

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, JANUARY 22, 2018**

The Derry Township Municipal Authority Board held its reorganizational meeting on Monday, January 22, 2018 in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Weir called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: David Feidt, Justin Engle, Ronald Furlan, Brian Link, Michael Postick, and Matthew Weir

Board Members Absent: Charles Duncan

Also Present: Staff Wayne Schutz (Executive Director)
Tom Mealy (Deputy Director)
Kimberly Bloom (HR & Benefits Administrator)
Bill Rehkop (Facilities Director)
Michael Callahan (Stormwater Program Coordinator)

Consultants Jon Yost (Township of Derry Solicitor)
Paul Gross (Buchart Horn)

Visitors Ben Kapenstein (Public Financial Management)
Charles Huth (The Sun)

ELECTION OF AUTHORITY OFFICERS

At this time, Acting Solicitor Jon Yost, in calling for nominations of officers, asked if any Board member had a proposed slate of officers to present to the Board for their consideration. J. Engle presented the following slate of officers for 2018: Justin Engle – Chairman; Michael Postick – 1st V. Chairman; Ronald Furlan – 2nd V. Chairman; David Feidt – Secretary; Brian Link – Asst. Secretary and Asst. Treasurer. No other nominations were presented. R. Furlan made a motion to accept the slate of officers as presented, seconded by B. Link. The motion to accept the 2018 slate of officers passed unanimously by voice vote. Chairman Engle proceeded to preside over the meeting.

It was noted that Charles Duncan is on military deployment through November of 2018 so he was not appointed an officer's position. He anticipates that he will return in time for the December Board meeting. His current term on the Board ends on 12/31/2018.

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF PREVIOUS MINUTES

M. Weir made a motion to approve the Minutes of the December 11, 2017 Board meeting as written. D. Feidt seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

R. Furlan made a motion to approve the November and December 2017 Treasurer's Reports and Bills for Payment as submitted. The motion was seconded by B. Link. The motion passed unanimously by voice vote.

EXECUTIVE SESSION

At 6:04 p.m. the Board recessed into Executive Session to discuss land and legal matters. They reconvened the public meeting at 7:23 p.m.

ITEMS FOR ACTION

Resolution #2018-01 – Authorization to execute PNC Bank Resolution, Signature Cards and Wilmington Trust's Certificate of Incumbency: This resolution was passed on a motion by D. Feidt, seconded by M. Weir. The motion passed unanimously by voice vote.

Resolution #2018-02 – Annual authorization for destruction of Authority records; Resolution #2018-03 – Annual authorization for execution of PA Department of Transportation documents; and Resolution #2018-04 – Annual authorization for staff execution of certain legal documents: These resolutions were approved on a motion by R. Furlan, seconded by M. Postick. The motion passed unanimously by voice vote.

Resolution #2018-05 – Ratification of project payments for November and December 2017 from the 2015 Capital Projects Fund: The Facilities Director reviewed the projects for which payments were made. This resolution was then approved on a motion by B. Link, seconded by D. Feidt. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-06

The Authority's current business insurance program is brokered by the Hershey office of AON Risk Solutions. Recently AON's senior account manager in the Hershey Office retired and DTMA's account has been transferred to a staff person in Philadelphia. Staff has experienced some difficulty with contacting the Philadelphia staff and receiving timely responses to inquiries.

Prior to utilizing AON, the Authority's insurance needs were handled by Joe Decembrino, a local insurance manager who is now a Vice President with Murray Securus in Mechanicsburg. Over the past few years, Joe has kept in continual contact with DTMA Staff and gratuitously assisted us during the flood restoration.

Staff requested and has received the attached Engagement Letter from Murray Securus. DTMA has benefited from having a local Insurance Manager who is thoroughly familiar with the Authority as it affords staff the opportunity to easily meet and discuss the insurance needs, problems, and most importantly, its claims. Murray Securus has access to many of the same specialty markets and other unique insurance coverages required by our operation as AON did. Further, staff is confident that Mr.

Decembrino and Murry-Securus will provide DTMA with the personal, customized service and value to which we are accustomed.

The proposed fee for the 2018 insurance year is \$12,000. By comparison, the 2017 AON fee was \$14,000. Murray Securus is compensated to the extent possible on a flat fee basis, allowing staff to see the true costs of the insurance coverage and brokerage fees individually. Additionally, the Murray Securus proposal includes up to 10 hours of organizational risk consulting services. Staff recommends the acceptance of the Murray Securus proposal.

Resolution #2018-06 – Appointment of Insurance Consultant: This resolution was passed on a motion by R. Furlan, seconded by M. Postick. The motion passed unanimously by voice vote.

Resolution #2018-07 – Appointment of Authority Solicitor: D. Feidt made a motion, seconded by R. Furlan to appoint Joe Sembrot of Goldberg Katzman as General Counsel and Lee Stinnett of Salzman Hughes as Special Counsel. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-08

The Southwest (SW) Plant Sludge Thickener Project was planned in the 2018 Budget under the Wastewater Capital Projects Fund. The project includes the installation of a volute sludge thickener at the SW Plant for the purpose of significantly increasing the solids concentration of the waste activated sludge (WAS) that is trucked to the Clearwater WWTP. By increasing the WAS solids concentration, the total volume of sludge that must be trucked by the Operations staff will be significantly reduced. The volute thickener equipment was procured in December 2017 through direct purchase using the Pennsylvania CoStars purchasing program. The actual installation of the equipment and plant modifications will be performed by a Contractor selected through the normal bidding process.

Buchart Horn has submitted a proposal to perform the design and bidding phase for the installation of the thickener equipment and related modifications at the SW plant. The total estimated fee for the design and bidding phases of this project is \$87,500.

By pre-purchasing the equipment thorough CoStars, the construction duration will be significantly reduced. According to Buchart's project schedule, the design should be completed in late April, and following bidding, the construction contracts should be awarded in June.

Resolution #2018-08 – Approval of Buchart-Horn Design Agreement for the Southwest Plant Sludge Thickener Project: This resolution was passed on a motion by D. Feidt, seconded by B. Link. The motion passed unanimously by voice vote.

Discussion on Resolution #2019-09

DTMA currently has a Sewer Service Agreement (SSA) to provide sanitary sewer service to South Hanover Township. Part of that SSA includes the itemization and running total for the reserve capacity that has been purchased by South Hanover. Each time additional capacity is purchased, an amendment is executed to update the reserve capacity purchased by South Hanover Township. The last SSA Amendment (#8) was executed in 2008.

In addition to reconciling all capacity purchases since that last amendment, SSA Amendment #9 also includes a capacity request for an additional 31,510 gallons per day for a new development identified as The Crossings at Hershey. Resolution 2018-09 authorizes the execution of SSA Amendment #9 upon DTMA's receipt of the capacity fee for The Crossings.

Resolution #2018-09 – Approval of Amendment #9 to the South Hanover Township Intermunicipal Service Agreement for reserved sewer capacity: This resolution was passed on a motion by M. Weir, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2018-10 – Bid award for groundskeeping services to Brandt Landscaping: This resolution was passed on a motion by B. Link, seconded by D. Feidt. The motion passed unanimously by voice vote.

OTHER BUSINESS

Stormwater Program Annual Report

Stormwater Program Coordinator Mike Callahan reviewed the projects that were completed in 2017 and those proposed for 2018. Approximately \$187,000 was spent on construction items in 2017. The majority of the projects were replacing failed corrugated metal pipe that had rusted to the point of deterioration. It is anticipated that unplanned repair costs for 2018 will mimic those of 2017. Approximately \$500,000 of planned repairs are also slated for 2018. DTMA will continue to work with the US Army Corps of Engineers through a cost-sharing agreement for mapping and conditional assessment and watershed-specific hydrologic modeling.

Guaranteed Energy Savings Act (GESA)

As you are aware, Bill Rehkop has been working with DIVERT and several other concerns to bring non-sewage feed stock to our egg digester (ESD). This material provides the Authority with a double revenue benefit: the tipping fee and the additional biogas for cogeneration. Currently the ESD has reached capacity so we are unable to accept the ongoing, additional requests to accept feedstock. Staff has been trying to develop a concept plan on how to increase the receiving capacity. The one recurring alternative is to build a second ESD.

At the PMAA Conference in September, W. Schutz mentioned this dilemma to a peer who is very familiar with DTMA's facility including its hauled wastewater and fats, oil, and grease (FOG) acceptance program. Over the last few months staff met with a firm, Energy Systems Group (ESG), who suggested that DTMA review the Guaranteed Energy Savings Act (62 Pa.C.S. §3751, et.seq.) ("GESA"). Staff believes that the GESA program offers a very interesting alternative project delivery process by which to design, build, and operate a second egg digester. The purpose of GESA is to allow governmental units (including authorities) to enter into a contract with an Energy Services Company (ESCO), who is a qualified provider of energy solutions. The GESA process is a streamlined procurement process that is analogous to a "design build" process. The GESA contract, as defined by the Act, is for "other energy, water or wastewater measures as may provide measurable, long term operating costs reductions or billable revenue increases."

There are two significant advantages to a design-build type project delivery process: expedited project delivery and project cost savings. A key component of the ESCO services is to market DTMA's trucked-in acceptance program and provide a guaranteed percentage of the design organic feed capacity and revenue stream to insure a payback on the project.

Staff has discussed this process in significant detail with its Special Legal Counsel who has reviewed the GESA and the opportunity to take advantage of the Act to undertake the DTMA concept. Counsel believes that the DTMA second ESD project does indeed comply with the GESA law; however they will continue to review each step of the project.

There is a blossoming market for the green disposal of all varieties of bulk food and other organic wastes. Very preliminary calculations indicate that the potential exists for this project to generate a significant revenue stream capable of supporting not only the project debt service and facilities operating and maintenance costs, but a reasonable profit as well. At this point, staff would like Board consensus permitting for staff and Legal Counsel to develop the RFQ for the selection of the ESCO. Staff would receive and review the RFQ's and provide a recommendation at the March DTMA Board meeting. Once selected, DTMA Staff and the selected ESCO would develop the PDA-Contract for presentation at the April DTMA Board meeting. Until the development and Board execution of the PDA-Contract, no financial commitments have been made.

The Board members were in agreement for staff to pursue these preliminary steps for this project.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, D. Feidt made a motion to adjourn the January 22, 2018 public meeting at 7:58 p.m., seconded by B. Link. The motion passed unanimously by voice vote.

(Assistant) Secretary