

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, APRIL 30, 2018**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, April 30, 2018, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Engle called the meeting to order at 6:00 p.m.

ROLL CALL

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

Board Members Absent: Michael Postick

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)
 Pearl Comarnitsky (Finance Director)

Consultants Joe Sembrot (General Solicitor, Caldwell & Kearns)
 Scott Wyland (Special Solicitor, Salzman Hughes)
 Paul Gross (Buchart Horn)

Visitors Dennis Clough (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 26, 2018 Board meeting as written. D. Feidt seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the January and February Treasurer's Reports and the March Treasurer's Report and Bills for Payment for approval. R. Furlan made a motion to approve the reports as submitted. The motion was seconded by B. Link. The motion passed unanimously by voice vote.

EXECUTIVE SESSION

At 6:03 p.m. the Board recessed into Executive Session to discuss legal matters. They reconvened the public meeting at 6:43 p.m. Chairman Engle left the meeting at 6:30 p.m. Vice Chairman Furlan assumed the Chairman duties for the remainder of the meeting.

ITEMS FOR ACTION

Resolution #2018-19 – Ratification of project payments from the 2015 Capital Projects Fund for April 2018 and authorization for payments to be made from the 2018 Construction Fund for April 2018: The Executive Director 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 D. Feidt, seconded by B. Link. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-20 - RK&K Design Agreement

The Clearwater Facility electrical power distribution system is comprised of a primary switchgear (selects incoming power source) and two (2) power centers (PC) that handle the internal power distribution networks. Each PC is composed of a step-down transformer and large breakers to distribute the power to the various local motor control centers throughout the plant. PC#1 controls the front half of the plant and PC#2 controls the back half.

During the 2011 flood, the primary switchgear and both PC1 and PC2 were submerged under eight feet or more of water. Because of the age and condition of the original primary switchgear, that unit was, as part of the flood restoration, replaced and relocated to higher ground. However, both PC1 and PC2 units were cleaned, certain components replaced, and returned to service in their original flood susceptible locations.

In 2016 the PC1 transformer suffered a catastrophic failure. As part of the emergency replacement project, PC1 was relocated to a higher elevation. PC2, which distributes more than 80% of the power to the plant remains in the original flood-vulnerable position.

With the design of a second CoGen underway and pending approval of the GESA second digester, all of which will be handled by PC2, it is critical that PC2 is capable of reliably accommodating the additional loads. Rather than evaluate and upgrade the existing unit in its current position, we would like to replace PC2 with a new unit and relocate it to higher ground.

RK&K has submitted a design proposal to replace and relocate PC2. DTMA has utilized Tim Bollinger from RK&K as its electrical designer since 1996. Mr. Bollinger has a comprehensive knowledge of DTMA's internal power grid. Even more importantly, staff has required that GHD (CoGen 2) and ESG (GESA) also use Mr. Bollinger as the electrical designer for their projects. As such Mr. Bollinger is in the unique position to perform the design work on PC2 while carefully coordinating the power distribution requirements for the other two projects.

While the PC2 replacement project was not included in the 2018 Capital budget, there are place holders in the budget for other items. Some of the other items can be deferred and others, which will likely be included as components of the GESA project, will no longer be assigned to the 2018 Construction Fund and thereby allow this important project to be implemented.

Resolution #2018-20 – Acceptance of RK&K Design Agreement for the replacement and relocation of Power Center #2 transformer: This resolution was passed on a motion by M. Weir, seconded by D. Feidt. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-21 – Approval of ESG GESC Project Development Agreement

At the last meeting, the Board selected Energy Services Group (ESG) as the GESA energy services company (ESCO) and qualified provider of energy solutions based on the Statement of Qualifications that they submitted.

During the past month, Staff and ESG met to develop the comprehensive scope of the Guaranteed Energy Saving Contract (GESC) - Project Development Agreement (PDA). The GESC-PDA scope includes all the tasks required to reach the construction phase for project implementation. The project development tasks generally include the following items: an industrial grade (facilities-wide) energy audit, project concepts, alternative analyses, engineering design, organics marketing, project energy guarantees, and final project pricing. The proposed GESC-PDA has been reviewed by DTMA's special legal counsel.

The requested Service Fee for the scope of work detailed in the GESC-PDA is \$879,088. Uniquely, no payment of the fees will be required until the project deliverables are completed. This will enable DTMA to avoid any out-of-pocket interim or progress payments as well as provide the option to include Service Fee costs into the eventual project implementation financing.

Dennis Clough, the ESG Project Director, explained the GESA process to the Board and briefly discussed the ongoing ESG project in Winchester, VA. R. Furlan requested that ESG review EPA biosolids regulations as they apply to biosolids generated from the acceptance and treatment of bulk food waste. Specifically, ESG should confirm that biosolids generated from this type of waste processing will be considered by EPA as suitable for the production of a Class A, EQ biosolids product. Bill Rehkop noted that EPA has contacted him recently regarding DTMA's success in processing food waste slurry and has not indicated any EPA biosolids regulatory issues. EPA intends to meet with staff to discuss DTMA's program so they can pass the information on nationally for other municipalities.

Resolution #2018-21 – Acceptance of Energy Systems Group Project Development Agreement for the GESA project: This resolution was passed on a motion by M. Corado, seconded by M. Weir. The motion passed unanimously by voice vote.

OTHER BUSINESS

Stormwater Update

DTMA staff and volunteers planted over 200 trees provided by the Chesapeake Bay foundation. On June 3, a group of volunteers from the Pa Water Environment Association (PWEA) as part of the PennTech Conference community service project will be planting 300 trees at Boathouse Park on Hershey Trust Company land. The trees, which were supplied by Musser's Nursery, were paid for by the PWEA through private sponsorships. The Chesapeake Foundation will supply their trailer containing tree planting tools and supplies for use in this project. B. Link asked if DTMA would consider purchasing some of the tools necessary for these activities. M. Callahan agreed and will look into this.

Miscellaneous Matters

DTMA received letters from the Board of Supervisors for both Lower Swatara Township and South Hanover Township expressing their concern with the Township of Derry proposal to utilize funds from

DTMA's Hauled Waste Program to help subsidize the cost for the Township's new community Recreation Center. Since the hauled waste revenue offsets operating costs for DTMA customers, the loss of those funds will require DTMA to significantly increase their user rates to all of their customers, including the other municipalities served by DTMA. The Township of Derry also received copies of these letters. R. Furlan suggested that the Board of Supervisors for the Township of Derry should draft a response to these letters. M. Weir said he would talk with the other supervisors about this and will make that recommendation to their Board.

The Executive Director discussed DTMA's response letter to the request from the Municipal Authority of Lower Swatara Township to reduce or waive DTMA's recently approved capacity fee increase. The response letter provided our legal counsel's interpretation of the capacity fee calculation and its implementation protocol as it applies to new Lower Swatara connections to the DTMA system.

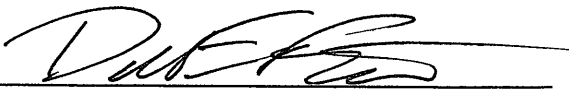
In light of the recent articles regarding fraud in public entities, R. Furlan asked if staff could provide the Board with a summary of DTMA policies regarding the awarding of bids, purchasing, checking procedures, and other internal financial controls, etc. Mr. Schutz said he will prepare information for the Board and have it available for the June 11, 2018 meeting.

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 April 30, 2018 public meeting at 7:18 p.m., seconded by M. Weir. The motion passed unanimously by voice vote.



~~(Assistant)~~ Secretary