

Chief Fife noted that he did not spend the \$150,000 on a new utility truck because he did not think that they need one. He noted that he threw it out for a motion because, at the beginning of this year, Paxtonia had almost \$100,000 in excess funds from previous years due to their frugal spending. He noted that some comments made at the last meeting made him uncomfortable from two people who have been on the Relief Association for many years, noting

that he has only been a member for two years. He noted that the Auditor General sets what you can spend the money for. He noted that we will not spend the money, but he doesn't want to give it back only to have someone at the next meeting make a motion to put all the money into one pot providing no division of the funds and thereby losing the ability to spend those funds that he had saved. He noted at the beginning of the year Linglestown and Colonial Park had zero funds because at the last meeting of the year, both Chiefs stated that they were out of money. He noted that he felt guilty for not spending the money so he brought up about buying two hot sticks which he does not believe in because he felt guilty rolling over \$100,000 to the next year.

Chief Fife stated if Paxtonia has the money and they want to pay for their own lease on their fire truck and others consider it as expenditure from the Capital Plan, they do not see that as detrimental. He noted that he is also a taxpayer, and he does not want a tax increase to pay for fire trucks when frugal money management allow for it to be purchased in other ways. He noted that the number one way to keep a business going is through creative thinking and financing. He noted that buying fire apparatus is an allowable expenditure and if we carry part of the burden and the Township carries part of the burden, it is much better. He noted if Paxtonia is willing to do that, he does not understand the issue. He noted that he does not have a grand plan to purchase items; however, if he wants to say that someone can buy an engine and Paxtonia will buy the ladder truck, we should be allowed to do that. He noted that he does not want the Board to raise taxes so Paxtonia can have a new ladder truck and a new fire engine when there is another way he can do it. He doesn't go out and buy fire equipment because the current equipment is old. He noted that the tools and axes don't expire and yet others buy more of them all the time. He noted that equipment does not need to be replaced since it is not shiny. He noted that more and more stuff gets paid from the administrative fund, knowing that he pays for his own insurance on Paxtonia's fire trucks. He explained that he was asked for the insurance bills but they pay the insurance on the fire trucks that the Township bought for us. He noted that Paxtonia does not use Relief Association funds; they use the Township allocation money. He suggested if the Township is paying the insurance on the other fire companies fire trucks then Paxtonia is due a check in the amount of the their insurance because we pay our own. He noted that is one example. He noted that there is a lot of talk that we can't do this or that unless we get more money. He suggested if we run the fire companies like we run a business then maybe we

could do more with less. He suggested that he doesn't do anything differently at Paxtonia; Colonial Park has three fire trucks that the Township purchased and we have three fire trucks that we bought. He noted that we pay the insurance on those fire trucks with the money that the Township provides to us. He noted in the recent fire study that came out, the Paxtonia station was rated just as good as any other station. He noted that the station does not need to be replaced. He noted that you can't be a creative thinker if you are not panned in by bureaucracy or democracy. He noted if the Board told him that we would have to raise taxes in order to pay for the fire trucks, he would much rather use the Relief Association allotment of \$40,000 a year and have the Board buy the fire trucks with that. He noted then the Township would not have to come up with any more funds. He noted that this is a big picture item. He noted that he is not mad because he didn't get approval to buy a ladder truck and at the meeting; he didn't want to bring it up at all, but he had to because the membership voted on it and he represents his members. He noted that it was shot down and he moved on. He noted that the only reason he put \$230,000 worth of expenditures on the table at the last meeting was because he was not giving his money to someone else. He noted at the next meeting, all that has to happen is that one of the other fire companies makes a motion to tear down the three walls to create one checking account and just buy fire equipment with it. He noted that Paxtonia had almost \$100,000 in the beginning of this year due to frugal money management and he would just lose it. He noted that in itself is a reason for concern. He noted that you can't have three people dipping into the same till if they have a basic conflict of how the funds should be spent. He noted that he has not asked the Board of Supervisors for a dime, and when he gets a \$6,000 repair for a fire truck he pays for it. He noted that he does not call Mr. Wolfe and say that we need \$6,000 because the motor went out or when he replaced the radiator and it was \$18,700, he paid it. He noted when he gets a request from Mr. Wolfe about the insurance bills; there are no bills from Paxtonia because we already paid it with the money that the Township gave us.

Mr. Hawk noted that Paxtonia has a right to do what it is going to do. He questioned if we have to approve it. Mr. Stine noted that as long as Paxtonia follows the steps in the Firemen's Relief Act, it is up to them. Mr. Blain noted that they can do it. Mr. Stine explained that the Township does not have a role in it at all. Mr. Hawk questioned why this was brought up to the Board. Chief Fife responded that they were asked to come to the meeting. Chief Fife noted that

he told Chief Swank and Chief Payne that he does not care about the Relief Association and he did not vote on it at his company meeting. He noted that he will be 50 on Monday and if he could have anything it would be not to argue with anyone about fire fighting again. He noted that he takes time away from his business to do what he does and he doesn't want to fight about it. He noted that he makes his money go further.

Mr. Blain noted if Paxtonia wants to move on, then he is okay with it. Mr. Crissman noted that he is disappointed with the decision. Mr. Seeds suggested that we could end up with a duplication of equipment. Mr. Blain noted that the Board controls it with the Capital Fund, and if it doesn't like the spending plan then it won't approve it. Mr. Crissman noted that he is disappointed that they can't see the big picture of the municipality rather than looking at their own entity. Mr. Blain stated that he agrees with Mr. Hornung that maybe the best thing for the fire companies is to separate, do their own thing, and have some peace. Mr. Hawk noted that the Board has control over the Capital Fund for spending. Mr. Hornung noted that it may stop a lot of the fighting that comes into play.

Resolution 12-13; naming the Stephen F. Foltz
Clubhouse in Koons Park

Mr. Wolfe explained that Mr. Seeds requested that the Board allow the naming of the clubhouse in Koons Park in memory of Stephen F. Foltz.

Mr. Blain made a motion to approve Resolution 12-13, naming the clubhouse at Koons Park as the Stephen F. Foltz Clubhouse at Koons Park. Mr. Crissman seconded the motion. Mr. Hawk called for a voice vote and a unanimous vote followed.

Presentation of the Lower Paxton Township 2011 Annual Report

It was decided to table discussion on this item until the May workshop meeting.

Review of the 4th quarter 2011 Key Indicator Report

It was decided to table discussion on this item until the May workshop meeting.

“Otta Know” Presentation: (no items scheduled)

Adjournment

There being no further business, Mr. Crissman made a motion to adjourn the meeting.
Mr. Blain seconded the motion and the meeting adjourned at 8:50 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

Gary A. Crissman
Township Secretary