

SPRING-BENNER-WALKER JOINT AUTHORITY

REGULAR MEETING

May 29, 2018

ATTENDANCE:

AUTHORITY MEMBERS:	Spring	Joseph Galbraith Gregg Heny Chris McMurtrie Dondi Smeltzer
	Benner	Dan Hoffman William Hughes Timothy Miller
	Walker	Joseph Swanderski

GUESTS: None present

AUDITOR: Rick Bair, CPA – Baker Tilly

EXECUTIVE DIRECTOR: N. Warren Miller

EMPLOYEES: Kelly Gill

CALL TO ORDER:

The May 29, 2018, Regular Meeting of the Spring-Benner-Walker Joint Authority was called to order at 7:00 P.M. by Joseph Galbraith, Vice-Chairman. Mr. Galbraith thanked everyone for attending and stated that the meeting would be recorded for transcription.

ROLL CALL:

William Hughes, Secretary, took Roll Call, recording eight members present. Mr. McDowell was excused from the meeting. Mr. Galbraith, Vice-Chairman, noted that with a quorum present, the Spring-Benner-Walker Joint Authority was permitted to conduct business under the laws of Pennsylvania.

PLEDGE OF ALLEGIANCE:

Mr. Galbraith, Vice-Chairman, led the Board members, Consultants and Employees in the Pledge of Allegiance.

APPROVAL OF MEETING MINUTES:

Mr. Galbraith asked the Board if there were any questions and/or changes to the May 14, 2018 meeting minutes as presented. **Mr. McMurtrie moved, seconded by Mr. Swanderski to approve the Minutes of the May 14, 2018 Regular Meeting as presented.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

CORRESPONDENCE:

PennTerra Engineering, Inc. – We received an email from Tony Fruchtl of PennTerra Engineering requesting our Authority provide a new Letter of Intent to provide sewer service for the Deerhaven Subdivision in Walker Township, Centre County. Mr. Fruchtl indicated the PA DEP is requiring a new letter of intent to serve letter due to the original expiring. A new letter of intent was provided to Mr. Fruchtl on May 17, 2018.

Mr. W. Miller informed the Board that at the time the original intent to serve letter was provided in 2005 there were several farms in the Zion/Mingoville area being designed for development with public sewer planned, which caused concern for capacity issues. In 2009 our Authority contracted with HRG to perform the Zion/Mingoville Capacity Study which evaluated system capacity and projected upgrades to Pump Station #5 (Mingoville), Pump Station #7 (Zion Ridge) and the Zion Road Meter Pit. This study was also updated by Gwin, Dobson & Foreman (GD&F) in 2015. Our Authority also previously discussed incorporating a Special District Tap Fee to recoup some of the monies associated with the necessary upgrades to accommodate the additional flow.

As the Board is aware, the upgrades to Pump Station #7 (Zion Ridge) were completed within the last two years and with the proposed development in this area the Authority should consider instituting a means to recoup some of those upgrade costs. Mr. W. Miller recently contacted Mr. Johnson of GD&F to discuss the institution of a Special District Tapping fee for this drainage area; however, Mr. Johnson stated he believes the Authority will need to complete a new Act 57 Study. The Authority's personnel are currently looking into its options for collecting reimbursement for these project costs.

Mr. Heny asked if Deerhaven is one of Tom Songer's projects and Mr. W. Miller stated no, Zion Manor which borders Deerhaven is Mr. Songer's property. Mr. W. Miller stated that approximately 90-100 of the homes in Deerhaven, along with Zion Manor will flow to Pump Station #5 (Mingoville), which will likely need upgraded similar to as was completed with Pump Station #7 (Zion Ridge).

Nittany Engineering & Associates – We received a copy of a letter issued to the Centre County Correctional Facility (CCCF) indicating the Bellefonte Borough Authority (BBA) is requesting a meeting to discuss the CCCF's failure to manage the phosphorous levels in their wastewater discharge to the BBA's Wastewater Treatment Facility. Mr. Swanderski asked if our Authority had any liability in this situation and Mr. W. Miller stated no, that is between the BBA and the CCCF. Our Authority approves the BBA's Pretreatment limits by resolution; however, the BBA is responsible for the enforcement of its regulations.

FINANCIAL REPORTS:

Treasurer's Report: Mr. Heny reviewed the financial reports for the period ending 04/30/2018. Mr. Galbraith asked if there were any questions regarding the Treasurer's Report or any comments by the Authority staff. With no questions, **Mr. Swanderski moved, seconded by Mr. Smeltzer to approve the Treasurer's Report as presented.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

APPROVAL OF PAYMENTS:

Approval of Requisitions:

Revenue Fund Requisition 2012-124 – Mr. Heny presented the Board with Revenue Requisition #2012-124 in the amount of \$47,945.07. Mr. Galbraith asked if there were any questions regarding the presentation of Revenue Fund Requisition 2012-124. **Mr. Swanderski moved, seconded by Mr. Hoffman to approve Revenue Requisition 2012-124 payable to SBWJA in the amount of \$47,945.07.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

GUESTS:

2017 Audit – Rick Bair of Baker Tilly attended the meeting to present the Authority with the 2017 audit and to answer any questions the Authority Board may have. Mr. Bair had indicated they conduct their audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Mr. Bair stated that as part of the audit they look at the internal controls that are in place and they assess risk; however, they do not offer any opinion on the internal control of the organization. Mr. Bair reported that compliance issues were reviewed and tested and there were no reported findings for compliance or internal controls.

Mr. Bair provided the overview of the financial statements with the Board. He indicated that the Authority's total assets consist of \$23,724,813 with the large portion of that being the Authority's fixed assets and the reserves in cash. Mr. Bair also indicated the Authority's Liabilities are \$10,649,189, with the big portion of that being Long-term debt as it relates to the Bond. The total net position was listed as \$13,075,624, which Mr. Bair feels puts the Authority in a strong financial position. Mr. Bair reviewed the annual debt service requirements through 2038, which increase significantly in 2024.

Mr. Bair reported the Authority's Sewer System Usage Charges increased from \$1,757,786 in 2016 to \$1,769,942 in 2017. One notable item, which Mr. Bair feels may be worth trending and everyone needs to be aware of, is the sewer system usage charges are net of the discounts offered by the Authority (currently 5% discount for a yearly payment). The discounts increased from \$9,412 in 2016 to \$20,838 in 2017. Through discussions with the Authority's management, Mr. Bair indicated the increase in discount is a trend that needs monitored due to budgeting for the revenues.

Mr. Bair discussed the increase in Cash Flows from Operating Activities in 2017 as they relate to Restricted Cash as part of the bond covenants. The Restricted Cash can only be accessed by requisition through approval at this Authority's Board of Director's meetings. Mr. Bair then asked if there were any questions pertaining to the audited financial statements.

Mr. Smeltzer referenced the increase in discounts from 2016 to 2017 and asked for further clarification. Mrs. Gill stated that our Authority offers a 5% discount for a yearly sewer payment and has for many years; however, several business customers of the Authority have started taking advantage of the cost savings. In 2017 one of the Authority's largest customers, a mobile home park with 400+ trailers, paid for the year in December 2017 which saved them over \$5000 per year. Mrs. Gill stated that in the past mostly residential customers were paying for the year to receive the discount; however, the trend is changing with several business customers following suit.

Mr. Swanderski asked why the debt service payments were structured with minimal payments in the first few years and larger payments not commencing until 2024. Mrs. Gill stated that at the time of the original bond in 2008, this Authority had debt service payments to Pennvest for the Spring Creek Project through 2021 and also debt service payments to Bellefonte Borough for the 1988 upgrades through 2019. Our Authority was able to satisfy those debts early. Mr. Swanderski asked if the bonds could be paid off early and Mr. W. Miller stated yes, the Authority has the option to restructure the bonds as well.

With no further questions for Mr. Bair, **Mr. Heny moved, seconded by Mr. Swanderski to approve the 2017 audit as presented.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

Mr. Bair left the meeting at 7:25 p.m.

EXECUTIVE DIRECTOR'S REPORT:

West Water Street Properties – Mr. W. Miller informed the Board that recently he has been contacted about a couple of homes at the end of West Water Street that are having issues with their on-lot septic systems. There are approximately four homes at the end of West Water Street that are not currently served by public sewer. Mr. W. Miller stated the gravity sewer ends at West Water Street, just off of SR 550. These homes would have to be served by individual grinder pumps and would involve a sewer main extension of approximately 800 feet. Mr. W. Miller indicated that this Authority has been contacted in the past about possibly extending sewer to this location and he believes that one of the homes is for sale, which prompted the recent telephone calls.

OLD BUSINESS: There was no Old Business presented for discussion.

NEW BUSINESS: There was no New Business presented for discussion.

COMMITTEE REPORTS:

Personnel & Community Relations Committee – Mr. Hoffman had nothing to report.

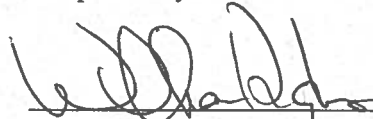
Facilities Committee: Mr. Hughes had nothing to report.

Financial Committee: Mr. Heny had nothing to report.

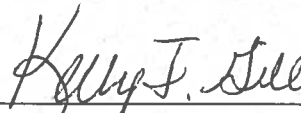
ADJOURNMENT:

Mr. Heny moved, seconded by Mr. Hughes to adjourn the meeting at 7:36 p.m. 8 ayes, 0 nays, 1 absent. The motion carried.

Respectfully submitted,



William Hughes, Secretary



Kelly J. Gill, Recording Secretary

CC: Benner Township
Spring Township 5/06/12/2018
Walker Township _____