

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, APRIL 29, 2019**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, April 29, 2019, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Postick called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: Charles Duncan, David Feidt, Ronald Furlan, Brian Link, Michael Postick, Matthew Weir, and Richard Zmuda (arrived at 6:22 p.m. during the GESA update).

Board Members Absent: None

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

Consultants Lee Stinnett (Solicitor, Salzman Hughes)
Paul Gross (Buchart Horn)

Visitors Dave Jones & Aiden Murphy (Energy Systems Group)

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 March 25, 2019 Board meeting as amended. D. Feidt seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the March Treasurer's Report and Bills for Payment for approval. The Director noted that the Description column on the Bills for Payment report shows the Vendor information and not the description for the payment. This misprint resulted from the installation of the new accounting software and will be updated to show the correct information in the Description column. R. Furlan made a motion to approve the March Treasurer's Report and Bills for Payment, seconded by B. Link. The motion passed unanimously by voice vote.

UPDATES AND REPORTS

GESA Project Update

Dave Jones of ESG reviewed the Financial Model that has been created for DTMA's project. The Model was created with Staff's input so that the model will illustrate current and projected DTMA operating revenues and expenses. It is also a forecasting tool that Staff can use if any operational changes are being considered. Those options can be entered into the Model and Staff would be able to see the projected change in revenue and expenses.

Aiden Murphy, ESG Organics Marketing, discussed the predictability of organics available for the DTMA market area. He explained how ESG works with suppliers during the design, build, and eventual completion of the project. His explanation outlined that at the project genesis, potential suppliers are informed of the project including its timeline for completion and are surveyed to determine their interest in potentially bringing organic waste to the DTMA facility. Typically early on in the process, suppliers may not want to commit since they are uncertain if their circumstances may change. However, as the project moves along, the suppliers will begin to show more interest and are more willing to commit. As the project nears completion, ESG will be asking suppliers for firm commitments and will have a better understanding of the revenue stream that may be generated.

ESG will also provide models that will show how much biosolids or gas is generated depending upon the type of waste that is accepted. This will help Staff determine which types of waste produce the most beneficial product for DTMA use. The GESA Project meetings with Staff, consultants, and the Board committee will continue throughout the project.

EXECUTIVE SESSION

The Board recessed into Executive Session at 6:24 p.m. to discuss a potential legal issue and a personnel issue. The Board reconvened at 7:00 p.m.

M. Postick made a motion to pay ESG a total sum of \$205,000 for work that was completed by its subcontractors relative to Phase I of the GESA project and have the Solicitor draft an amendment to the PDA outlining this payment. The Executive Director is authorized to execute the amendment. B. Link seconded. The motion pass unanimously by voice vote.

M. Postick asked for a motion to authorize the Executive Director and the Personnel Committee to determine a reasonable contribution to Mr. Mealy's deferred compensation retirement plan. C. Duncan made the motion, seconded by R. Furlan. The motion passed unanimously by voice vote.

South Hanover Township

The Solicitor noted that he had received a call from South Hanover Township's Solicitor stating that the SHT Supervisors had agreed to DTMA's last proposal regarding the July 2019 surcharge fees. Their Board will approve this action at their next Board meeting.

Hershey Pretreatment Plant

Staff will be meeting with representatives from The Hershey Company regarding the status of this project and the agreement regarding the treatment of their sludge.

2019 Bond Closing

The Bonds closed on April 29, 2019. There will be a net of \$9.78 million from this sale after payment of the consultants. The Executive Director will deposit the proceeds from this bond issue into two separate local government investment pools (PLGIT - PA Local Government Investment Trust and PSDLAF - PA School District Liquid Asset Fund). The goal is to have these two investment pools produce the maximum investment interest to help offset the bond interest charges.

CONSTRUCTION PROJECTS STATUS REPORT

W. Rehkop provided a report on the following updates on current construction projects:

WWTP Infrastructure Coatings Project [Contract 2018-02] – With the receipt of the executed contract closeout documentation, construction photos, and coatings warranty certificate from the contractor, all contract obligations have been satisfied. Payment for AFP #01-FINAL was previously disbursed from the 2015 Capital Projects Fund and is included in Table 1 of Resolution 2019-21 for ratification by the Board.

WWTP Underground Heating Lines Replacement Project [Contract 2018-05] – All contract work including the “Punch List” items are complete. Receipt of the executed closeout documentation is anticipated in the near future. Staff has completed the contract reconciliation of estimated vs. actual quantities based on the unit price bid contracts. Contract CO #02 includes a reduction of \$4,850.00 to the contract price and is presented as Resolution #2019-22 for Board approval. With the Board’s approval of CO #02 and receipt of the contract closeout documents, funds for payment of AFP #03-Final in the amount of \$16,701.00 will come out of the Wastewater Resource Allocation (WWRA) Fund.

Southwest WWTP Thickener Addition Project [Contracts 2018-06G, 2018-06E] – The work nearly complete with most process equipment and piping installed and ready for system startup. All electrical wiring will be completed by the Substantial Completion date of May 1, 2019. Staff is awaiting confirmation from the equipment manufacturer for scheduling the startup and testing date. 4-M Construction Services submitted AFP #02 (Contract 2018-06G) in the amount of \$79,213.00 and Monacacy Valley Electric, Inc. submitted AFP #01 (Contract 2018-06E) in the amount of \$19,227.24.

Flood Proofing and Resilience Program

(During this discussion, C. Duncan left the meeting at 7:12 p.m.)

Mr. Rehkop explained a project that staff has undertaken to identify areas throughout the plant that have been or can be significantly impacted by flood events. The Clearwater Road (CwR) wastewater treatment plant (WWTP) experienced three flooding conditions since 2006. The three most recent events are the top three highest recorded historical crest levels at the Swatara Creek Hershey stream gauge.

To date, the building insurance will only cover approximately \$505k (based on the Proof of Loss Applications submitted) of the total estimated flood damages since all process equipment located below ground level is not insurable and therefore not reimbursable. It is now clear that P/FEMA will be not be providing any financial assistance for this flood event. Consequently, the majority of the financial burden for the uninsured flood losses falls onto DTMA.

Staff feels that it is imperative for DTMA to develop a flood proofing and resiliency program to protect assets from future damages and mitigate downtime in the event of a flood. The intent of the flood proofing and resiliency program is to reduce the risk, minimize the impact, and improve recovery time on the critical assets from future floods.

DTMA staff has identified the following projects at the CwR WWTP and several remote pump stations. Several projects have either been previously budgeted or will be funded using funds from the Wastewater Resource Allocation (WWRA) Fund, the 2018 Construction Fund, and the 2019 Capital Projects Fund as applicable. The project for the relocation of Power Center No. 2 (PC2) and high voltage switches to higher elevations will be bid in June or July 2019. Replacement of the original, four existing centrifugal pumps and motors in the influent dry wet well with four dry pit type submersible motors and pumps will be discussed at the project meeting scheduled for May 2, 2019. As discussed previously, a project outlining flood proofing for various buildings and structures throughout the plant is scheduled to be bid later in 2019. The relocation of all existing motor control centers (MCCs), process equipment control panels, SCADA I/O and HMI panels, power transformers, VFDs, and pump control panels in the basement and on the first floor of the Sludge Building to the second floor of the Sludge building is also scheduled for design

and bidding for later this year along with the project for upgrading the pumping capacity and improving the pump system resiliency and durability of the various plant building sump pumps.

ITEMS FOR ACTION

Resolution #2019-21 – Ratification of project payments from the 2015 Capital Projects Fund for March 2019 and authorization for payments to be made from the 2018 Construction Fund for various construction projects: Staff reviewed the payments from the 2015 Capital Projects Fund requiring Board ratification and payments from the 2018 Construction Fund requiring Board authorization. This resolution was then approved on a motion by B. Link, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2019-22 – Approval of Change Order #2 with JP Environmental for Contract #2018-05, WWTP Underground Heating Lines Replacement: This resolution was passed on a motion by R. Furlan, seconded by B. Link. The motion passed unanimously by voice vote.

Resolution #2019-23 – Approval of Design and Bid Phase Engineering Services Proposal from Buchart Horn for the High Meadow Pump Station Force Main Upgrades: This resolution was passed on a motion by C. Duncan, seconded by B. Link. The motion passed unanimously by voice vote.

Discussion on Resolution #2019-24 – Material Matters Agreement

At the February meeting, the Board authorized Material Matters, Inc. (MMI) to proceed with the development of an interim Beneficial Use Program for Class B Biosolids. Over the past several months, DTMA Staff and MMI Staff have worked together in search of suitable farms that are available to participate in DTMA's program as well as defining the roles and responsibilities and various logistics associated with a self-managed biosolids program.

A self-managed biosolids program, as described in MMI's original proposal dated February 24, 2019, includes all services required to remove and haul the Class B biosolids cake to a qualified farm for agricultural use application, data management, and regulatory reporting. The logistics are very similar to the complete turnkey service that was previously provided under the Biosolids Disposal Contract (2016-03). However, under a self-managed program, all services including field application, recordkeeping, and regulatory reporting are managed through the MMI professional consulting services agreement. In MMI's original proposal, it was anticipated that the transportation services would be bid to an outside contractor.

MMI now proposes to contract directly with Prime Agri, as their subcontractor, for spreading and transportation since they are sole source providers at their pre-qualified farms. Staff requested that Solicitor Lee Stinnett provide a legal review and opinion on the matter of including hauling under the self-managed program. Lee located a case study that includes an interpretation by the PA Commonwealth Court on the provisions of the Municipal Authorities Act's (MMA) that supports the approach of allowing MMI to contract for the hauling of the biosolids without requiring public bidding, providing DTMA is not a party to the contract. Furthermore, MMI stated that they have assisted several other local clients with self-managed biosolids programs to also include the transportation services.

Under this scenario, MMI will issue monthly invoices itemizing their professional service charges for data management, reporting, and other project management related expenses. The invoices will also include any subcontracted hauling/spreading expenses as a direct, no mark-up, pass through charge. This will allow DTMA to allocate the professional consulting services to the Administrative Engineering Services GL account and allocate the hauling/spreading expenses to the Operations Sludge Reuse/Disposal GL

account. MMI has prepared Amendment #1 to their original proposal to reflect the changes in the scope items and the compensation schedule for implementation of DTMA's self-managed biosolids program.

Resolution #2019-24 – Approval of Amendment #1 to the Material Matters Beneficial Use of Biosolids Program Management Services Proposal: This resolution was passed on a motion by B. Link, seconded by D. Feidt. The motion passed unanimously by voice vote.

Discussion on Resolution #2019-25 – Eminent Domain Proceedings

At the February 2019 DTMA Board meeting, the Board approved Resolution 2019-15 approving Change Order #02 to Greenland Construction's Contract #2018-03. Change Order #02 included Alternates 1 and 3, both of which contain unresolved temporary construction and permanent stormwater drainage easements. The Solicitor noted that to date Staff and legal counsel have been unable to resolve the issues to obtain the easements, primarily due to the complete inability to contact one or more of the landowners. At this point, it is in the best interest of DTMA to proceed with the eminent domain (condemnation) process to acquire the necessary easements. Acquiring the easements in this fashion will allow DTMA to keep the construction work on schedule.

Resolution #2019-25 – Authorization to Initiate Eminent Domain Proceedings for Stormwater: This resolution was passed on a motion by B. Link, seconded by R. Furlan. The motion passed unanimously by voice vote.

Discussion on Resolution #2019-26 – Request for Proposal for Consolidation of Authority Pension Plans

In September, the Board authorized retaining the actuarial firm of Conrad Siegel (CS) to serve as DTMA's Non-Discretionary Investment Advisor for its two pension plans. Conrad Siegel has completed their review of the two plans and provided a draft Investment Policy Statement. Based on the CS review, there are a couple of items that require the attention of the Board. First, the Board will need to establish a Pension Plan Advisory Committee (PPAC). The main purpose of the PPAC will be to review the draft Investment Policy Statement for final approval by the Board as well as to periodically consider recommendations of CS as they pertain to the approved investment options offered by the Pension Plans. The Director suggested the PPAC include three (3) Board members and the Executive Director. B. Link suggested that three additional Staff members also be included as representation for the employees.

In addition, it has been suggested that DTMA conduct an RFP for the possible consolidation of the Pension Plans Custodial Services (e.g. Recordkeeping, administration, trustee and employee communication services) under a single Custodian/Recordkeeper. The long-term advantages include lower fees and better pricing for services, less oversight and administrative responsibility, and significantly improved "one-stop" employee convenience. These advantages clearly outweigh the short-term administrative, transition, and employee communication inconveniences. CS has provided Staff with a draft RFP template for the solicitation of proposals. Resolution 2019-26 authorizes the Executive Director to work with Conrad Siegel and Salzmann Hughes to prepare and issue the RFP. Proposals will be accepted, reviewed, and any recommendations will be presented at the June 10th Board meeting.

Resolution #2019-26 – Approval to Issue a Request for Proposal for Consolidation of Authority Pension Plans: This resolution was passed on a motion by R. Furlan, seconded by M. Weir. The motion passed unanimously by voice vote.

The Board Chairman appointed Board members C. Duncan, B. Link, M. Postick and Executive Director W. Schutz to serve on the Pension Plan Advisory Committee to work with consultants regarding the DTMA

pension plans. The Executive Director is also instructed to select three additional staff members to serve on this committee.

OTHER BUSINESS

B. Link noted that Warwick Township has created the Lititz Run Watershed Alliance to work with the Township, area businesses, and farms to help improve the watershed within their township. Mr. Link suggested that Derry Township could also benefit from this type of alliance among Township entities and businesses. B. Link stated that he will discuss this further with M. Callahan and other DTMA staff members.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, R. Furlan made a motion to adjourn the April 29, 2019 public meeting at 8:00 p.m., seconded by D. Feidt. The motion passed unanimously by voice vote.

(Assistant) Secretary