

**LOWER PAXTON TOWNSHIP
AUTHORITY MEETING**

Minutes of Township Authority Meeting held June 3, 2014

The quarterly meeting of the Lower Paxton Township Authority was called to order at 5:35 p.m. by Chairman William C. Seeds, Sr., on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Authority members present in addition to Mr. Seeds were: William B. Hawk, William L. Hornung, Gary A. Crissman, David B. Blain, and Robin Lindsey. Also in attendance were George Wolfe, Township Manager; Mike Bova, Boenning and Scattergood; Jeff Wendle and Kevin Shannon, GHD; William Weaver, Sewer Authority Director, Mark Hilson, Authority Engineer, Jim Wetzal, Authority Operations Manager; and Watson Fisher, SWAN.

Pledge of Allegiance

Mrs. Lindsey led in the recitation of the Pledge of Allegiance to the Flag.

Approval of Minutes

Mr. Hawk made a motion to approve the April 1, 2014 Authority meeting minutes. Mrs. Lindsey seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Public Comment

No public comment was presented.

Board Members' Comment

No comments were provided by Board members.

New Business

Review of the 2014 General Obligation Bond Sale

Mr. Mike Bova, Boenning and Scattergood, explained that he wanted the opportunity to provide the Board with additional information for the bond sale that occurred three weeks ago. He stated that he started to review when he would price the deal after the Board's April 29th meeting. He noted, at that meeting, the Board of Supervisors agreed to a maturity schedule for

how to amortize the Township debt but he could not price the deal until that decision was made. He noted that the earliest he could have gone to market was April 30th.

Mr. Bova noted on April 29th, there were two deals that were priced, one very large deal from the Commonwealth of Pennsylvania for \$834,145,000 General Obligation Bond Issue and Butler County had a \$38,405,000 General Obligation Bond Issue. He noted that both entities were rated Aa category; noting that the Township's issue had a Aa2 rating. He noted that those two deals had balances on Wednesday of over \$500,000,000. He explained that they were not well received in the market, having tons of balances of all maturities which meant in order to get rid of them they would work them up over time and would do that by cheapening the yields, lowering the prices, and it would have made it difficult for him to try to establish the level that he wanted for the Township.

Mr. Bova explained that he spoke with Jay Wenger, Financial Advisor and Mr. Wolfe and they decided not to move on Wednesday but to review it again on Thursday. He noted that there were still several hundred million of bonds available on Thursday and his desk did not want to do out in the morning because they like to do a loan pre-marketing activity where they contact investors to tell them what the levels are and then get feedback. He noted as a result of the pre-marketing survey it was decided to wait until Monday. He explained that it turned out to be a really good call because the two other deals cleaned up and after talking Monday morning around 8:30, they all agreed to move forward and they opened up the trading at 10:30 a.m. He noted that there was a ton of orders that came in. Mr. Wolfe noted that it came in real fast and then slowed down. Mr. Bova noted that \$11 million of the bonds sold right away.

Mr. Crissman noted that he was getting nervous. Mr. Bova noted that it is kind of like watching paint dry. He noted that his desk did a very good job of pre-marketing the bonds on Thursday and Friday and he knew that the level was correct. He noted that some maturities were oversubscribed and he adjusted those yields on those bonds and the bond purchase agreement was signed on Tuesday, prior to the Board's meeting.

Mr. Bova noted that Sheet One shows the ratings by the two rating services, Standard and Poor's and Moody's, with Moody conducting the Township's rating so he continued to use Moody's. He noted that the financial advisor and Township staffs were successful in getting the negative removed from the prior rating from 2013 which was very important. He noted that it is very difficult to get a two bump move, and to get rid of the negative was the most that could

have been expected, providing a rating of Aa2. He noted that the rating is important, and as high as it was, he did not buy bond insurance which would have cost tens of thousands of dollars to bring the rating up one notch. He noted that it was not worth it and he ended up selling the bonds at insured rates. He noted that maybe at some point in the future the Township could get upgraded to Aa but a Aa2 is a very fine rating. He noted that there is a whole lot more below that rating then above, and it takes into account the School District, County, and the total debt burden of the taxpayer for Lower Paxton Township.

Mr. Crissman noted that he would like to get up back to where we were before. Mr. Bova noted that the key to that are good tax base, a nice fund balance, and full collection of taxes. He noted that Moody's provide a nice matrix for what you would need to fall into the Aa1 category and he will provide that to Mr. Wolfe.

Mr. Crissman questioned if they have done some tweaking to their process. Mr. Bova answered that Moody's has made it more transparent, noting that there is a matrix for Aaa, Aa1, Aa2 and so on and it shows where you need to be in the different variables in order to fall into that category. Mr. Crissman noted that he would like to look at it. Mr. Bova explained that it is not a guarantee that everything is there but it is a lot better then what it was before. He noted that last year when the Township received the negative comment there was no explanation other than there were too many delinquent real estate taxes. Mr. Crissman noted that we tried to argue but there was no point.

Mr. Seeds stated that Moody's said we were volatile due to the debt on the Township instead of the Authority. Mr. Bova explained that it is a disadvantage but the advantage is that General Obligation Bonds trade at a lower level then revenue bonds because you can automatically increase the tax rate no matter what the circumstance is; whereas revenue bonds are tied into rate increases. He noted that sewer and water are okay but parking is not as you could raise the rates to a point where you lose revenues. He noted when you raise water or sewer rates you have more delinquents. He noted that the most secure one is the General Obligation bonds. He noted that the rate payers are getting the benefit by doing General Obligation Bonds but the negative is that it goes against the Township.

Mr. Seeds noted that they indicated if the Authority was absolved, that the taxpayers would have to assume the debt. He noted that it would never happen as we would never do away with the sewer rates. Mr. Bova noted that you could create another Authority or transfer the debt

to another Authority. He noted that he has spoken with Mr. Wenger about this but they don't think that it is an issue now but we know that you have a lot more sewer debt to issue in the future and it will be a topic for future discussions.

Mr. Hawk noted that many times we do a negotiated sale but his was different. Mr. Bova answered no, it was the same. He noted that the problem with the Butler County deal is that they did a competitive negotiated deal asking underwriters to submit a bid that was tied into the MMD which is a daily index of municipal bond rates, and all firms submitted bids stated that based upon today's rates they would buy the deal based on so many basis points over MMD. He explained, for 2020, their rate was 170 and it was based upon 20 points over MMD. He noted at the time when they submitted the bids, it was appropriate. He noted that they had the sale day on the 29th which was a week after they submitted their bids and the Pennsylvania Bond issue came out at the same time, flooding the market and they could not get anywhere near what they wanted as they were locked into their bids. He noted that they suffered on that and that is why there was a ton of bonds in the marketplace, the same with the Pennsylvania deal. He noted that there were over \$500,000,000 bonds on an \$800,000,000 deal that were not sold.

Mr. Bova noted that Sheet Two is a comparison of the rates for the Lower Paxton deal compared to those that were done that week, two of which were done on the same day. He noted that the variables that made the difference in what the rate would be is the rating, noting the higher the rating you would expect a better scale. He noted insurance has an impact and bank qualification is another factor. He noted that bank qualification provides a benefit to banks to buy the bonds if they are under \$10 million. He noted that the two deals done on the same day were both bank qualified. He noted that a five-year call is better than a ten-year call. He noted that same day we did a non-bank qualified deal that was not insured and had a ten-year call; you can see how our rates compared to the rates of the other deals. He noted that we kicked the box on the other two deals as our rates were very favorable as his desk did a fantastic job. He noted that doing all the pre-marketing helped as well. He explained that he has done a number of Lower Paxton deals so we have a list of customers that approve the credit and buy it. He noted that we have the right size of maturities as many insurers will not buy a maturity unless they can get a half million or a million bonds. He noted that we had a lot working in our favor and we beat every deal that was done that week.

Mr. Blain noted that the deals we are looking at are not comparable in size as the biggest deal was only \$9.2 million as compared to \$29 million. He questioned if the size impacts the rate and does a larger deal have more impact on the rate. Mr. Bova answered no. He noted that the size opens up more buyers but if you have a small deal you can do a lot more retail than you can with a bigger deal. He noted with the size of Lower Paxton, it is more institutional than retail. He noted that a small deal, for example the \$9 million and \$6 million deals you could probably do \$5 million retail.

Mr. Blain questioned if there were any deals that day that were more comparable in size. Mr. Bova noted that these were the deals that were done for General Obligation Bonds for the entire week. He noted that we were the first in the market, the more bonds you can get done at retail, the better job you can do because a person buying retail for 50 bonds has no leverage but someone buying a million bonds or two million bonds has a lot of leverage. He noted that an institutional buyer may come in and say he will take all the 2031 bonds up two basis points. He noted that a retail buyer can't do that.

Mr. Bova noted that he wanted to highlight that there were four term bonds, 2031, 2036, 2040 and 2044, noting that it shows all the maturities and all the bonds in those years and starting with 2031, we had \$4,400,000; 2036-\$5,825,000; 2040-\$4,420,000; and 2044-\$5,395,000, that is a little over \$20 million in bonds which represents 66% of the issue. He noted that the majority of the issue was on the long end because we did a wrap on the sewer deal. He noted that is shown on Sheet Three.

Mr. Bova noted on Sheets Four, Five, Six and Seven he has provided a breakdown of who bought the bonds, not by name but by classification, and you will note on Sheet Four that of the \$4.4 million, \$3.4 million were bought by customers and there was only one trade for \$1 million that was an inter-dealer trade. He noted that the MSRB has a rule that a minimum of 10% of each maturity has to be sold to customers and the reason that they want the minimum amount, a very low number, is that the more bonds sold to customers are considered legitimate going away business as opposed to selling to another dealer or hedge funds or flippers. He noted that there is a big emphasis on selling bonds to customers as it is a much better book of business noting that the bonds were priced accordingly and they weren't flipped to the street and then marked up and sold. He noted on Sheet Four there was only \$1 million in bonds; on Sheet Five every bond was sold to a customer; on Sheet Six 75 bonds were sold to dealers; on Sheet Seven,

the entire maturity was sold to customers. He noted that 7% of the bonds were sold to dealers and 93% were sold to customers. He explained that we had a lot of things going for us as we were first in the market, a good rating, an extended pre-marketing period, and we had a lot of prior customers that we could go back to and were willing to buy again.

Mr. Crissman questioned if he credited the 90% customer purchase to the pre-marketing. Mr. Bova noted that Mr. Wolfe was aware of the call that we had on Thursday, but we went out at 10:30 and it would have only given us two hours to market the deal. He noted instead, we had all Thursday afternoon and all day Friday where we could get a tentative scale of the buyers noting that they were shown deals from all over the United States and the pre-marketing is always helpful. He noted that many deals that are large, like the Pennsylvania deal, will typically have one day devoted to retail or a morning where they will try to generate retail interest with the balance going the next day. He noted that it was not one single thing but a combination of many things. He noted that the best thing that we did was wait. He noted that it was a good call on his desk. He noted that there was a small amount of bonds that he had to underwrite but the levels were right. Mr. Crissman noted that he was panicking around 11:00 a.m. when there was a rush and then nothing.

Mr. Bova noted that at least three maturities were oversubscribed and he bumped the yields on them only two basis points at the most. He noted that you can bump them but not a whole lot.

Mr. Hawk noted that it is a smooth process. Mr. Bova noted that it wasn't for the State or Butler County. Mr. Crissman questioned if did Butler County did not know what was going on. Mr. Bova explained that the calendars come out at the end of the week and he did not know if the Pennsylvania deal posted their calendar; they probably just priced their deal on April 29th, tied into the rates from a week before and were placed on the calendar.

Mr. Bova noted that we got it done and at good levels compared to the other deals.

Mr. Seeds thanked Mr. Bova for coming and making the presentation.

Resolution 14-06; amending Resolution 12-02; authorizing the reimbursement to property owners for private sewer replacement in selected mini-basins

Mr. Weaver noted resolution 14-06, which was previously 14-05, was to establish terms and conditions for which the authority shall assist customers in the reimbursement of private

sewer replacements in selected mini-basins. He noted that the Authority considered this resolution in a draft format at the last meeting and Mr. Seeds made some comments about language that didn't make any sense for the customers that had replaced their sewer in the previous five years as they couldn't comply with the scope of the work. He noted that he revised paragraph two for property owners who have replaced their private lateral and/or building sewers in the past five years so if they show an invoice from the service provider dated within the last five years and "the reimbursement cost shall be made following verification by a representative of the Authority that the lateral or sewer has successfully passed an air test and has been installed in accordance with the Authority specifications."

Mr. Weaver noted that is the only change but what this resolution will do if someone has replaced their building sewer in the last five years in the selected min-basin and can provide an invoice and if they are scheduled to replace the building sewer in the next ten years noting that this is a big issue as well as we have customers that live in Devon Manor and the Spring Creek area where there are a lot of tree root issues. He noted that they call to find out when they will be on the list.

Mr. Weaver noted that Mrs. Lindsey has been asked by many people when their mini-basin will be selected. He noted that he does not have a ten-year list done for Beaver Creek but he has one for Paxton Creek. He noted that Beaver Creek will be completed within the year, and it would allow people to do a full replacement and get reimbursed when their mini-basin is done.

Mr. Seeds questioned could there be areas where the Authority has replaced one in the last five years and there are problems with it. He suggested that it would be a warranty issue. Mr. Weaver answered that the warranty for that arrangement would be between the property owner and the plumber if it was done in the last five years. Mr. Seeds questioned what if it was one of our contractors like Ronca. Mr. Weaver noted that they would not be involved in this resolution as it involves only homeowners using their own contractors. He noted that we have had a small amount of failed sewers in the last five or ten years and we are discussing going back and fixing them. He noted that it is just for people who are having problems with their sewer today and want to replace it and may be completed in the next ten years or they just did it in the past five years.

Mr. Seeds questioned if this effects a number of people who had work done in the last five years as you already have a request for this. Mr. Weaver answered that it is a very small

amount, maybe two or three a year. Mr. Seeds noted that it provides the authority some latitude, noting that you could go in house instead of letting the person get a contractor as you thought there was a huge savings. Mr. Weaver noted that it is tuff for a homeowner to get a plumber to do it at the contract price. Mr. Hilson noted that we typically do a sewer for about \$3,500 per building sewer but a commercial plumber will charge much more than that.

Mr. Seeds noted that you mentioned roots, would you do it just because someone has a root problem growing in the sewer system. Mr. Weaver noted that it is a maintenance issue but they are eligible if their entire neighborhood has an I&I problem based on the metering results and are in the selected mini-basin list. We don't have to do the entire Township as we are actually only replacing 55% to 60% of Township. Mr. Wendle noted that it is about 50% of system in both basins. Mr. Wolfe noted if a person lives in the neighborhood of a selected basin and we have a major I&I issue and they are on the list because we have a meter reading showing a good spike. Mr. Seeds noted that you are projecting out ten years if they are having a problem that they can go out and get a contractor, or the Authority could fix it. Mr. Weaver answered that is correct. He noted that the sewers are 40 years and were built in 1970's.

Mr. Crissman noted in the statement prepared for paragraph two unlike paragraph one, there is no maximum amount that will be reimbursed. He questioned if you have discussed that and are you comfortable with not having a maximum amount. Mr. Seeds noted that amounts are listed later in the resolution. Mr. Crissman noted that the only change was to paragraph two and that is why he is addressing it. He noted that it does not provide a limit as it does in paragraph one. Mr. Weaver noted that is a good point. Mr. Crissman noted that we will not reimburse for a two million dollar job noting that he is exaggerating it. He noted that he is looking for uniformity and consistency. Mr. Weaver noted that the comment is a good one and we should just add the same language found in paragraph one to paragraph two. Mr. Wendle noted that you wouldn't want to pay more than what you would pay if you were going to replace it within the budget. Mr. Weaver suggested that we should add the last sentence from paragraph one to paragraph two. Mr. Seeds questioned if paragraph one covers paragraph two. Mr. Crissman noted that they are different so that is why there are two separate statements because if they were the same there would be no need for paragraph two. Mr. Weaver recommended that the Board revised paragraph two to include the last sentence of paragraph one dealing with reimbursement restrictions.

Mr. Seeds noted that we can approve the resolution with the change.

Mr. Blain noted that everything else is good. He made a motion to approve Resolution 14-06 as presented with the change to paragraph two adding that such reimbursement by the Authority shall be limited to the maximum amount of the cost per lineal foot of sewer replaced from the most recent min-basin bid price. Mr. Crissman seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Mr. Seeds noted if you had a most recent mini-basin you couldn't go by one that is 40 feet deep, whereas another one may be only five feet deep. He noted that the Authority would have some latitude. Mr. Wendle noted that there are depth categories in the pricing.

Authorization to appeal a decision issued by the Pennsylvania
Right-to-Know Office to the Dauphin County Court of Common Pleas

Mr. Wolfe noted that this authorization was already done by the Board of Supervisors. He noted that The Patriot-News has requested from multiple municipalities in Dauphin and Cumberland Counties information on the delinquent sanitary sewer accounts including the amount delinquent, name, and location of the delinquent party. He noted that it is much more information that we believe we are able to provide in accordance with the Fair Credit Extension Uniformity Act. He noted that under that Act the Township has liability for releasing information on accounts that have entered the bankruptcy process. He noted once an account enters bankruptcy the Township Attorney believes under separate legislation from the Right-to-Know Law that individuals under bankruptcy have a right to confidentiality and thus the reason for the Township denying a significant portion of The Patriot-News Right-to-Know request. He noted as that Township's Right-To-Know Officer he also serves as the Authority Right-To-Know officer and given the fact that the Right-to-Know Office overturned the denial and authorized the release of the information, it is Mr. Stine's opinion that we have to appeal to Dauphin County Court for the Court to determine whether or not the Right-to-Know supersedes the Fair Credit Extension Uniformity Act. He noted if the Dauphin County Court of Common Pleas does say that the Right-to-Know Law supersedes the Act and orders the Township to release the information, then the Court Order protects the Township from prosecution. He noted that the Board of Supervisors has agreed to appeal the decision and we are also asking that the Authority do the same.

Mr. Blain questioned what the reasoning was behind The Patriot-News wanting delinquency accounts. Mr. Wolfe answered that it is his belief that they are looking for officials who have not paid their sewer bills or prominent parties who have not paid their sewer bills. Mr. Hawk noted that the article that The Patriot-News ran showed that Susquehanna Township had the highest rate of delinquents. Mr. Wolfe noted that they have fewer sewer accounts than Lower Paxton Township but had three times the rate of delinquency.

Mr. Crissman made a motion to authorize the appeal of the decision to Dauphin County Court of Common Pleas. Mr. Hawk seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Township Reports

Review status of Second Consent Decree mini-basin sewer replacement projects

Mr. Hilson noted that the Authority has six projects working at this time. He noted that two are wrapping up punch list items so they are either substantially complete or very close. He noted that one is the Forest Hills Interceptor project, as they have completed the punch list and he will be presenting the final payment application and change order shortly for approval. He noted that the other project is PC-2C/2D, which is the Linglestown area, where they are working on restoration items and closing out their remaining items of work.

Mr. Hilson noted that he has four projects actively replacing sewer. He noted that BC6, is the easiest to see from our vantage point as it surrounds the Municipal Center, noting that it also includes BC-A, B, and C with that project being 90% complete. He noted that they are working on lawn restorations and paving and will continue to do so for the foreseeable future. He noted that there is some more work to be done on Devonshire Road on the east side of Wilshire Estates that will begin in a month or so. He noted that BC-5D and 5E includes the area of North Houcks Road, some of Devonshire Road to include Gander Mountain, boring across Route 22, with sewer lines being laid in the M&T Bank parking lot to Royers Flowers and that area. He noted that it is ongoing and is 30% complete.

Mr. Hilson noted that we also have the Gale Drive Pump Station area, Gale, Paxton, and Club Drives. He noted that all the pipe work is completed in the first work zone so they are now working on curb restoration, concrete and paving restoration, testing, and lawn restoration. He

noted that work zone one is 20% complete, and there are a total of five work zones. He noted that this work is being done by PACT Construction.

Mr. Hilson noted that the Forest Hills building sewer manhole and lateral rehabilitation project will see more activity next week as they will be doing some sewer replacement; one is very deep about 20 feet deep on Forest Hills Drive but it is only a short run. He noted that project is about 50% done.

Mrs. Lindsey questioned if the paving on Houcks Road and Prince Street is done. Mr. Hilson answered that the base paving was put down, so they will overlay the paving for most of it. He noted that there is an area on South Houcks Road and Prince Street where there will be storm sewer work replacement that Public Works will be doing. He noted that the overlay paving will stop short of that work in order that Public Works does not dig up the Authority work.

Mr. Crissman questioned if the next report will be down to four projects or will more be added. Mr. Hilson answered that he really doesn't want to add any more projects at this time.

Mrs. Lindsey questioned if the residents have been receptive to the work. Mr. Hilson answered for the most part they have been great because we disrupt their lifestyles and it causes some anarchy. He noted that he had issues with traffic control where people were ignoring the road closed signage in the vicinity of North Houcks. He noted that the Police Department did a great job with enforcement and he coordinated this work with them. He noted that the road was closed and we actually had someone get out of their car and move the barricade and drive through. He noted that he physically blocked the road as we had a parade of traffic coming through and he had someone made some gestures to him. He noted that he had someone drive past the Road closed sign and drive next to a trench that was 12 feet deep. He noted that they had to get the police out and it was a good cooperative effort.

Authority Account Balances

Mr. Weaver noted that Ms. Knoll revised the account balances for the first quarter ending March 31, 2014. He noted that he and Mr. Wendle met with Ms. Knoll to discuss the new bond issuance as Mr. Wendle has a spreadsheet that is very detailed on the applications for payment. He noted that it would also track the draw downs as they occur. He noted that it will show more information for how the money is being spent. He noted that the balance sheet shows that the Authority had a total of investment funds of \$5,345,962.44 available with an overall total of

\$15,655,237.56 available. He noted that the difference is roughly \$10 million that the Authority needs to spend from the previously \$42.5 million bond issue. He noted that it will be spent down in 2014 in the last three quarters.

Engineer's Report

Mr. Kevin Shannon from GHD explained that the Engineer's Report is a group effort. He noted that many people from GDH are very busy with Lower Paxton Township work, and he explained that Alton Whittle could not be present for tonight's meeting. He noted that the Annual Department of Environmental Protection (DEP) Report is due the end of the month, and staff will be working to get that submitted by June 30th.

Mr. Shannon explained that GHD has begun providing assistance to Mr. Weaver and Mr. Brailer and staff on the metering services and he is putting together a proposal to provide some additional metering services in the fall.

Mr. Shannon explained that the Authority had some wet weather events noting that there was an additional one that was not on the table for the weekend of May 16th that has not been evaluated yet for significance; however, with the wet weather events we will be able to draw some better conclusions and prioritize the basins in Beaver Creek. He noted that he will have more post rehab modeling information as well.

Mr. Shannon explained that GHD provided some assistance during the April 30th event tracking down wet weather flows in PC-1A with assistance from Township staff, finding some sources out there. He noted that PC-1A was a mini-basin that was done a couple of years ago and had some less than desired post-rehab results.

Mr. Shannon noted that staff has been working with Maser Consulting to update the GIS system for the transference to VueWorks.

Mr. Shannon noted for the construction and design side, GHD is catching up on record drawings for projects that were finished over the last year or so. He noted that they have been scanned into the Authority GIS system.

Mr. Shannon noted that the main job that he is getting ready to bid is BC3. He noted that the public meeting was held a couple of weeks ago for BC3 and BC4 A, B, and C. He noted that it went well. He explained that BC4 is scheduled to be bid later this year.

Mr. Hornung noted for PC-1A you found an issue between MH 80.10 and MH1 80.05. He questioned if it was something that was replaced or something that is old line. Mr. Shannon answered that it is located in Quail Hollow, a PVC area that was not touched during the rehab project because it was newer PVC pipe. Mr. Hornung questioned how old is it. Mr. Shannon answered that there are different phases in Quail Hollow but it would be about 15 years. Mr. Hornung questioned why this would happen. Mr. Weaver explained that he asked Mr. Wetzel and Mr. Hilson to start keeping a list of all the failed PVC sewers since we have had full time inspection. He noted that 90% of it has been installed by developers, mostly mainline, but a perfect example of why it is hard to explain as there could be some differential settlement or bad soils. He noted that he discussed this with Mr. Hilson for what could be happening underneath the ground. Mr. Hilson explained that you could have a rock that pushes up through the pipe that was not seen when they were doing the backfill that causes a hole and the water comes in. Mr. Hornung questioned if there is something we can do to prevent this. Mr. Weaver answered that we now have full time inspection now. He noted that it was done 15 years ago and we did not have full time inspections at that time.

Mr. Wolfe noted that Quail Hollow had substandard work.

Mr. Hilson noted most of the times that we go into a mini-basin we replace the ACP and clay pipe but the older PVC pipe is air tested and vacuum tested. He noted that for PC-1A, it was felt that this area was new enough and that was not done. Mr. Shannon noted that he is putting together a contract to televise, air test, and vacuum test for the PVC areas in Quail Hollow, BC3, BC 4, and the upcoming projects as there are two other mini-basins in Paxton Creek that are totally PVC and should include them as well. He noted that we will have a very large testing contract and backtrack to pick up areas like Quail Hollow so this will not happen again.

Mr. Hornung noted when Mr. Shannon does the reports and three people asking the same question he should provide the answer in the report, noting if you mention a failure then please provide the background information to go along with it. He noted that it would save the Board from asking all the questions. He requested that the Board should be provided information for why something happened and what we need to change so that it doesn't happen in the future.

Mr. Weaver noted that he is having good success with BC-1A; however, that is not the case for PC-1A and PC-6C as they are having significant problems. Mr. Hornung questioned if the things found in PC-1A will not solve the overall problem and now the Authority has to enter

into another contract for testing. Mr. Weaver answered that staff did not complete all the investigations in PC-1A and PC-6C. He noted that the sewers that we put in are the mainline, manholes, laterals and building sewers, everything to the house, everything is replaced. He noted then you put a meter in and you see a spike and you question how that can happen. He noted that it is a difficult problem to solve as he does not know where the water is coming from. He noted that we replaced all the pipes in the mini-basin except for the new development which for this area is Quail Hollow. He noted that the only place that it can be coming from would be underneath the house. He noted that is what we have to focus on. Mr. Hornung questioned if you air test all the laterals. Mr. Weaver answered that we replaced them and air tested them. Mr. Hornung noted if it is coming from underneath why it would not pass the air test. Mr. Weaver noted that we don't air test underneath the house as there are too many connections. He noted that we don't investigate anything in the house other than Bob Emrich doing a house inspection to determine if there is a sump pump connection into the system and no direct foundation drain.

Mr. Weaver noted that Mr. Wendle brought this up to the Board when it first started the corrective action plan that we need to account for these sources. He noted that we do not have enough data, but we are finding that it is a problem in certain areas, noting Devon Manor and these two mini-basins have been sources of I&I that we may not be able to control.

Mr. Hornung noted that the past methodology for solving the problems was to put meters in, but this is a different approach. He noted that we used to have the storm chasers for when it rained; we would all go out and look into the sewers. He noted then we switched and put meters everywhere so this is different. Mr. Weaver noted that we are doing both, having meters and people chasing flow after we have already replaced the sewer. He noted that it is a tremendous effort as we have to keep the program going and to go backwards is really difficult for us as we have this huge effort that we have to go back and chase the flow that we are hoping won't be there. He noted that Mr. Wendle told us that it would be there and we did not want to believe him but it is there.

Mr. Wendle noted if you recall several years ago we were out on a Road Tour and we went to a residents backyard in Devon Manor identifying a number of places that have what we call under slab sources. He noted that a few were repaired by re-plumbing because it was cost effective as some of these were 20,000 gallons per day flows from a single house. He noted that those are still sitting there, but it is his understanding that the Quail Hollow issue is a mini-basin

with a PVC section that was not replaced. He noted when you continued to have high flows, assuming that the PVC should be okay, this warrants an investigation as to whether it was the older PVC pipe or the work just completed. He noted that the investigation of the PVC section indicated that there are some bumps in the PVC section. He noted that it was assumed that PVC installed around 15 years ago would be good and that is why we feel it would be appropriate to do some testing and TV work for this PVC section to find out if it is good. He suggested that we can't assume that PVC is good. Mr. Hornung noted that would be the proposed contract to test the PVC sections that have not been looked at. He noted that the assumption should be that they are okay.

Mr. Seeds noted that you won't find it if it is under slab. Mr. Wolfe noted that we are not looking for it under slab. Mr. Seeds noted that Mr. Hilson mentioned that there could be issues with the back filling and he questioned if any of our contractors are laying pipe on rocks. Mr. Hilson answered no. He noted that there is six inches of stone. He noted that it could have been done back when we did not have full time inspectors. Mr. Hornung noted now that we have full time inspectors we can solve those types of problems. He noted that there is no way we could go back on those contractors. He noted that they did not test the PVC system that was in Quail Hollow because it was so new that it didn't warrant to be tested. He noted that they thought they could save some money by not doing the section that was newer than 15 years. Mr. Seeds noted that is why Mr. Hornung told Mr. Shannon that he wanted an explanation in the report for some of the findings.

Mr. Shannon noted that the third paragraph for Section 1.4 is regarding the area where sewers were replaced in the area of Hillsdale Road. He noted in PC-6C some sump pumps were found. He noted that Bob Emrich does not gain access to every house in the area and we find that there are still issues that need to be addressed. He noted that it is easier to do after everything has been rehabbed. Mr. Hornung question if the people know that they are not allowed to hook up the sump pumps to the sanitary sewer. Mr. Weaver answered yes. Mr. Hornung questioned if we fine them. Mr. Weaver noted that we pay them to take them out. Mr. Wolfe noted that we could take enforcement action but we have not done that since we offer incentives to gain compliance. Mr. Hornung noted at some point we should say from here on out, we will fix it on our dime but if catch you hooking up a sump pump, you will be fined. He noted to find that 15 years later people have hooked up sump pumps; they have to know not to do it. Mr. Wendle

noted that it is a great idea to have an amnesty program. Mr. Hilson noted that the only downside is that we try to get people to allow access for the house inspections prior to our replacement projects so it is important to get in the house and document where the sewer comes out. He noted if they had an illegal connection then it would be more difficult to get our representative into the house. Mr. Hornung noted that you can tell when the sump pump is running out of the house with the way the water is running. Mr. Hilson noted that we can do that if it is running constantly when we are there. He noted once you are replacing it, you already needed the house inspection done, so it is important to be able for future mini-basins, to have a program that facilitates a house inspection. He noted, looking backwards after we are done with the mini-basin, then they certainly know as they have been through the program and had the street torn up, had a meeting, they should know better, there should be no sump pumps. Mr. Hornung questioned if you find that people are putting the sump pump back in. Mr. Hilson answered that he suspects it. Mr. Weaver answered that we don't know that. Mr. Hornung noted if it is a problem then we need enforcement. Mr. Hornung suggested that the problem is not sump pumps, it is people. Mr. Weaver noted, in the areas that we just replaced the sewers, the flows are spiking and Bob Emrich has been in all the houses and the sump pumps were taken out. He noted in these situations it is not caused by a sump pump, it is an issue that Mr. Wendle explained before, that you have the sewers underneath the slabs that are leaking and it could be a multitude of other things, such as floor drains or old PVC pipe in Quail Hollow. He noted that we have not done enough of an investigation yet to figure it out.

Mr. Weaver noted that it would lead to the next discussion with Mr. Wendle about storage. He questioned if we want to go and continue to chase all these developments like Devon Manor because we have leaks of 20,000 gallons per day. He noted when you replace that leak; the next house is going to leak 20,000 gallons as the water just migrates.

Mr. Hornung questioned Mr. Weaver if you aren't air testing laterals. Mr. Weaver answered that we are not air testing the slab in the house. He noted that we just did the Municipal Center and we didn't test inside the building, only the outside. Mr. Hornung noted that you never really solve the problem for an under slab issue. Mr. Weaver noted that we will not know how big a problem it would be until we are done with the entire program; fifteen years from now we will know how big a problem it is. He noted that we will have the meter results. He noted that it is an excellent idea for the sump pump, but once we go through the mini-basins,

noting that you can't fine them and offer them a reimbursement. He suggested that we would have to write some type of ordinance that the Township would approve that says once you have been reimbursed and the mini-basin is complete if you have a sump pump that is hooked back into the system you will be fined. He noted that it could be happening and we don't know it.

Mrs. Lindsey questioned how you would know if they hooked it back up. Mr. Weaver noted that you would not be able to tell if it is only one or two homeowners as we are getting 80% to 90% removal in the mini-basins and in a mini-basin that is successful we are not going back to check anything. He noted that a sump pump could be hooked in; we could find it if we looked into the cleanup trap but staff is not going out into the mini-basins that are determined to be successful to find these.

Mrs. Lindsey questioned if someone would sell their house is that looked at in a home inspection. Mr. Wolfe noted that you could look at it in a home inspection but it is not looked at by the Township. He noted that we have a program, which he was not suggesting to do now for sump pump, but we have one for smoke detectors program where upon the sale of a house the buyer and seller have to certify that a hardwire smoke detector is installed at least on the sleeping level of each structure and because of that we have been able to convert 2,500 homes over the last ten years to a hardwire smoke detector. He noted that we could have a similar program. Mr. Weaver noted that we have been doing that since 1996 for sump pumps. Mr. Wendle noted that there are other places in Pennsylvania that upon the sale of the house since that requires the homeowner to certify that his system is tight from inside the house out. He noted that they have to prove that there are no leaks under slab. Mr. Hornung questioned how you do that. Mr. Wendle answered that they have to do a camera or air test. He noted when there is a real estate transfer; there is a requirement for this. He noted that they wanted proof that the house was tight from the inside of the house to the main, and if it isn't the seller has to fix it.

Mr. Weaver noted that politically it is dangerous. He noted that he would not recommend it. Mr. Wolfe suggested that it is a problem given the resolution that was adopted earlier. Mr. Weaver noted if he lives in a non-selected mini-basin area but someone else lives in a selected mini-basin, the selected one would get a free sewer but the other ones would not. He noted that Mr. Wendle is saying when they sell their homes they have to pay to replace the sewer as it would not pass and they will be marching into Authority meetings. Mr. Hornung noted that we need to have some type of ordinance that once a mini-basin is completed we cannot allow

people to connect back into the sewer system. He noted that enforcement might make people think twice about doing it. He noted that people come into his store and complain that the water is not going into the sewer but it is ending up in their basements. He noted that someone asked him the other day where is he going to put all this water, the easiest route is back into the sewer where it won't go onto the neighbors property because they can't do that and they are not allowed to put it out on the street. He noted that maybe the line could be hooked into the storm sewer main. He noted that people are talking about putting it back into the sanitary main and he told them never to do that.

Mr. Weaver noted that 20 million gallons is a peak and if you take it out where is it going. Mr. Hornung noted that people come in and tell him their sad stories about their basements flooding all the time. Mr. Weaver noted that the water has to go somewhere.

Mr. Shannon noted the next project that we are getting ready to bid is a combination of Trunk G replacement through Shadebrook along with the decommissioning of the Springford Village Waste Water Treatment Plant. He noted that we want to get that bid out in the next three to four weeks. Mr. Weaver noted that Mr. Stine will be working with Mr. DeSouza to get easements for access permanently once the plant is removed to connect the sewer. He noted that staff presented sewer easements to Mr. DeSouza and he doesn't want to sign them because he has a concern that he has a mortgage on the property. He noted that he would like to have Mr. Stine work this out with Mr. DeSouza. He noted that we are waiting for two answers from Mr. DeSouza, one for if he wants the fence to remain and second if he wants the concrete pad for storing material He noted that he said he would call Mr. Stine when he gets back from vacation. He noted that we need those answers as we are ready to put this to bid as we have all the permits. Mr. Seeds noted when Mr. DeSouza first installed the package plant, didn't it list the terms of what would occur when it was removed. Mr. Wolfe answered that we are way past that. Mr. Seeds questioned if the easements were spelled out. Mr. Wolfe noted that the agreement was not as definitive as he would like it to have been. Mr. Weaver noted that the agreement was written by a lot of parties and it was a long time ago. He noted that none of this was thought about. He noted that building the plant and getting rid of it was thought about but not to the detail that we need.

Mr. Shannon noted that the Oakhurst Interceptor Extension contract was awarded by Susquehanna Township, noting that there was a pre-construction meeting held a few weeks ago

and Doli Construction wants to get in and do some clearing but it is scheduled to be substantially complete by September 2, 2014 in order to allow us to get rid of the Gale Drive Pump Station. Mr. Seeds noted that they are working there. Mr. Shannon noted that it is PACT Construction who is using it as a staging area. He noted that Doli is starting at the end of Sturbridge Drive in Susquehanna Township, coming 1,600 feet towards the pump station site with a trunk line so we can get rid of the pumping station.

Mr. Weaver noted that BC-4A/4B/4C has a lot of sewage issues and we started to meet with the property owners, one of whom is a prominent business man, Mark Butler, Vice President of Ollie's. He stated that he is not happy as he has sewer lines that go in the front of store and the side and back. He noted that he is running a business, and it will be a very complicated job.

Mr. Weaver noted that the other issue is Tom Heck who did not know that he had a wetland on his property. He noted that he owns a large farm off of Deaven Road. He explained that we planned on moving the sewer out of the wetlands as that is what DEP wants us to do to minimize all the crossings but Mr. Heck was threatening to try to stop us because it would infringe on development of some lots. He explained that he considered moving the sewer further back but he still wasn't okay with it. He noted that he discussed this with Mr. Wolfe and it was decided that we should be able to withdraw the original DEP Permit and apply to the US Army Corp of Engineers for a wetland permit. He noted that it would delay us a little bit. He noted that we have two years to complete that job by the DEP calculations. He noted that there are 57 easements in this area and some are complicated.

Mr. Seeds noted that Blackberry Alley was paved to the Packers Pizza, but he thought it was to be paved to Kessler's property. Mr. Weaver noted that Mr. Kessler's property comes up to the Packer's line. He explained that he told Mr. Wolfe that he did not think Mr. Seeds realized that the rest of the alley would not be paved. He noted that alleys are a tricky thing to pave since there is no stormwater work done and the Authority does not want to take the liability for stormwater issues. Mr. Seeds noted that he is getting complaints that the Township only likes the Packer's. Mr. Weaver noted that the paving that Mr. Hilson was authorized to do was part of the original conditions. Mr. Seeds noted that he wanted to pave the entire alley. Mr. Weaver noted if we pave the whole thing it would cost the Authority a lot of money. Mr. Seeds noted that he listed it as a brainstorming item, and he noted that Mr. Weaver stated that he was

paving the alley. Mr. Seeds noted that it was the only alley never accepted by the Township or paved and the rest of the Village is all paved. He noted that many people have complained to him.

Mr. Seeds noted for the Beaver Creek Pump Station, that Authority is now keeping the large pump; whereas before you were looking to sell it. Mr. Weaver noted that Clendon Thomas, who is the chief crew person at that station noted that there were a lot of electrical issues with the pump not operating properly and Mr. Hilson suggested that we should get rid of it; however Clendon figured out how to run it and since it works and it is new, he suggested that we should use it for the next five to six years. Mr. Seeds noted that you took the Board for Road Tour to show us that. Mr. Weaver answered yes as it was not working right but since staff reconnected it and it is working he has changed his mind. Mr. Wolfe noted that it was done by staff. Mr. Weaver noted that the Authority has a legal requirement to connect the pump as you have to have the capabilities to move the sewer flow so it doesn't overflow and if you have a pump down with no backup then DEP can fine you.

Mr. Seeds noted that you have two other pumps there. Mr. Weaver noted that he had another pump go down. Mr. Hilson noted that we have two pumps and one is at 60% capacity. Mr. Weaver noted that we had an option to keep the big pump or go ahead with the bid and purchase three small pumps in parallel but the thought process was to keep the big pump for now as we can get some use out of it and then bid it later for replacement along with a new control panel and replaced all the pumps at the same time. Mr. Seeds noted that it is probably a smart decision. Mr. Weaver agreed noting that it came from staff. He noted that the pump is relatively new and staff suggested not to get rid of it as we wouldn't get any money for it. Mr. Seeds noted that many pump stations have two smaller one and one larger one for backup and you would run it once in a while to ensure that it works. Mr. Weaver noted that was the issue as the pump was meant to run every day and we couldn't do; however Clendon got it working correctly where he can run it occasionally and they are confident that they can keep the pump running.

Mr. Shannon noted that the project is to install a lifting beam and a hoist to facilitate getting the pump in and out of there. He noted that we have quotes for that. Mr. Weaver noted that the original pump station had a beam and hoist but the beam was starting to bend noting that it is not safe when you have a one ton pump and the beam is bent.

Mr. Seeds noted for Section 4.2, we invoiced PennDOT for 50% of the cost of adjusting manholes. He questioned if we charged them for 50% of the manholes. Mr. Wendle noted that it was done a long time ago. Mr. Shannon noted that it was a project where we incorporated a lot of work into the PennDOT contract and we owed them for that work but they owed the Authority for manhole adjustments. Mr. Weaver noted that it was a job that Mr. Stine stated that because it is a State contract and there is a debt, we can never take it off the books. He noted that we can keep it on our books and Mr. Shannon can remove it from the report so we don't have this confusion. Mr. Shannon noted that Melissa has been working with Mr. Weaver as there has been some activity with the PennDOT reimbursements. He noted the minor manhole adjustments projects are not worth the time and effort to seek reimbursement as it costs more to put the stuff together then to get \$1,000 back from PennDOT. Mr. Wendle noted that we will invoice PennDOT for the manhole, preliminary engineering and the items that are there. Mr. Weaver noted that he would get with Melissa and do an analysis to determine if we are going to get money back then we will meet with PennDOT to try to get it, but if we owe them money... he noted that there is an exchange. He noted that Mr. Stine stated that you don't have to do anything but you can't close it. Mr. Wendle noted that we are not invoicing for manholes since they were paid by PennDOT out of their contract. He noted that we would be invoicing them for the construction observation and preliminary engineering costs. He noted that the manholes were part of the PennDOT contract.

Mr. Weaver noted that PennDOT has a new staff person and we don't seem to have this problem anymore noting that when a PennDOT job is done we get an invoice right away.

Mr. Wendle noted for Section Seven, to follow up on the discussion held during the February meeting, we discussed how Mr. DiSanto had contacted GHD about the possibility of placing storage on the Stray Winds Farm site. He noted that Mr. DiSanto's original idea was if he could use some of this water to water his golf course. He noted when we need storage Mr. DiSanto doesn't need water on his golf course since it is raining cats and dogs. He explained that we discussed what it would cost to treat wastewater as a tradeoff to him and provide treated wastewater for his golf course.

Mr. Wendle noted that the site at Stray Winds Farm is probably the best site for storage because it is where the two major interceptors come in, one on Goose Valley Road and one up from the mountain and they intersect where Paxton Church Road dead-ends from Susquehanna

Township. He noted if you were going to put storage in Lower Paxton Township that would be the best location. He noted that we can't put the inexpensive storage there as we would not have big blue steel tanks sitting in the middle of Mr. DiSanto's future development. He noted that he was amenable to the idea of having tanks buried and if we could put tennis courts on them or a park or use it for parking.

Mr. Wendle noted that the peak flows have been reduced substantially since the beginning of the program, but what has been reduced is the volume of storage the Authority would require for a not to exceed discharge into Susquehanna Township over which the Paxton Creek Interceptor can handle. He noted that it has been reduced by 75%. He noted that the peak flow has come down and the volume that is under the curve has dropped substantially. He noted if you were to build a storage facility today to account for future development it would have to be somewhere between three to four and a half million gallons size storage facility which he would not do as it is on the edge, he would do some additional volume. He suggested that it would be better to install a six and a half million gallon site and that works out to be eight tennis courts. He noted to develop that site with a buried tank it would cost about \$21 million to put in a tennis court concrete top or \$2.5 million less to put in a pre-cast concrete top that would still be buried but you would not be able to put tennis courts on it as it would be too bumpy. He noted if you look at the cost per gallon for removal, assuming that there was no further I&I reduction being done, the peak flow with new development is estimated to be 18.5 million gallons per day and if you had to get down to 8.9 million gallons per day, the Authority's share of the permit capacity of the Paxton Creek Interceptor, dividing it into the amount of cost, it is equivalent to \$2.25 gallon per day of I&I removal whereas storage would be \$1.96 gallon per day. He noted that we are in the range of I&I removal, but you would still have to continue to do some I&I rehab in the future.

Mr. Wendle noted if we looked at doing treated waste water, explaining the he recently did a recirculating textile filter that would provide enough treatment to bring the affluent adequate to meet DEP reuse requirements; it would cost about \$500,000 which is probably the cost of the land. He noted if you look at that cost and being able to provide Mr. DiSanto with 20,000 gallons per day of water, which he would only need in the summer time, he questioned if you would want to take the responsibility of having a treatment plant. He noted if there was a way to secure storage in Lower Paxton Township and that is what you want to do it might be a

possibility. He noted if he has no other water source then maybe it would be worth to do the trade off and it would equate to the cost of the land.

Mr. Wendle noted that Susquehanna Township purchase land to build storage facilities and if the Authority was to build a similar size storage facility on that land it would cost about \$5 million less. He noted that it would include having to do something with the Paxton Creek Interceptor between the Susquehanna Township border and the area in Susquehanna Township to get it to the storage facility.

Mr. Wendle noted that the Capital Region Water Authority, CRWA, the former Harrisburg Authority, is being encouraged by the EPA to work out something with the suburban municipalities to see if there is a way to revisit treatment of the Combined Sewer Overflows (CSO) in the City of Harrisburg that would result in a cost savings to all the three entities. He noted that they would remove CSO's, treat the flow, and provide additional capacity for us in the Paxton Creek Interceptor so we would not have to reduce our flows as much. He noted that DEP wants to meet with us to discuss this because DEP does not like the EPA involvement and wants to work on a shared cost shaving project to solve the problem as it currently exists. He noted that it is worth pursuing as the City is doing a new model of their system but it will take about a year to do it.

Mr. Wendle noted that he had three recommendations. He noted that the first is to meet with the CRWA, DEP and Susquehanna Township to see if it is a realistic project. He noted that the CRWA has provided more capacity in the Paxton Creek Interceptor by removing the large amount of wheels and pieces of junk out of it that were pushed in from Abram's Junkyard. Mr. Weaver noted that he will try to get some pictures for the Board to see. He noted that we should also meet with Mr. DiSanto to see, if we can't provide him with water would he still make a place available for storage, and what would it cost. He noted that after talking with the two prior entities we should meet with Susquehanna Township to see if they would be receptive to having storage added to their site.

Mr. Seeds questioned if the Board thinks that this is a good idea to talk to everyone. Mr. Hornung questioned why he would not start with the best solution first. Mr. Wendle noted that he would start with the CRWA first to see what can be worked out there. He noted that he would go to Susquehanna next and meet with Mr. DiSanto last. He noted that Susquehanna has a site where they will be putting above ground tanks. Mr. Weaver noted that there are issues with all

of this. Mr. Hornung questioned if that was the park they were planning to build. Mr. Weaver answered that they bought the land. He explained that that the problem with Susquehanna is that they bought the property for storage so they will not be interested in doing something with the CRWA unless it is 20 years from now. He noted what Mr. Wendle is recommending is good but he does not want to lose site that we need to make up our mind because if we lose the Stray Wind Farm site, the only other area that would work is owned by the Kunkle's and they don't want it. He noted that we have no land in Lower Paxton Township for storage. Mr. Crissman noted that the Kunkle's will fight the Township. Mr. Seeds noted that no one would want to take anyone's land but legally we can do it.

Mr. Weaver noted that Susquehanna Township bought property like the Township did in Commerce Park to put storage. He noted that the CRWA is in another mess as DEP wants us to negotiate with them as it works out for them. He noted that the CRWA is on a totally different schedule than the Authority is and we have no control over what they will do.

Mr. Hornung suggested that a longer range solution would be better to work with the CRWA. He noted if we are storing it and sending it down to the City, it would be a later date that we would have to pay for the treatment. Mr. Wendle noted that we are not billed on volume, rather EDU's. Mr. Hornung noted if we treat our overflows and discharge into the stream then we would not have to pay for it.

Mr. Weaver noted that there was a meeting with the CRWA and he asked Attorney Scott Wyland to provide a memo in regard to the meeting, noting that the initial part was to talk about the future rate discussion. He noted that we established a rate and everyone agreed to it. He noted that we have received the settlement funds; and we just received a second payment of \$1.5 million. He noted that we also discussed Harrisburg Authority's new name, CRWA, and who should we send the check to. He noted that Mr. Wyland informed us that we should send it to the City Treasurer as CRWA is still having some issues. He noted that the CRWA is all by itself now, they took over the City's collection system and they own everything. He noted that they changed their name and they have their own staff and they are building up that staff. He noted that they have many engineers working for them and they have come a long way. He noted that he does not see a problem working with them but they have so much to do, noting that they have a system that had no maintenance and is over 100 years old. He noted that they have many sinkholes in the City and many other issues.

Mr. Hornung questioned if the new entity is private or public. Mr. Weaver answered that it is an authority just like us. Mr. Crissman noted that it may be to our benefit if we meet with them because they may look to us as a mentor and we might have the ability to mold and shape and move them in the direction that would be beneficial to both of us. Mr. Weaver noted that they have a lot of talented people working on the job from all around the world. He noted that the CRWA will spend a lot of money to get it in order.

Mr. Seeds noted under Section 7.1 it talks about flows being 4.6 million gallons and 3.8 million gallons. He questioned what does that mean. Mr. Wendle answered that the storage requirement would be to treat future flows if you had to meet 10.5 million gallons per day you would have to store 4.6 million gallons, and if you had to meet the 8.9 million gallons per day limit of peak flow you would have to store 3.8 million gallons.

Mr. Seeds noted in Section 4.2 that PennDOT will reimburse the Authority 50% of the manholes. He noted that it is \$42,000 that they owe us.

Mr. Hornung noted that the meeting with DEP to talk about the CSO. Mr. Wendle noted that there is a meeting next week. Mr. Weaver noted that the CRWA is years away from solving their collection problem and coming up with a solution. He noted that Mr. Wendle is discussing working with the CRWA to solve one small part of their system that would be beneficial to us and Susquehanna Township and DEP supports that. He noted that we are years away from the CRWA coming up with a plan for the entire system. He noted that we should talk to the CRWA but he does not want the Board to lose sight that we need to make a decision for Paxton Creek before doing something with the CRWA as they are only starting the process. He noted that Pittsburgh has been working on their issues for 16 year and they have not received a consent order yet. Mr. Shannon noted that the EPA rejected their plan.

Mr. Seeds noted that we should also talk to Susquehanna Township. Mr. Weaver noted that all of Mr. Wendle's recommendation could work and all three would be a big benefit to the Township. He questioned what is the cheapest for the Authority and what the timing is.

Mr. Wendle noted that trying to make a final recommendation is like trying to grab water in your hand.

Mr. Hornung questioned what if we don't provide storage. Mr. Wendle noted that they are doing a new hydraulic model so he does not know what it will say and how much we would gain by working with CRWA, but he is hoping that they can tell us what their thoughts are in

terms of how much we gain and how much we can send to them. He noted that there could be a combination of the two. He noted if they are able to treat the CSO like they did originally, and get water out of the pipe, we could probably send 24 million gallons a day and almost be there. He noted that they are doing additional flow metering and modeling of the interceptor.

Mr. Weaver noted that the City floods, the streets flood and the sewers are full, the river accepts all these CSO's and a lot of sewage and they did a study and basically the government is saying that is not good enough. He noted that the Department of Justice is involved and they are saying that you need to do a lot of work. He noted that they are back at square one and have no idea of what is involved but they have to stop all the water that is going out into the river. He noted that they have to put more water in the pipes that are already full and we are trying to get in there. He noted if we can't get in and they have to take more water out that goes into the river, they have to do bigger pipes for treatment. He noted that it will take years to come to this conclusion. He noted that Pittsburgh has been working on a solution for 16 years and they haven't had a consent order yet.

Mr. Weaver noted the danger that we have is how long it will take the City to settle and what the solution will be.

Mr. Hornung questioned with the EPA involved and DEP being a little more eager to do something, the Township may be able to capitalize on that. He noted that he would rather give the City of Harrisburg \$20 million to fix our problem than anyone else. Mr. Weaver noted that DEP is not involved in this because the EPA took over and DEP is not happy. He noted that they want Mr. Wendle and the City of Harrisburg to get together to fix the problem so they can take control again. He noted that the Department of Justice is in charge now.

Mr. Hornung noted that it may be more eminent now than you think because something has to be done soon but if we used this as a way to motivate them to allow Actiflow style of treatment we could use it all over in Beaver Creek and other areas, as it is a cheaper answer to our problem than what we have been doing. He noted that he has been waiting for this day for a long time and he may be over eager but if we can start to bring some reason to this as Harrisburg can't store it or fix it, but they can do a CSO treatment. He suggested that it is the only answer. Mr. Weaver agreed.

Mr. Hornung noted that he wants to solve the problem but as late as possible if that makes any sense. He noted that what we are doing is an expensive place for our taxpayers to be.

He noted that we have been given the direction to fix the problem and we are doing it but he does not know if he wants to do it real fast. He noted that he wants to do it as slow as possible and still stay under the wire and not get into trouble.

Mr. Wendle noted that the Exhibit for ARA shows that we are in a wonderful place.

Mr. Wolfe noted in response to Mr. Hornung's statement, three years ago, per Mr. Hornung, we speeded up the program significantly, and to do so we have invested a lot of money to get where we are since bond rates were at an all time low and construction costs afforded the bids to come in at the 2006 rate. He noted that we have benefited substantially from speeding it up but we now have more than a multi-million program. He noted that we are managing construction projects in the neighborhood of \$15 million and we just borrowed \$25 million and we have to spend it in three years. He noted that slowing it down in the next three years is not possible.

Mr. Hornung noted that he is talking five to ten years out. He noted, at some point in time, we need a break and the rates will go back up with the contractors and at that point he wants to slow down. He noted that it is the Board's job to look ten years out and this is where we want to be.

Mr. Wendle noted that it would be good to talk to Mr. DiSanto to find out what it would take to reserve that spot in case we need to use it to be able to control your own destiny.

Adjournment

Mr. Crissman made a motion to adjourn the meeting. Mrs. Lindsey seconded the motion, and the meeting adjourned at 7:28 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

William L. Hornung
Authority Secretary