

PENN TOWNSHIP MUNICIPAL AUTHORITY
PERRY COUNTY
102 Municipal Building Road
Duncannon, PA 17020

October 12, 2006

The Penn Township Municipal Authority (Authority) met on Thursday, October 12, 2006 in the Penn Township Municipal Building. The meeting was called to order at 7:00 p.m. by Vice-Chairman Franklin Reidlinger, who announced that the meeting was being recorded to aid in the preparation of the minutes.

Authority members present:

Franklin Reidlinger, Vice-Chairman
Irene Graybill, Executive Secretary/Treasurer
Henry Holman, III, Secretary
Lee Wright, Assistant Secretary/Assistant Treasurer

Authority staff present:

Susan Long, Recording Secretary

Visitor:

Henry Holman, Jr., Penn Township Board of Supervisors (PTS)

1st National Bank of Marysville (Marysville) Line of Credit (LOC)

Vice-Chairman Reidlinger announced that the purpose of the meeting was to discuss the LOC drawn on Marysville that was due on October 15, 2006. He stated that he and Irene had met with representatives of both Marysville and the 1st National Bank of Newport (Newport). He reported that Marysville would pay 4.0% interest on deposits and charge 3.9% interest on loans. Irene reported that a representative of Newport asked if the LOC is tax-free and told her that if it was, it would cost too much to transfer the LOC to Newport. Lee asked if Newport told her what percentage it would pay on deposits if the Authority's funds were transferred there. She replied that the conversation never got to that point, because they thought it would cost too much to transfer the LOC. She offered her opinion that Newport couldn't match the 3.9% interest rate on deposits that Marysville would give.

A discussion was held on the point spread between the amount that Marysville would pay on deposits compared to what it would charge for loans. Vice-Chairman Reidlinger pointed out that, by maintaining the LOC at its present value of \$451,391, the Authority would earn \$451 in interest. Mr. Holman, Jr. offered his opinion that it was not worthwhile to maintain the LOC, in that \$451 of interest was not enough for a payment against the principal of the LOC.

Vice-Chairman Reidlinger noted that Marysville has said the interest rates would be good for two years. Irene stated that Marysville considered the LOC a "work in progress" and that it was in no hurry to call in the LOC, and that no decision needed to be made this evening. Lee offered his concern that the Authority needed to start paying on the principal of the LOC and that the funds would need to come from either the ratepayers or the Authority's savings accounts.

Mr. Holman, Jr. noted that the total of the Authority's cash assets was \$652,952 and asked why the Authority would not pay off the LOC. Henry offered his opinion that the Authority should get rid of its debts as fast as possible, and if it was decided to pay off the entire amount, the Authority should open another LOC to use if it develops a cash flow problem. He asked where the funds would come from to pay for the water meter vault (vault) at Petersburg Commons. Lee offered his understanding that the tapping fee installment payments would be used to pay for part of that expense.

Mr. Holman, Jr. noted that, according to the agreement with Petersburg Commons, Inc., there will be an additional expense for the additional land required for construction of the vault. He expressed his concern that the vault will be built three times larger than needed and will not fit into the available space. Irene stated that the vault was designed according to Borough specifications. Mr. Holman, Jr. disagreed, stating that the Borough's specifications pertained to the type of materials used in the construction, and the size of the vault was designed by the Authority's engineer, and offered that an eighth-grader could have designed it.

Vice-Chairman Reidlinger offered his opinion that an open LOC would be worthwhile if funds were needed to pay for the vault in that the funds could be borrowed at a 3.9% interest rate.. Lee offered his opinion that the Authority should pay off the entire amount of \$451,391, but keep an open LOC.

Vice-Chairman Reidlinger reported that Solicitor Dennis Shatto was in contact with Mr. Garst, a Marysville representative, who was going to report back to the Marysville board of directors to see what they could do. He asked if the Authority wanted to take action this evening or wait to see what else Marysville could do for the Authority. Lee and Henry offered that they were not sure what Mr. Garst had in mind and asked what else could be done. At this time there was a Holman/Wright motion to pay off the LOC in full as soon as possible, but keep an open LOC. Vice-Chairman Reidlinger stated that he would be interested in learning what Mr. Garst presented to the board of directors. Irene explained to Mr. Holman, Jr. that, if the current LOC were paid off, the PTS would not have to guarantee the new one. Vice-Chairman Reidlinger called for a vote to the motion. Motion passed by unanimous vote of the Authority.

A discussion was then held on whether to consolidate all the accounts and deposit them in Marysville. After discussion, there was a Wright/Holman motion to transfer all Newport accounts and the Sovereign Bank escrow account to Marysville as soon as possible. Motion passed by unanimous vote of the Authority.

A discussion was then held on what accounts should be set up in Marysville. It was noted that there was already a checking account and an escrow account with the bank. It was suggested that a separate account should be set up in Marysville for the Capital Reserve account and that the proceeds of the Sovereign Bank escrow account should go into the Marysville escrow account. After discussion, there was a Wright/Holman motion to maintain the checking and escrow accounts and open a money management account at Marysville. Motion passed by unanimous vote of the Authority. Irene will ask the Solicitor to close out the escrow account at Sovereign Bank and get a cashier's check for the proceeds. The proceeds would then be deposited into the Marysville escrow account.

Susan stated that, in her new position as financial accountant, she would like electronic access to the funds to check balances and transfer funds from the cash management account to the checking account. She explained that this access would not allow her to withdraw funds, merely transfer them. She asked the Authority to consider her request. Irene stated that she would check with Marysville to see what paperwork would be needed to give Susan electronic access to the accounts.

JOAC Meeting

Lee noted that the JOAC meeting would be held on October 17, 2006 at 7:00 p.m. at Duncannon Borough (Borough). He said he would bring up the Market Street repair project and asked what else the Authority wanted discussed. It was suggested that he discuss the Krick subdivision and ask the procedure for transferring capacity from one line or point of connection to another.

Affidavit Concerning Petersburg Commons Escrow

Mr. Holman, Jr. explained that the judge had ruled that the Borough had to return the disputed Petersburg Commons money that was being held in escrow by a certain date. He stated that, to meet the deadline, the Borough had written a check, made payable to the Authority, in the amount of \$5,800. However, before the bank will release the escrow money to the Borough, it needs a letter from the Authority stating that the money was received. Mr. Holman, Jr. stated that, to date, the Borough has still not received this letter. Irene informed Mr. Holman, Jr. that Chairman Shaffer had signed the letter and that

she has sent it twice to Susan Smith, the Borough's solicitor. When Mr. Holman, Jr. reiterated that the Borough had never received the original. Irene stated that she would compose another letter for Chairman Shaffer to sign and that she would forward it to Ms. Smith.

Petersburg Commons Water Vault

The agreement concerning the acquisition of additional right-of way (ROW) was discussed. Lee offered his concern that the paragraph stating that the Authority was solely responsible for supplying sewer and water service to Petersburg Commons was not in the Authority's best interest. Mr. Holman, Jr. offered his concern that capacity is not available to supply seventy-one units.

With all business completed by 8:00 p.m., there was a Holman/Wright motion to adjourn. Motion passed by unanimous vote of the Authority.

Respectfully Submitted,

Susan E. Long
Recording Secretary