

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Board Meeting held January 13, 2009

A workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:00 p.m. by Chairman William B. Hawk, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain.

Also in attendance were George Wolfe, Township Manager; Steve Stine, Township Solicitor; William Weaver, Sewer Authority Director, Jeff Wendle and Jodi Reese, CET Engineering, Inc.; Coleen Terry, Lou Roth, Brent Sailhamer, and Philip Santos, Delta Development Group, Inc.; Rick Bowen, Bowen Development Group; Mike Veon, Colleen Kopp, Kopp Associates; Eric Conrad, E. R. Conrad and Associates; Thomas Bowen, John Espenshade, McCullough Group; and Josh Wilson, Commonwealth Strategic Solutions, LLC;

Also in attendance were the following members of the Public Safety Committee: Public Safety Director Dan Bair, Chiefs Ben Shields and William Payne, Bob Coburn, George Byerly, Chris Judd, Janet Smith, Ginny Stapf, Bill Minsker, Keith Cerzullo, Ed Crum, and Rich Needham, Fire Marshal.

Pledge of Allegiance

Mr. Hawk suspended the recitation of the Pledge of Allegiance.

Public Comment

No public comment was provided.

Presentations from consultants to assist in efforts to obtain grants
or loans to fund sanitary sewer projects

Delta Development Group

Mr. Wolfe explained that three consulting firms will make presentations to the Board members in regard to assisting Lower Paxton Township in obtaining funding from the Pennsylvania Commonwealth Financing Authority (CFA).

Mr. Wolfe noted that the first group to make a presentation to the Board is members from the Delta Development Group. He noted that Coleen Terry is the spokesperson from that firm, and he distributed a presentation packet provided by Ms. Terry, prior to the start of the meeting.

Mr. Seeds explained that he wished the Delta Development Group would have sent their presentation last Friday in order for the Board members to review the information. Mr. Crissman questioned if he should pay attention to the document or listen to the presentation. Ms. Terry answered that the Board should listen to the presentation.

Ms. Terry noted that she is a principal for public funding and has been with the firm for six years. Mr. Lou Roth, Senior Associate, introduced himself, noting that he worked closely with Mr. Wolfe on the Linglestown Square Project. Mr. Brent Sailhamer, Associate, introduced himself, noting that he has been with the firm for a year and explained that he works in government relations and public funding. Mr. Phillip Santos explained that he has been with the firm for four years.

Ms. Terry explained that if the Township chooses the Delta Development Group as its consultant, these are the people who would be working the project. Ms. Terry noted that Mr. Santos has a great deal of background with the CFA and PennWorks. She noted that Mr. Sailhamer has a great deal of background in policy and application development, and both are working on H20 applications for the firm, and Mr. Roth has a great deal of experience in state and federal funding.

Ms. Terry noted that the firm has doubled in size since it was last hired by the Township to work on the Village of Linglestown project. She noted that Delta is an economic development firm with three practice areas, community and economic planning, real estate development, and information technology consulting. She noted that the majority of employees work in Mechanicsburg, but they also have offices in Pittsburgh, State College, and Washington, DC.

Ms. Terry noted that Delta's strategy is to work from concept to application development, holding all stakeholder meetings, keeping abreast of the legislative activity. She noted that all employees have a great deal of experience in application development which provides expertise in what should be put in the application and how it should be presented. She noted that one of the primary concerns of the firm is public funding. She noted that the firm has received over \$700 million in public funding for its clients, including the \$2.65 million that it received for the Village of Linglestown project.

Ms. Terry noted that her firm would go through a very thorough process in completing the application, working with the stakeholders and with all three agencies that would review the

application, as well as the CFA. Mr. Hawk questioned if the application process helps to guarantee an approval by the CFA. Ms. Terry answered that all applications must go through the process in order to be reviewed by the CFA. She noted that Department of Community and Economic Development (DCED) is the CFA's administrative arm, so Mr. Eckert's group at DCED will review the application prior to the main meeting with the CFA for administrative completeness. She noted that Mr. Eckert has already returned applications since they were incomplete. Mr. Hawk noted that the better the application is prepared, the more chance of receiving funding.

Mr. Seeds noted that there will be no awards made until the spring of 2010. Ms. Terry noted that the awards are scheduled to be made during the May CFA meeting in 2009. Mr. Seeds noted that he read an article in The Authority magazine that stated that awards would not be made until spring 2010. Ms. Terry noted that the referendum money that would be allocated through PENNVEST is not ready, but the CFA intends to act on the applications at its May meeting. She noted that the CFA would not be able to do the bonds until this summer, and the distribution of funds would occur after May. She noted that if they are delayed with the bond issuance, it would delay the distribution of the funding. She noted that she would not count on funding until early fall. Mr. Seeds quoted from The Authority magazine stating that the CFA would not float the bonds until next year, due to the municipal bond market, and additionally, the \$400 million would not be available until next year as a technical amendment is needed to authorize the government to float the bonds. He noted that they stated that it is very likely that funding for both bonds would not be available until the spring of 2010.

Mr. Hawk noted that the Township must still go through the process and meet the application deadlines. Ms. Terry noted that it is also dependant on the bond market. She noted that once the CFA has a certain number of projects ready to go, then it would float the bonds.

Mr. Hawk noted that 50% of the grants would be awarded to municipalities where two or more participate in a joint project. He questioned if it would enhanced the Township's position if it would join with another municipality. Ms. Terry answered that it would help prioritize the project for funding if it was a multi-municipal benefit. She noted that the Township would not have to formally partner with another municipality, but if it could demonstrate a benefit for more than just Lower Paxton Township, it would help. She noted that CFA is also looking at the Chesapeake Bay Alignment concerns, which the Township clearly has.

Mr. Seeds noted that to receive some of the \$800 million, the entity had to be a regional group. Ms. Terry noted that the Township would have to meet one of the three main criteria, and

being a regional system or conveying benefit to more than one municipality is one of the three criteria. She noted that the Chesapeake Bay issue would qualify the Township. She noted that I&I and health and safety issues are another set of criteria.

Mr. Santos noted that the CFA does stress the importance of being a regional project, but it is not a requirement. Ms. Terry noted that DCED has a checklist that it assigns points to, and that is how they do the comparisons. She noted that the more the Township could tailor the application to meet the criteria, the more points it would receive.

Mr. Santos noted, that in addition to looking at multiple municipal efforts, they also want to focus on things that would positively impact the environment. He noted that if the improvements are to meet the new standards it would be given a higher rating.

Mr. Hawk questioned if there was additional federal money in the amount of \$300 million and how would that play into this request. Mr. Roth answered that he has heard that, but it is only a rumor at this stage, and that it would be funded through existing programs.

Mr. Sailhamer stated that for the PENNVEST applications, for this round only, they would suspend the permit. He noted that normally you would need to have your permit in order to apply for funds. He noted that the number one qualifier for funding is project readiness. He noted that projects that are ready to go now or within the next 180 days will receive the money the fastest.

Mr. Seeds questioned if they would be looking at the economics of the Township. He noted, in many instances, the Township is unable to receive funding since it is considered economically affluent. Mr. Santos noted that with the PENNVEST funding, they would look at that, but for the CFA program, it would not be a priority in the application process. Ms. Terry noted that Mr. Eckert from DCED explained that PennWorks was an economic development program, and they looked at user rates, affordability, the number of jobs, the taxes that you are leveraging, but they are not doing that with this program. He noted that the entire intent is to get it to the municipalities that have Chesapeake Bay issues, consent issues, large issues that they can't address because they don't have a developer coming in to help people. She noted that if there are two completely even applications, the economics may be the tie breaker, but everything else is apples-to-apples. He noted that the intent of the legislation was not to include the economic issues. Mr. Seeds noted that this would be for the \$800 million fund, but he questioned what about the PENNVEST funds. Ms. Terry answered that it was a combination of grants and loans. She noted that they would look to see what level of loan the municipality could support and what level of grant. She noted, if a township is affluent, then it might receive more of a loan.

Mr. Hawk questioned if a Board has been appointed yet. Ms. Terry explained that the decisions go to the CFA Board. She noted that the CFA Board is made up of three governor's appointees, Secretary of the DCED, Budget and the Treasurer. She noted that the other four members are from the legislative caucuses; the House and Senate Democrats and the House and Senate Republicans appointees. Mr. Hawk questioned if the CFA had to provide a unanimous vote. Ms. Terry answered that it had to be a unanimous vote of the four caucus members only, but not the governor's appointees.

Mr. Seeds questioned what Delta would do after the application process. Mr. Blain questioned how well the Delta Group knows the members on the CFA. Ms. Terry noted that the applications are going to be a balance of merits and politics. She noted that she has a very good relationship with the CFA Board and its staff, and the program administrators. She noted that one of the four caucus members is a client of Delta's, and the other three she works with on a daily basis. She noted that she has over a dozen registered lobbyists in the firm.

Mr. Seeds questioned if there were ongoing monthly fees for services. Ms. Terry answered that the fees are all inclusive. Mr. Seeds noted that there are initial fees for the application. Ms. Terry noted that Delta does not work on a percentage basis. She noted that Delta has a monthly retainer, and for the H20 project, the typical term would be 12 to 18 months. She explained that she has proposed a term that part of the fee would be deferred, as a lump sum amount to keep the monthly costs low.

Mr. Hawk questioned what the Board members have not asked that she thinks they should know. Ms. Terry noted that the Board members should ask what the terms of Delta's service includes, noting that they intend to stay with the project until grant drawdown. She noted that they would prepare the audit document for the Commonwealth. She noted that the firm takes a great deal of pride in developing grant applications, grant agreements, answering special stipulations, and special conditions, so at the end of the day, they have something solid to stand behind. She noted that it would include representation at Board meetings and outside stakeholder coordination.

Mr. Santos noted that they have had to turn down clients since they were working with a client right next door, noting that it would create a conflict of interest for their organizations. She noted that Delta has turned down four municipalities due to a conflict of interest. She noted that Delta has five clients for H20 and may possibly take on four others, but not in Dauphin County.

Mr. Crissman requested Ms. Terry to identify three specific strengths that Delta would bring to the table. Ms. Terry answered, attention to detail, integrity, and delivery of service and

value. Mr. Crissman questioned who the closest municipality is that Delta has provided a successful service to. Ms. Terry answered Lower Paxton Township, and Borough of Mechanicsburg.

Mr. Hawk questioned if the Board made a decision very quickly, when Delta would start the work. Ms. Terry answered that she could start tomorrow.

Mr. Blain questioned what Delta Developments' success rate is. He questioned if the firm has turned around 100% of the funding or some percentage of what was asked for. Ms. Terry answered that she does a fair amount of due diligence before the firm appears before a public body, understanding that the Township represents the taxpayers and ratepayers to ensure that they can deliver value. She noted that she reviewed the project to ensure that she could deliver politically, and to determine if the Township's request would fit the needs of the program, and if her firm had the internal capacity to deliver. She noted that in the last highway bill, Delta had 13 clients, and delivered funding for all 13. She noted it was roughly \$47 million dollars, with most of the clients receiving funding at 100% level, but not all. She noted in the previous Transportation Bill-21, Delta had 17 or 18 clients, with awards of \$49 million and she was able to secure funding for all the clients.

Mr. Santos noted that Delta had 100% success rate with the PennWorks program which is the predecessor to the H20 PA. He noted that none of the awards were won easily.

Mr. Hawk questioned how the fees are laid out. Ms. Terry explained that Delta has proposed a flat fee of \$7,500 per month for 18 months with a deferred fee of \$50,000 payable at the end. She noted that the deferred fee is the structure that Delta has always worked with since it has been in business. She noted that it is not structured on success, and the contract has a 30-day out provision; meaning, that at any point of time, with 30-days notice, the Township or Delta could terminate the contract. She noted, if the Township terminates prior to month 15, it is not responsible to pay the deferred payment. She noted that this allows Delta to keep the funding at a lower rate with the deferred fee payable at the time the Township is receiving its funding. She explained that if you terminate in month 15 through 18, the Township would not be required to provide the 30-day notice, but it must terminate with cause. Mr. Blain questioned if the Township reached its goal at month 12, could it terminate then. Ms. Terry stated that it could, and it would not have to pay the \$50,000 fee.

Mr. Crissman questioned if any Township staff or CET staff had any questions.

Mr. Weaver questioned if Susquehanna Township would select another firm and the Township selected Delta Development, would there be a problem if the Boards decided to do a

joint project. She noted that she would not recommend one application with two projects, rather one application and one project. She noted, if there was an inter-municipalities committee formed, Delta could amend a contract with a letter of amendment. He noted that Susquehanna Township has approached the Authority to inquire if the Township would be interested in doing a joint project. He noted that, at this time, he does not know of any projects. She noted that Delta is working for Susquehanna Township trying to get federal funding for the Route 22 and Progress Avenue interchange. She noted that she would recommend a cost sharing agreement with Susquehanna Township. Mr. Weaver noted, if the Township is only going after the \$800 million, and a decision would be made in May, then what would Delta do for the Township after the decision is made. Ms. Terry answered that Delta would assist with the grant agreement between DCED, legal and the Township. She noted that Delta would work as an extension of staff, therefore, if the administrator is calling all the time for information, they would handle those types of calls. She noted that if there were stimulus funds available, Delta could provide additional value throughout the life of the contract to bring other funding to the projects. Mr. Santos explained that he is assisting a client who employed a previous consultant, but because that consultant did not follow through with the entire process to include conducting the closing audit, they were unable to receive a interest free loan from the State. Mr. Weaver noted that the agreement would include seeking funding from the \$800 million CFA money, but would it also provide for other sources of funding. Ms. Terry answered that it would

***Bowen Development, Koup Associates, and
E.R. Conrad & Associates***

Mr. Richard Bowen noted that he invested in the community and would not be present today unless he felt that his consulting group could get more money for the Township and do it faster and cheaper than anyone else. He noted that with every project, there is a goal, and a need to put a team together to focus on that goal. He noted that he has been able to do what he sets out to do, and in a manner that the community backs the project. He explained that he has worked with both private and public projects seeking funding for both.

Mr. Bowen explained that he put together a team that has expertise in the legislative and regulatory sectors, to get this project done. He noted that his group is only making an offer to Lower Paxton Township, and he would not be competing against the Township with other communities. He noted that all four team members would be working on the project, and he would get it done no matter what it takes.

Mr. Hawk questioned if the four consultants are members of independent companies. Mr. Bowen explained that he and Mark Veon have worked together during the Lowe's and Paxton Town Centre projects. He noted that he has worked with Colleen Kopp and Eric Conrad on previous projects. Ms. Kopp explained that she lives in Lower Allen Township and Mr. Conrad lives in Enola.

Mr. Veon noted that he has worked with Mr. Bowen with the Glimcher Group projects. He noted that he was in the background supporting Mr. Bowen for the Lower Paxton projects, as well as working with him in developments in other communities. He noted that he understands the challenges that many communities face as far as water and sewer permitting issues. He noted that he spent three and a half years with Delta Development Group, developing a good background of public funding experience. He noted that the project would need a great application as well as great legislative connections.

Mr. Hawk questioned how strong Mr. Veon was with the legislators. Ms. Colleen Kopp answered that she has over 14 years of State government experience. She noted that ten of those years she spent in the House of Representatives as the Executive Director for the House Democratic Leadership offices. She noted that she moved to the Governor's office, where she spent four years as Deputy Secretary for legislative affairs. She noted that she was one of the main negotiators for the Governor's interest in the creation of the economic stimulus package and the creation of the CFA. She noted that she breached against party lines to negotiate what the Commonwealth has today. She explained that she knows the legislative ins and outs as well as the politics of it. She noted that she knows the players on the CFA Board and the staff people in the four caucuses who advised them.

Mr. Hawk questioned if that included both sides of the aisle. Ms. Kopp answered yes. She noted that she has been successful in forming coalitions on labor issues with respect to prevailing wage and whether it would or would not be part of some economic development. She noted that Senator Scarnati was not interested in prevailing wages being part of the contracts at the time, and she had to go against some of her best friends' opinions to let them know that it would not be in their best interest to represent prevailing wage issues. She noted that she worked with Senator Pileggi to set up republican leadership on the Film Tax Credit, the largest tax credit ever created in the Commonwealth. She noted that she worked this project as a lobbyist and has worked both from within government and outside of government, and has had many successful relationships that she has maintained. She noted that she is very familiar with the House and Senate memberships.

Mr. Blain questioned how long Ms. Kopp has been doing this consultant work. Ms. Kopp answered that she has been doing this for two years. He questioned how successful she has been as a lobbyist working with the legislators to get State funding for projects like this one. Ms. Kopp answered that this is her first venture into this type of funding, but the other members bring the expertise for obtaining State and Federal funding. She noted that she brings the political contacts, the understanding of the scoring of the CFA, how to move the agenda forward with the CFA, and how to build the coalitions.

Mr. Veon noted that they had a recent experience in Butler Township, which is a majority Republican district under Senator Wise and Representative Ellis, noting that the program was part of a stimulus package, and the State allowed a retail developer to project ten years worth of State sales tax, and allowed them to take a portion of that to use for infrastructure. He noted that it was questionable if the project would get done due to politics. He noted, if you put a good application together, and utilize the persistence of Mr. Bowen, who garnered all the support from the Township, County, DCED, and every day consistently visiting the Governor's office, the project was approved. Mr. Bowen noted that he is up at the Capital enough that he does not have to use the metal detector. He noted that you have to be meeting with the legislators all the time, asking for favors, noting that he would only be applying for one municipality. He noted that the Township is under a sewer moratorium and they need help. He noted that the Township is not asking for a lot, and that is why he is only interested in consulting for one municipality. Mr. Veon noted that everyone is going after the same pot. Mr. Bowen noted that his connections are more than just the upper echelon, it goes beyond that. He noted that Mr. Conrad worked for DEP and is a big stakeholder in the program.

Mr. Conrad explained that he spent 25 years working for DEP, noting that he had been appointed by a republican governor as Deputy Secretary for Field Operations, and reappointed by a democratic governor. He noted that it was the position of the chief complaint clerk for the Commonwealth. He noted that he had to find solutions for problems and he was able to get done what needed to be done. He noted that he understands the process, whether it is PennVest, CFA, or a consent order agreement, he has been intimately involved in the process, and after 25 years, he decided that it was time for him to go into business for himself. He noted that he has helped to unravel the maze of State government since 2004. He noted that he knows the people in the South Central regional office and had many good contacts in the central office. He explained that he brings to the team the understanding of the internal process but also the goals, language and terms that need to make the application stand out. He noted that he had reviewed the

applications, and helped to write them, and has been more involved in sewer and drinking water permits than anything else, except for waste management.

Mr. Conrad noted that he has watched the Chesapeake Bay program grow from the past 30 years to a point where it is creating havoc for everyone, and part of the solution has to be finding ways to address that. He noted that he has worked with Ms. Reese from CET, noting that he is good at building teams and helping people to come together. He noted that the team needs to work closely together with CET, to put the application and supporting documents together. He noted that the mini-basins and efforts to come into compliance with the Consent Order and the Authority have projects that are ready to go now. He noted that his team would like to try to get the projects started. He noted that there would be \$300 million in additional funding coming from the Environmental Protection Agency. He noted that it would probably go through the State revolving fund. He noted that he knows Nicki Casey, and still maintains a good relationship with her, as well as the rest of the staff and also the members on the Hill. He noted that he has worked with a tremendous amount of local governments over the years, and he would like to work with Mr. Bowen to help the Township address their issues.

Mr. Hawk questioned Mr. Bowen what his fees would be. Mr. Bowen noted that the fee includes \$10,000 up front, and \$25,000 per \$1 million awarded. He noted that he would look to apply for \$20 million in grant funds. He noted that his firm would be with the Township until it receives its last penny. He explained that he has a lot at stake as a developer, since he would like to come back to the Township to continue to develop. He noted that he always does what he says he will do since he won't give up. He noted that he has a great team, and he knows the people, and he knows how to get it done, and he is not asking for much. He noted that he creates jobs by doing developments. He noted that he has done a lot of favors and asking for one in return is not very hard.

Mr. Crissman requested Mr. Bowen to identify his three major strengths. Mr. Bowen responded with tenacity, community, and resolve. Mr. Crissman questioned how he would define community. Mr. Bowen answered that he was part of the community in the past, for instance, the Paxton Town Centre was developed at the same time the Friendship Center was built, and he lived at a Comfort Inn for three years. He noted that he loves working in the area, and community is working on projects because you enjoy being there, and you want to make it better. He noted that he donated some value engineering for the Friendship Center. He noted that community is being part of where you live and how you feel. He noted that the Township has always been a community to him and he would never let the Township down.

Mr. Crissman requested Mr. Bowen to list a successful local project to the Township. Mr. Bowen answered that he worked on a development in Altoona, Pennsylvania, a \$70 million retail project, and he was awarded \$12 million in grants. He explained that it was located in Logan Township. Mr. Crissman questioned who he could contact at Logan Township. Mr. Bowen answered that it would be Bonny Lewis, the Township Manager.

Mr. Blain noted that the fee would be \$25,000 for every million dollars awarded. Mr. Wendle noted that the most you could receive is 50% of the project; therefore, it would depend on how many mini-basins he could have ready to go for the summer. He noted that due to the hold up on the treatment plant, it would not be feasible to seek funding for it, therefore, he suggested that between \$10 million and \$20 million would be needed for the shovel ready projects. Mr. Bowen noted that the Township would have the 50% match for those projects, but it could go for more, since some of the funds are considered matches within each other. He noted that the 50% does not necessarily have to come out of the Township's pocket. Ms. Kopp noted that the plan allows a municipality to leverage State and Federal dollars. Mr. Seeds noted that he read that the Township could borrow funds from PENNVEST and use those funds. Mr. Bowen noted that the Township could use the Federal money for matching funds. Mr. Conrad noted that the \$300 million coming from the EPA could be used to match the State funds. Mr. Bowen noted that the Township should get its application in right away because if it is awarded funds, even though the money may be coming in later, the Township is all ready to go. Mr. Veon noted that PennVest is taking applications up to February 17th.

Mr. Crissman questioned if the Board decided to hire Mr. Bowen and his group, when would he be ready to start. Mr. Bowen answered that he could start right away.

Mr. Bowen noted if the project award was \$10 million, the fee would be \$250,000 or 2.5% of total funding. Mr. Conrad noted that this is an incentive to secure as much funding as possible. He explained that the \$10,000 is used to cover the costs to start the project.

Mr. Blain questioned what other Townships Mr. Bowen would be working with. Mr. Bowen answered that he would work with no other Townships. Mr. Blain questioned how many projects like this he has done. Mr. Bowen answered for government funding, he only did one, and he received the money for it, noting that Mr. Veon and Mr. Conrad have done other projects. He noted that he was successful in doing it, and he knows how to do it. He noted that he has been successful with the projects that he has done.

Mr. Hawk called for a brief adjournment to meet in executive session with the Board members at 7:15p.m.

Mr. Hawk called the meeting to order at 7:32 p.m.

The McCullough Group

Mr. Thomas Bowen noted that the McCullough Group is an affiliate of the Stephens and Lee Law Firm, a 200 plus person law firm with affiliates in many areas to include economic development. He noted that they also have 50 non-lawyer consultants. He noted that the firm includes individuals with global government expertise, like Mr. Espenshade, who worked for AMP for over 15 years as their tax counsel. He explained that he worked for Ernest and Young, and then, when that office closed, he joined Stevens and Lee, and The McCullough Group four years ago.

Mr. Bowen explained that the McCullough Group was started in 2003 by Sam McCullough, the Secretary of the Department of Community and Economic Development under Governor Ridge. He noted that he has 25 full-time employees that are fully engaged in the H20 project. He noted that they have successfully worked with the CFA on programs, noting that the PennWorks project is the closest to this type of project. He noted that he worked on a few of those projects, and his job is to maximize the grant that the Township could obtain through this program and to ensure the Township gets the funding as soon as possible, working with staff and engineer. He noted that he would be hired to be a consultant and not a solicitor.

Mr. Bowen explained that his firm offers three options for payment, the first option is the success base fee, noting that the firm would only be paid if successful, and only received payment when the Township receives the funds. He noted that he also offers a fixed fee, and the third option, is a blended fee. He provided the three different types of engagement letters to the Board for their review.

Mr. Bowen explained that the Pennsylvania H20 project enacted this past summer provides for up to \$800 million in water, sewer, flood control, specifically \$665 million for water and sewer. He noted that the CFA, which was created in 2004, requires a unanimous consent on every project from the four legislative caucus members. He noted that the awards would be announced on May 15th and the first round of applications is due February 13th. He explained that this is a one-time opportunity.

Mr. Bowen noted that the CFA has provided eight programs since 2004, and most have been fully utilized. He noted that the CFA, through PennWorks, distributed over \$200 million in funding, and that it may be enhanced by other funding from the Federal government, but, at this

time, only \$800 million is available. He noted that the PennVest program, Act 64, would approve up to \$400 million in spending, with half of it available as grants. He noted that the Township Authority would qualify for that program, and explained that the award could be a loan or a grant. He explained that he would not focus on the PennVest Program at this time, but suggested that CET would be in better shape to apply for Act 64 funding.

Mr. Bowen noted that the CFA's maximum grant for this program is \$20 million, and the local match is one third of the entire eligible project cost. He noted that the applications and guidelines were issued in December 2008, and further explained that he has been involved with CFA, and his firm has people who are involved with DEP, PennVest and DCED.

Mr. Bowen explained that the McCullough Consulting Group's roll would be as a consultant to work with the Authority Engineer and Township Solicitor, and he would handle all aspects from feasibility to post implementation.

Mr. Bowen noted that The McCullough Consulting Group has a five phase approach, to include feasibility to analyze the profile, plans and objectives and to match the Township's needs to the awards available and calculation for how to be cost-effective to serve the project. He noted that during the application process, he would need to identify, gather and analyze data necessary for the thorough documentation required to facilitate approval and expedite action. He noted that there are nine sections for scoring for the application, noting that an A+ application is critical. He noted that many exhibits must be included with the application, and he would make the application as easy as possible to read. He explained that one application that he is filing this week is more that 200 pages long.

Mr. Bowen noted that the third phase is the Coordination and Negotiation phase, noting that the CFA approval is very political. He explained that when the CFA was created in 2004, the governor was from one party, and the legislature was from another. He noted that to put checks and controls on the distribution of the funds, they came up with the concept of a unanimous decision. He noted that the difference today is that the demand is so great, that it would take roughly between 20 billion to 30 billion to fix all the sewer and water problems.

Mr. Bowen explained that he expects the process to be very intense, noting that members of his group work both sides of the isle. He noted after the award is made, then the fourth phase would be, Implementation. He noted that he would assist with the forms that go along with receiving the money. He noted that the fifth phase is the Post-Implementation Review, working with the Township and its auditor to prepare for the audit. He noted that there are a number of

requirements as a result of an award, and the McCullough Group would stay with the Township through the entire process.

Mr. Bowen explained that he would search to determine if the Township has limitation on economic development, due to sewer capacity that would not permit growth in certain parts of the Township.

Mr. Bowen noted that the Township is a dual partner with Swatara Township Authority for their waste water treatment expansion project. He noted that the Swatara Township Authority has engaged his firm for the program to help maximize the award that they may receive. He noted that the Township has two key factors that are statutorily important in ranking; the Township is part of a regional system, working with Swatara and Susquehanna Townships, Paxtang Borough, and the City of Harrisburg, as well as South Hanover Township. He noted that the other key factor is that the Township is under mandate, noting that the Township has a Corrective Action Plan (CAP) for some of its projects, and it is also located in the Chesapeake Bay Territory, noting that the nutrient levels are more restrictive.

Mr. Bowen noted that the timing of the various projects, the Paxton Creek Act 537 Improvement, Linglestown Pump Station, and Beaver Creek Act 537 is very important, and he questioned if they were all related to the CAP. Mr. Wolfe answered that they are certainly related to the CAP, but not as much to the Chesapeake Bay Plan. Mr. Bowen suggested that there is a relationship. He noted that he also reviewed the mini-basin rehab program, noting that many are multi-year projects. He explained that he does not have a total figure for costs, but suggested that it was around \$67 million.

Mr. Bowen noted a couple of issues would be how the projects relate in regards to timing, since by statute, the Township could apply separately for each project, with a maximum award amount of \$20 million per project. He noted that there may be more than one project to apply for, or it may be better to apply for it as one project as a whole. He noted that timing is very important since there is a \$800 million pot of money, with \$665 million for water and sewer, and if there are multiple year projects, by the time the Township applies later for it, the funds may be gone. He suggested that it would not all be distributed at the May award, but it may be gone within a short period of time. He suggested that it may be best to separate the projects or combine them, but the key to the awards is how shovel ready the projects are. He noted that when this program was put together in 2008, the focus was on unfunded mandates and the need to provide some relief. He noted that since then, the economy went into recession, and this has turned more into an economic stimulus packet. He explained that the governor's office is clear in

if a project is shovel ready to go, then it would be given priority. He noted that the program would cover projects that have permits or are almost ready to begin, but the program allows for a retroactive consideration of costs for projects that started in 2007.

Mr. Bowen noted that three personnel would be dedicated to each client team, a senior person such as Mr. Espenshade or himself, and at least two other people who would be on the team. He noted that he has people from DCED, one who worked with a group who looked at these types of applications, and an environmental lawyer consultant who works on every team who will work with the Township's lawyer and engineer.

Mr. Bowen noted that he is representing Swatara Township Authority, Susquehanna Township Authority, and the Borough of Steelton.

Mr. Josh Wilson noted that he is part of an advisory group hired to gain assistance from the legislature, and his job would be to interface with Senator Piccolo and Representative Marsico. He explained that the vote must be unanimous from the four caucus members.

Mr. Blain questioned how many projects of this type The McCullough Group has done. Mr. Bowen noted that they currently have over 20 engagements, and are close to filing the first H2O project. He noted that since 2003, the team has worked to receive awards of over \$300 million in economic development projects, and that their success rate is over 90%. He suggested the reason for the great success rate is their five-phase management approach. He noted that he would inform a client if it is a good time to apply, noting that he would not hire on for a project that would not be a winner.

Mr. Hawk questioned if The McCullough Group may have reached a saturation point with 20 clients. Mr. Espenshade answered that for every two clients, he has turned away one for the quality of the project. He noted that if he does not think it is a viable project he will not take it on.

Mr. Seeds questioned if Mr. Espenshade ever had a conflict where he had to turn someone down since there could be a conflict with another client. Mr. Espenshade answered yes, due to the law firm being in litigation, noting that he could think of two instances when this occurred. Mr. Bowen noted that he would seek to get a waiver, if they had a developer who could benefit from a sewer grant to a municipality. He noted that he does perform a conflict check prior to taking on a client.

Mr. Seeds questioned Mr. Bowen if he was an attorney. Mr. Bowen noted that he represents The McCullough Group, Stevens and Lee, and Cost Reduction Advisors. He noted, due to this, he does a conflict check before engaging a client. Mr. Seeds questioned if there

would be a conflict in representing Susquehanna and Swatara Townships. Mr. Bowen suggested that Mr. Espenshade could answer that question, but from his perspective, it is better to work together, since all three parties have the same goal to lower the costs for the Swatara Waste Water Treatment Facility. He noted that that was the reason he made the disclosure to the Board members. Mr. Espenshade noted that in the capital projects fund budget for 2009, the Swatara Waste Water Treatment Plan item noted that the Township's share is \$12 million. He noted that to receive funding for this project, the applicant must be the owner of the facility. He noted that the Township must have an intergovernmental agreement between the various municipalities that service the Township, and he questioned if the Township is eligible to apply for those funds, or if only Swatara Township is eligible. Mr. Seeds noted that the Township is responsible for paying the \$12 million bill. Mr. Espenshade noted that as an eligible applicant under the H2O Act 63 grant, you have to be the owner of the facility. Mr. Bowen explained that the Township owns pump stations and pipes, and it could apply for funding for those costs. Mr. Espenshade noted that he has been in discussion with the solicitors regarding whether there could be a reimbursement to the Township for its costs.

Mr. Seeds noted that Mr. Bowen stated that he had a special interest in the project as he is a resident of South Hanover Township. Mr. Bowen explained that the sewage from his home goes to Derry Township. He noted that he has an interest that as a resident of Dauphin County, it gets as much funding as possible. He noted that South Hanover Township does not have a sewer plant either.

Mr. Crissman requested Mr. Bowen to identify a project that is located close to the Township, where The McCullough Group shepherd the entire process. Mr. Bowen answered that he completed two PennWorks projects, involving private businesses in waste water treatment facilities on their site, one for Lyons Borough in Berks County for East Penn Manufacturing Company, also known as DECA. He noted that he secured a PennWorks grant for \$3 million and a loan of \$5 million at 2% for a 20-year term. He noted that the second project was for Colebrookdale Township in Berks County for the Cabot Corporation. He noted that both were CFA projects. He noted that he could supply Mr. Crissman with a contact name.

Mr. Crissman requested Mr. Bowen to list three specific strengths of his company in one sentence only. Mr. Bowen noted that his firm's first strength is the multi-disciplinary aspect of the team, from environmental to economic development. Mr. Espenshade noted in an environment of the political nature of the CFA and the award process, the firm has significant

experience and skill ability to perform, and to be successful. Mr. Bowen noted that their comprehensive approach is a turnkey approach from feasibility to post implementation.

Mr. Wendle questioned if there was a consent order for an entire basin, could a project encompass a number of contracts. He noted that several mini-basins were completed last year as part of the CAP, and could it encompass a number of contracts. He noted that the CAP is one project. Mr. Bowen noted that the definition of project is somewhat broad, and there are no examples of their interpretation. He noted that a single project could have multiple contracts, whether it is multiple engineers or construction, but it is an open issue of what is a project. Mr. Wendle suggested that the CAP would sound like a project, one plan for an entire basin. Mr. Bowen noted that he is working with another client who has a major consent order and it has had different pieces over multiple years, and he noted that it could be defined as one project as it is one consent order that is required to clean up a major issue, but there are different parts to it. He noted that it may be advantageous to combine the mini-basins for one project because he knows that the Township could get multiple grants for multiple projects, but there is a lot of discretion by the CFA, and if there was a \$3 million project, and the Township received a \$2 million grant, that would be great. But next year, the Township could have a \$15 million project and the Township could qualify for \$10 million since it is a separate project. He noted that the CFA Board members may review the request, and since the Township received the first grant, the first year, and has applied for any additional grant, they may decide not to support the second request. He noted, in that instance, it would be better to combine all the projects. He noted that although the Township may have more than one opportunity to apply, they may not be granted more than one award. He noted that he would review the work to see how feasible it would be to combine the projects together. He noted that the feasibility stage is very important for the overall project. He noted that the CFA would not disperse all the funds in May, and that he would need some time to review all the facts, and advise the Board based upon its solicitor's advice.

Mr. Espenshade explained that he was reviewing the information that Mr. Wolfe sent to him and he noted the inter-connectiveness of the projects. He noted that if you have a multi-project that you attempt to make into one project, you may want to look at the inter-connectiveness between the consent order and the various projects. He noted that projects located in various parts of the Township would not be considered to be one project, but most probably separate projects.

Mr. Wendle noted that the fee schedule in both the shared and success based goes from zero to a percentage of the money received. He noted that for the first \$500,000 the fee is 18%, and up to \$4.5 million, it would be 15%, and each is additive.

Discussion with Mike Bova regarding the potential to
invest in bonds issued by local governments

Mr. Michael Bova explained that he is the Managing Director with Boenning and Scattergood, Inc., and he thanked the Board for allowing him to make a presentation to the Board members. He noted that the booklet he distributed contains much information on the corporation, but he would like to review the key points only.

Mr. Bova explained that he runs the Pittsburgh office of Boenning and Scattergood, Inc., along with three other managing directors. He noted that all three worked at Arthurs Lestrage in 1983, at which time it was sold in 2006 to Harris, Baker, Watts, and subsequently acquired by RBC Dain Rauscher on June 20, 2008. He noted that the three managing directors, along with Linda Stipetich, joined Boenning and Scattergood, Inc. He noted that when he first came to Lower Paxton Township in the early 2000's, he and Helen Billak met with Mr. Wolfe and presented their credentials to serve as the Township's Financial Advisor. He noted that he and Ms. Billak were appointed by the Township, and he assigned Ms. Billak the account. He explained that she did a very good job, but she did not make the move to Boenning and Scattergood, Inc., along with the other three managers.

Mr. Bova noted that he included the listing of the five financings completed this year as well as the listing from 2005, found in Tab IV. He noted that he has completed negotiated and competitive deals, but typically, you do one or the other. He explained what attracted the three bankers to Boenning and Scattergood is that they have a very strong Municipal Finance Department. He noted that the firm generally buys between two and three competitive deals every month for the retail institutional sales. He noted, for a negotiated sale, the underwriter has the bonds pre sold, whereas, on a competitive sale, the bonds go to an auction, with everyone bidding, and the person with the strongest bid gets the business. He noted that he can provide both types of sales, and is very good at both types.

Mr. Bova noted, in February of 2008, Ferris Baker and Watts were appointed to complete a small refinancing for Lower Paxton Township. He noted in February, the refunding savings for the past 12 months showed a fair market value curve, noting in January and February of 2008, there was a 2.70% yield, however, when he changed firms in June, he monitored all the clients,

and the financing did not work until now. He noted that the rates have dropped dramatically. He noted that he learned after he had made a presentation to Mr. Wolfe, that the Township made a commitment to another firm to do a portion of the financing, putting a limit on the financing at \$5 million. He noted, since then, the market has dropped dramatically, and the opportunity now exists to make available to the Township up to an \$8 million deal. He noted that the savings benchmark established by the Township was \$2.5 million, noting that the original deal was \$4 million, noting that 2.5% on \$4 million is a little over \$100,000. He noted that he could provide the Township a savings of approximately \$250,000. He noted that last year he proposed to refinance a 2004 issue, but now he would propose to refinance a portion of the 2004 issue and the entire 2002 bond issues. He noted that the savings would be over 3%, amounting to roughly \$250,000 on an \$8 million bond.

Mr. Bova explained that whenever he does a refinancing, he likes to look at the total debt of the insured as well as any other potential projects. He noted that he has followed the sewer projects, and felt that the Township would need approximately \$10 million for this year's work. He noted that as of last week, for the two series of bonds, there would be a bond issue of a little over \$6 million with a savings of \$183,000. He explained that he originally thought it would be a little higher, however, the market has changed, and when he re-ran numbers it showed that the savings are now \$250,000.

Mr. Bova noted that the existing debt is roughly \$43,000,000, and if the Township wants to do the refunding, needing \$10 million in new money, he could structure the issue so that there would be a savings of \$413,000 in 2009 and a decrease of \$9,000 in 2010, and in 2011 a debt service increase of \$2,981. He noted if the Township is going to do new money, it would be better off doing it when it does the refunding as it would reduce the cost of issuance as the Township would only pay bond counsel for one deal instead of two, and he could take some of the existing debt and move it out so that it does not have a huge impact on debt service. He noted, to wrap that structure on \$10 million, the annual debt service would be \$323,000, whereas level debt service would be \$702,000. He noted if the Township is going to do new money, and have a refunding by restructuring the existing debt, it would impact the debt service and the impact on rates. He noted that he is not recommending to do the \$10 million at this time, but the same thing could be accomplished if the Township is ready to borrow next year or the end of this year by restructuring the 2002-A debt service, which would provide the same benefit of choosing whether you want \$323,000 impact for debt service or \$702,000 debt service which would impact the rates to charge the users for the system.

Mr. Crissman noted that he would like to see the restructuring for the annual debt service for 2010, 2011, 2012. He noted that when there is an increase, he needs to find a means to fund the money, and he would prefer to maintain level debt service as much as possible. Mr. Bova noted that the Township has been very astute in issuing its debt, because there is room in the outstanding debt service. He noted that the Township is paying \$5 million in debt service in 2009 that drops in half in 2021. He noted, if the Township did a level debt service on \$10 million, the slide shows that it would be roughly \$702,000, therefore, the debt service in 2010 would be \$5,702,000. He noted that if you wrapped it, the debt service in 2010 would be next to nothing. He explained that he would fill in the portion and bring all these years up to the same level. He noted that he could extend it out as many years as he would have to in order to keep it level without a tax increase. Mr. Crissman noted that the debt service at this time is \$5 million. Mr. Bova noted that that included Township and Sewer debt service.

Mr. Bova noted that one of the disadvantages of taking the action that the Board took last year was that it locked the Township into a specific plan that may have been appropriate at that time, but it does not provide the Township flexibility to react to what is happening in the marketplace. He noted that in February of 2008, he did not ask for parameters appointing him and locking him into a deal, because it was not an option for the firm he was running. He explained for the refunding, it shows the outstanding debt service, the new debt service, and the difference. He noted that it showed the bulk of the savings of \$109,000 in 2009, \$144,000 in 2010, and a few miscellaneous dollars moving forward totaling \$250,000, but the present value is now \$249,000. He noted that he could take that savings in 2010 and move it up to 2009, but the present value of the savings is approximately \$250,000. He noted that it could have been given over 20 years, or one year, or two years, but he was able to match the old debt service with the new debt service.

Mr. Bova noted that the Township would need to borrow more money in the future, and it would not want to do something that would make it more difficult for a future board to do so because it took all the benefit out of this descending debt service. He noted that the next Board would not have a choice and could only do level debt service, and instead of raising rates 8% they would have to raise them 20%. He noted that the Board would want to build as much flexibility into the plan of financing as it can. Mr. Crissman noted that with level debt service, it is even and the taxpayers would not see a tax increase.

Mr. Hawk noted that this is a comprehensive plan that makes a lot of sense and the Board would like to proceed along this line, however, there are a couple of hurdles that must be overcome.

Mr. Bova noted that the bond buyer index shows what is happening in the tax exempt marketplace. He noted that in September and October of 2008, it shot up to a little over 6%, with the 52-week low being 4.08%. He noted that it is a swing of 2% in the market and this has never occurred in the 26 years that he has been in the business. He noted that the rates are coming down, over 1% in the last 30 days. He noted that on the chart, the blue shows the municipal rates and the red line is treasury rates, and in a perfect market the blue line should be under the red line since the municipal bonds are tax exempt, and usually trade 85% of treasurer's. He noted that the municipals were trading as high as 150% of treasurer's. He noted that you could get what used to be a AAA municipal bond that yielded higher than a treasury bond by 1.5%. He noted that as a result of the sub-prime melt down, there is a flight to Treasury bond's and that drove the treasury rates down. He noted that he had every insurance company, other than one, Berkshire Hathaway, was downgraded from AAA status. He noted that some bonds were downgraded from a AAA to BBB. He explained that the yields have been off the charts, but are now correcting. He noted that that is why there was a tremendous drop in rates, to the extent, that when he ran the numbers last week, the savings was \$183,000 and now, it is \$250,000. He noted that the danger is as the rates continue to drop there would be more deals brought to the marketplace. He noted that he is working on five deals at this time, and will bring them to the marketplace within two weeks, and he is not the only firm taking advantage of the yield rates. He noted that at some point, the supply will outstrip the demand and the rates would start to go back up. He suggested that he would be comfortable in stating that the savings would be around \$184,000 or it could go up as much as \$300,000. He noted that the Board must sort out its dilemma, noting he could reissue the 2004 bonds now, and do the 2002 at a later date, but that would incur more costs.

Mr. Hawk noted that the Township has to work its way out of a situation with the other underwriter, noting the Township could approach the underwriter, or have Mr. Bova do it on the Township's behalf. Mr. Bova noted that he would be willing to try, but he would need the Board, or Mr. Stine, or Mr. Smida, or Mr. Wolfe to join in on that call so that it is not just one competitor calling another competitor.

Mr. Wolfe noted if the Board would act on a Resolution proposed by Mr. Smida, he would be in a position to talk to the other financial advisor and inform her that the Board does not want to pursue the refunding as proposed, and if they did not want to continue to participate

in a jointure with Mr. Bova and his firm, then there is no place to participate. Mr. Hawk noted that he would suggest that Mr. Bova's firm could be the prime underwriter, and the other firm could be a co-manager, making an offering of 15% commission fee so that they walk away with some money.

Mr. Bova noted that he worked very closely with Mr. Hawk while he served on the Dauphin County General Authority, and he knows that he solves problems, and tries not to create problems, and he will do whatever he has to do so that the Township does not lose the opportunity to save up to a quarter million dollars. He noted that it was unfortunate that the Township made the decision that it made last July, when the analysis said that a deal would work. He noted that if it would have work, it would have only been for a very short time period.

Mr. Crissman noted that the parameters have been laid out by Mr. Hawk, and if Mr. Bova can make it work, it would be truly appreciated. Mr. Hawk suggested that Mr. Smida should be involved as bond counsel, and Mr. Wolfe could lend help for support. Mr. Bova noted that he would like to take advantage of the market, but based on the last ten days, it may be better ten days from now.

Mr. Wolfe noted that the Board needs to act on the resolution that has been presented to not follow through with the refunding, and by way of resolution, indicate that it wants to retain Mr. Bova to be the financial advisor for the next issue. He noted that staff could work with Mr. Bova and Mr. Smida in approaching Raymond James, in resolving any issues.

Mr. Crissman made a motion that the Board of Supervisors adopt Resolution 09-04, authorizing and directing Bond Counsel to file with the Pennsylvania Department of Community and Economic Development a Notification of Non-Completion of Sale with respect to issuance of bonds in the amount of \$5,000,000. Mr. Blain seconded the motion. Mr. Seeds questioned if the Board was okay with acting on this motion at a Workshop meeting. Mr. Stine answered that the meeting was advertised. Mr. Seeds questioned if the Sewer Authority needed to act as well. Mr. Wolfe answered that the Authority would enter into a subsidy agreement after the issuance of bonds. He noted that the Township is the issuer of bonds.

Mr. Hawk called for a roll call vote: Mr. Blain, aye; Mr. Crissman, aye; Mr. Seeds, aye; and Mr. Hawk, aye.

Mr. Crissman made a motion that the Board of Supervisors retain Boenning and Scattergood as Underwriter on behalf of Lower Paxton Township for the issuance of bonds to refund existing debt and, potentially, to issue new debt. Mr. Blain seconded the motion. Mr.

Hawk called for a roll call vote: Mr. Blain, aye; Mr. Crissman, aye; Mr. Seeds, aye; and Mr. Hawk, aye.

Discussion with the Public Safety Committee on various items

Mr. Hawk explained that the Board wanted to meet with the Public Safety Committee (PSC) to discuss several items.

Mr. Wolfe noted that in regard to certain issues that involve the operation of the Township's PSC, and its role within Township operations as directed by the Board of Supervisors, the discussion tonight will include the following: The role of the Committee in regard to municipal public safety; The composition of the Committee; The definition of maintenance as applied to equipment purchased through the Fire Equipment Capital Plan and the assignment of responsibility for significant expenditures for said equipment; and Presentation of budgets from the Township's Fire Companies. He explained that he has received the budget from the Colonial Park Fire Company.

Mr. Wolfe noted that the PSC and Public Safety Director (PSD) Bair would provide details regarding an issue with the Board of Supervisors for its overall roll as noted from the November and December 2008 PSC minutes. He noted that PSD Bair provided a response to the Committee at its January 2009 meeting, however, as a result of the issues, the Board of Supervisors desired to discuss the issues with the Committee members. PSD Bair explained that Mr. Hunt, the Committee's chairman, was unable to attend the meeting, therefore, Mr. Chris Judd, the vice-chairman, would be the spokesperson for the Committee.

Mr. Hawk questioned if the Committee members had the same information that was distributed to the Board members. Mr. Wolfe answered no.

The role of the Committee in regard to municipal public safety

Mr. Judd thanked the Board members for the opportunity to meet with them and suggested that it should be a yearly event. He noted that the Board has always been very responsive to the Committee's requests. He explained that the Board pointed out that the Committee is lacking a mission statement, and he explained that a subcommittee is now working on a mission statement. He noted that two other subcommittees have been formed to work on the model fire suppression ordinance, and the fire services study.

The composition of the Committee

Mr. Judd noted that there are 14 Committee members, five of which are citizen members, as well as the three fire chiefs, three fire company presidents, representation from South Central EMS, Fire Marshal, Needham, and PSD Bair.

Mr. Blain questioned when the mission statement would be completed. Mr. Judd answered that the mission statement would be completed by the end of March. He noted that the objectives or goals would also be included with the mission statement, and that the subcommittee should be able to finish it by that date, based upon the founding resolution.

Mr. Judd noted that two other subcommittees were formed to address issues that have come before the Committee.

Mr. Blain noted that there are currently 14 members on the Committee, and he questioned if there were too many members on the Committee, and if the group was comfortable with that number. Mr. Judd answered that he did not know what the average attendance was for each meeting, but once you remove the fire services and police chief, it only allows for five citizen members, plus the fire marshal and SCEMS. He noted that the numbers has never gotten in the way of discussions during meetings.

PSD Bair explained that the Committee has formed three subcommittees; one to complete the mission statement, goals and objects; a second subcommittee made up of fire chiefs and company presidents to develop a model fire suppression ordinance, and a third subcommittee to look at a fire services study. He noted that the subcommittees would provide updates to the entire Committee, and before too long, the PSC would make recommendations to the Board of Supervisors based on the subcommittees work.

Chief Shields noted that he spoke with Chief Payne about the two related fire issues, and determined that they would come up with a set agenda for the Board. He noted that, in the past, the Committee started several items, but never finished them. He noted that he hopes to have a draft of a fire suppression ordinance, and what the chiefs would want to have included in the fire study, to present to the Board in the future. He noted that other municipalities in the area have conducted fire studies, noting that Swatara Township recently completed a study. He noted that that study made the recommendation for the four fire companies to merge. He noted that it would be better to conduct a study for the three Township fire companies, to determine where they need to be in the next five years.

Mr. Hawk questioned if there was any particular issue that the Committee wanted to address to the Board members. Chief Shields answered that there were several items that the

Committee wanted to address, and it was suggested that the Committee should prioritize those issues, and complete them one at a time, before starting a new issue. He noted that the subcommittee's work on a fire suppression ordinance would not be completed over night, and the fire chiefs would need to determine what issues should be part of the fire service study. He noted that it would be good to have an outside review of the fire services in the Township.

Mr. Hawk noted that the reason the Board scheduled a joint meeting with the PSC was because it came to light to the Board members that there was dissatisfaction within the Committee, noting that it was not sure of its purpose, and the Board did not want to ignore the problem. He noted that it was best to have a meeting to discuss the issues and develop timelines for the subcommittee's projects. He noted that the Committee is making progress with the formation of the three subcommittees.

Mr. Crissman noted that he heard "from the street" that there was dissatisfaction with the Committee and its relationship with the Board. Ms. Smith noted that she had a concern that when the Committee reviews plans, and make suggestions for cul-de-sac, or two streets with the same names, many times the Committee does not get feedback from the suggestions. She noted that there is a driving range on Linglestown Road, and the Committee made various suggestions regarding cul-de-sac and the lack of exits, but the Committee has never heard anything more on the project. Mr. Wolfe noted that the Board has not heard anything more from the developer either. He noted that sometimes plans never develop past the planning stage. Ms. Smith questioned if the Committee is to assume that plans have or have not been approved. She noted that it has come to her attention that the comments for plans do not get back to staff as quickly as need be. She noted that the Committee is left hanging; however, she did not realize that the Board did not review the plan. Mr. Wolfe noted that the Committee needs to understand the development process. He noted that if the Committee approves a plan with conditions, and the Board approves it with conditions, there are no guarantees that the development would be built. Mr. Seeds noted that that plan never went to the Planning Commission.

Ms. Smith noted that the Committee made some suggestions for the Chelsey Falls development for turnarounds, and that development was built. She noted that she did not know if the plan was approved, and questioned if the fire chiefs are informed when a plan is approved.

Mr. Seeds questioned if Ms. Smith ever watched any of the Township meetings, she would note that he inquires if the PSC reviewed the plan. He noted that sometimes there are comments, and other times there are none. Ms. Smith noted that suggestions were made for the Chelsey Falls development and she questioned if they were considered. Mr. Seeds explained that

the Board may not always agree with the recommendations, but in most instances, it does. He noted that sometimes, the Board may vote against Planning Commission recommendations. Mr. Wolfe noted that a recommendation must be based upon a principal or ordinance. Mr. Crissman noted that he always reviews plans to note if there is sufficient areas for school buses to turn around.

Mr. Hawk noted that the Board does not like to hear negative comments on the street, and would prefer to go to the source to find out what generated the comments. He noted that the Board thought that it had a good relationship with the Committee. He noted that the Board has purchased fire equipment, financed for new buildings, and upgrades, and it was hurt when they heard the negative comments.

Ms. Stapf noted that when many of the concerns were raised during the November meeting, PSD Bair was not present, and after the meeting, the Committee received Mr. Wolfe's response noting that the Board wanted to meet with the Committee to address their concerns. She explained that PSD Bair provided responses to the concerns for the December meeting, that let the Committee know that it had dropped the ball on many things. She noted that there were even discussions that the Committee should not meet with the Board yet, but since the Committee asked for a meeting, it was felt that it should make an appearance to let the Board know what the Committee is doing. She noted that most of the members of the Committee had never seen the founding resolution, so they were not aware that the Committee should have a mission statement. She noted that the Committee has stepped back to square one to form subcommittees to finish the issues that the Committee failed to do. She noted that the Linglestown Fire Chief changes on an annual basis, and Chief Payne needed to get up to speed with the Committee. She noted that the Committee has a better idea of what its purpose is and what it should be doing to be proactive. She noted that the Committee was waiting for direction from the Board, and when that was not happening, there was a question as to the value of the Committee. She noted that the Committee is clear on its purpose now.

Mr. Hawk noted that the meeting has served as a good starting place to create dialogue between the two groups. PSD Bair explained that the Committee is more focused on developing a plan for the issues that need to be addressed. He noted that he will ensure that the agenda has space for subcommittee reports, and that they do not fall by the wayside.

Mr. Hawk noted that he could make information available to the Committee on what has passed or what did not pass in the interest of trying to communicate with each other. He noted that the Municipalities Planning Code (MPC) has a very broad definition for infrastructure, and

just about anything that you can name will fall within it. He noted that some of the items imparted to the Township through legislative enactment fall to the Board to carry out, and he noted that there are differences of opinion on those matters. He noted that it can create problems for all.

PSD Bair noted that the Committee would continue to work on the three main issues until they are resolved, and then the fire chiefs will prioritize the other issues they'd like to address. Mr. Crissman noted that having the Committee review the Board minutes would help them keep abreast of what is going on in the Township.

The definition of maintenance as applied to equipment purchased through the Fire Equipment Capital Plan and the assignment of responsibility for significant expenditures for said equipment

Mr. Wolfe noted that Colonial Park Fire Company has an issue with a piece of apparatus that it purchased under the Fire Equipment Capital Plan. He noted that Chief Shields has presented the Board with an estimate to repair a KME unit at \$28,198.05. He noted that the Fire Equipment Capital Plan requires that the fire companies maintain the apparatus, but it has never been discussed, as the units age, noting that the initial units are eight years old, that the maintenance required could be more significant.

Chief Shields explained that the KME Spartan has been an issue for more than two years. He noted that it has been repainted several times due to a defect from the manufacturer, and it was also struck in two separate vehicle accidents, and repainted on both sides as well. He noted that when the apparatus was built, the manufacturers did not prepare the body in the right manner before it was painted. He noted that the 1998 LTI rig was sent back to the manufacturer, stripped, acid dipped it and repainted it. He noted that that occurred two years ago, and he has not had any reoccurring problems, however, the KME rig is a different issue. He noted that KME hired a third party warranty company that no longer exists. He noted that the warranty was for ten years, however, they are no longer around, and the rig is out of warranty. He noted that the rig needs to be totally stripped and repainted. He noted that the Committee looked at the apparatus and the corrosion has gotten worse causing metal fatigue. He noted that the paint is falling off the fire truck, and the truck needs an entire new paint job costing over \$28,000.00.

Mr. Hawk noted that the question is who should pay for it. Mr. Seeds noted that the Resolution passed in 1996 states that the maintenance of vehicles purchased through the Fire Equipment Capital Fund shall be the responsibility of the fire company. He questioned if this is a

maintenance and repair issue. He questioned if the Committee would agree that it is maintenance and repair or something else. He noted, if the money is taken from the Capital Fund it would leave less money for future funding for fire equipment, and he questioned if the fire chiefs wanted to use the money to make the repairs from the Capital Fund. Chief Shields explained that it is an unusual occurrence that just happened. He noted that Colonial Park's maintenance budget was \$27,000 in 2008, with \$21,000 spent on two pieces of apparatus. He noted that the budget includes oil changes, tires, etc. Chief Payne explained that it costs over \$3,000 to certify the aerial apparatus. Mr. Seeds noted that whatever is decided would set precedence for future spending.

Mr. Blain questioned in the ten years since the Fire Equipment Capital Fund was established, how often have the three fire company had any equipment deficit. He noted that this is not a maintenance and repair issue, but more of a defective issue. Mr. Wolfe noted that this is the first time this has occurred, but it brings to light that the equipment is entering its second half of useful life. He noted that a transmission could go out, or the ladder could fail certification, and the question raised is when a defect or maintenance repair item becomes a big ticket item, who is the responsible party.

Mr. Blain questioned how many more years of service would the truck provide if it wasn't repainted. Chief Shields answered that he looks at the truck on a daily basis, and there are certain parts that are cracking. Mr. Blain noted that by fixing the truck, the Fire Company may get ten more years out of it. Chief Shields noted if something isn't done soon, it would quickly deteriorate.

Mr. Blain questioned what the average life expectancy was for a fire truck. Mr. Wolfe answered that the Fire Equipment Capital Plan calls for the average life of 18 years. Chief Payne noted if the Township would not do anything, then the resale value would be very little. Mr. Blain suggested that the resolution should be reviewed for the use of funds for maintenance costs. He noted that using the money for certain repairs, would extend the life of the truck to its 18-year average, and it would be appropriate. Chief Shields noted that he tried everything he could think to do with the manufacturer, and the painting company, but the bottom line is that the truck body was not prepared properly. He noted that there are other fire companies with similar paint issues.

Mr. Seeds questioned what the Committee thinks. Ms. Stapf noted that the Committee did not vote on the issue, however, it was discussed, and the general consensus was that it should be paid by the Capital Fund. Mr. Crissman questioned if the other two fire companies are faced with

a similar situation. Chief Payne answered not yet. Mr. Crissman questioned if they anticipate being in this situation. Mr. Blain suggested that there needs to be a definition for the use of the funds from the Fire Equipment Capital Fund. Chief Payne noted that the rig needs painted, but his concern is if Colonial Park's ladder truck, Paxtonia's engine, and ladder truck are at half their age now, the cost to replace them today would be \$1.75 million. He noted if money is continued to be used from the Capital Fund for items other than the purchase of future equipment, then 18 years from now, there won't be enough funds available. Mr. Crissman noted that the Township needs to plan for the future, and make sure that there are sufficient funds available. Mr. Blain noted that that is why the resolution would have to define what is covered as a repair in the Capital Fund.

Mr. Seeds questioned if the Fire Company would have to secure three bids. Mr. Wolfe answered no, if the Township authorized the Fire Company to do the work. Mr. Coburn noted that he received three bids for the project. Mr. Wolfe noted that they contacted three companies, and only one chose to provide a price.

Mr. Cerzullo noted, in the past, there was some discussion regarding a capital expenditure plan lasting 18 years. He noted that most large municipalities typically go with a ten-year plan for the engines, and the special services apparatus are planned for 15 years of service. He noted that the fire companies do not put the same amount of miles that the larger fire companies do, but he noted that a pumper truck costs roughly \$1 million, the pumpers that he just specked out is a little planer, than the rescue unit, and it is \$100,000 more ten years later. He noted that the Fire Fund has purchased, in the past, three vehicles at one time, but if that could be reworked to stagger the purchase dates, then the Township would not be making a huge lump sum payment at one time. He noted that the first phase of fire trucks are almost 11 years old, and they are more than halfway through their life expectancy. He noted that Paxtonia had an ongoing problem with a radiator when it received its fire truck in 1998, noting that it cost \$15,000 to fix the radiator for their engine last year, and they paid for the repairs.

Mr. Hawk noted that the Township should look at the idea of staggering the purchasing of future fire equipment. He noted that many people think that the Township has deep pockets, but it doesn't, as it had to cut \$500,000 from the budget this year.

Chief Shields noted that he was part of the original planners for the capital plan, and they picked 18 years at that time, never realizing the potential growth of the Township and the increase in the calls for services from the fire companies. He noted that the KME engine is out

on calls every day, and one of the busiest units in Dauphin County. He noted that when he gets his new engine into service, it would take some of the workload from it.

Mr. Crissman questioned if the three fire companies devised a long range plan, listing equipment and life expectancy in order to schedule a staggered replacement schedule. He noted that the fire services need a long-term plan for equipment replacement. Mr. Wolfe noted that this was done when the Fire Equipment Capital Plan was created, but the issue was that they were not starting from zero. He noted that the plan started in the negative, where it already needed to replace equipment, so it has been implemented in the arrears, purchasing three units at one time, and paying it back to the Township general fund over a six-year period, and then moving forward to purchase the next round. Mr. Crissman questioned if the plan is in a deficit. Mr. Wolfe answered that it is.

Mr. Cerzullo noted that the reason he suggested changing the life-span for apparatus for the Township was to get a better resale value. He noted that some municipalities go with a ten-year plan to get more resale value as there are other municipalities looking for a used piece of fire equipment. He noted that the Township would get more money on the resale to reduce the expense of new equipment.

PSD Bair noted that he thinks that the objectives have been met for the first Fire Equipment Capital Plan. He noted that nine pieces of apparatus have been bought, with an expected life span for 18 years, noting that the Township pays for the insurance, and the fire companies pay for the maintenance. He suggested that a new resolution should be made for the next plan, prioritizing what vehicles should be purchased, and phasing their purchases. Mr. Crissman noted that he does not want to be presented with a bill for three pieces of equipment only to find that there is not enough money to pay for. Mr. Seeds suggested that this could be part of the fire services study. Chief Shields noted that the study may come up with something very different from what the fire chiefs are looking at. Mr. Crissman noted that it would work to the benefit of the municipality.

Mr. Crissman noted that the plan needs to be phased out to the future as well. Mr. Wolfe noted that there are no funds for future purchases at this time. Chief Payne noted that he may only be able to predict out for five to seven years due to the changing dynamics of the Township. Mr. Blain explained that these type of plans need to be reviewed yearly to review what has changed.

Mr. Hawk questioned what the fire chiefs want to do for future spending. Chief Payne requested time to discuss the issue with the other two chiefs. Mr. Crissman suggested that a long term plan be developed, and then it should be reviewed periodically.

Mr. Crissman noted if the Township needs to pay for the paint repair job, then it needs to pay for it. Mr. Blain suggested that the truck needs to be repaired quickly; however, the chiefs need to define the definition of repair for expenditures from the Capital Fund and if the life expectancy should be changed to accommodate a higher resale value. Mr. Crissman noted if the three chiefs get together, they may find that a certain piece of equipment would be better utilized if it was located at another fire company. He noted that the chiefs need to look at the overall municipality and not just the individual fire company. Mr. Coburn noted that the rule of thumb is, if the maintenance costs go over 50% of the cost of the equipment, it would not be worth repairing it. He noted that this would not work for very expensive pieces of equipment, but standards change as well, and to keep up with the times, the equipment needed to be replaced. He noted that the rust on the engine is coming from the inside out, and it is unknown what is underneath the rust. He questioned if the rig was in an accident, would the integrity be maintained. Chief Shields explained that you can see stress cracks in the middle of the cab, and the cracks are a result of a flaw at the time the rig was built.

Mr. Wolfe noted that the Township is waiting for the PSC to make a recommendation in regard to maintenance of equipment, which could result in amending the Fire Equipment Capital Plan to state that significant maintenance repairs on expenditures that exceed a certain dollar amount could be funded by the Capital Plan if approved by the Board of Supervisors after receiving a recommendation from the PSC, taken on a case-by-case basis, based upon dollar amount and need. Mr. Crissman noted that it would be based upon the availability of funds as well.

Presentation of budgets from the Township's Fire Companies

Mr. Crissman noted that the Board has received the budget from Colonial Park Fire Company, and questioned if he had received the other two fire company budgets.

Chief Payne noted that Linglestown Fire Company will meet tomorrow night to adopt it's budget.

Mr. Cierzullo noted that the budget for Paxtonia Fire Company has been submitted, and he would have the president forward it to the Township as soon as it is adopted.

Mr. Byerly noted that in the 13 years that he has prepared the budget for Colonial Park Fire Company he has never made a mistake, however, in the income section, there is a fundraising total of \$36,000 that should read \$3,000.00 for Christmas trees, and therefore, it would change the total amount for revenues to \$248,100.00.

Mr. Wolfe noted that no Board action is needed on this item.

Discussion on the LOSAP

Mr. Wolfe provided information to the Board members on the current proposal for the Length of Service Awards Program (LOSAP). He explained that he has worked with Keith Cerzullo as the point person for this project, and this has been an ongoing project for nearly a year since the Board of Supervisors, at the request of the fire companies, authorized the development of a LOSAP. He noted that the general parameters have been set to determine who the participants would be, and from that list, an actuarial evaluation was prepared with the available program funding. He reported that he reviewed the information with the Board members, received their concurrence, and he and Mr. Cerzullo developed an ordinance to authorize the creation of a LOSAP. He noted that he developed a resolution creating a LOSAP fund and Mr. Cerzullo has prepared a draft LOSAP plan document.

Mr. Wolfe noted that the Fire Equipment Capital Plan was amended to authorize the reduction of the Township's annual contribution from \$250,000 to \$200,000 with the resulting \$50,000 being directed to the LOSAP. He noted that this redirected a portion of the funds for the purchase of future fire equipment to the LOSAP.

Mr. Wolfe noted that he has prepared a draft resolution that would establish a LOSAP fund. He noted that the fund would be internal to the Township's operations in that it would not have anything to do with program particulars, but would cover the legal ability to establish a fund to subsidize the LOSAP and how it would be managed. He noted that he worked closely with Mr. Stine to develop this. Mr. Stine explained that it took a lot of work to develop this using the various pieces of legislation that are available to the Township, without having to make it a specific authorization for a LOSAP. Mr. Wolfe noted that a LOSAP would not have been possible if it were not for Act 7 of 2008. He noted that Act 7 allows the Township broad authority to cooperate with fire companies and to do so on a financial basis. He noted that it allowed for the establishment of a LOSAP fund that is not authorized under the Second Class Township Code. He noted that the LOSAP would be established much like a pension fund, where the Township invests funds in a non-traditional Township investment on behalf of

firefighters. Mr. Stine noted that the Act allows the Township to provide administrative assistance as well as money to fire companies. He noted that the catch is that the Township can take the firefighters money and manage it for them in this fund. He noted that \$60,000 each year would be deposited in the LOSAP, at a maximum, and it would be administered on behalf of the Township's fire companies, however, once LOSAP contributions are deposited into the LOSAP fund, they shall become an asset of the Township's three fire companies. He noted that the money would no longer belong to the Township, but the Township would administer the fund on behalf of the fire companies. Mr. Stine noted that if the LOSAP was the Township's money, it could only invest the funds in Treasury's bills and similar items, resulting in a very low rate of return, however, under the fiduciaries act, there is an allowance for a broader range of investments. Mr. Wolfe noted that once the funds are deposited, they are no longer Township funds.

Mr. Wolfe suggested that he did not think that anyone else has thought the process through to develop a LOSAP. Mr. Seeds questioned if the Township would be the first to do this. Mr. Wolfe answered yes.

Mr. Wolfe noted if the Board is okay with the Resolution to create the LOSAP Fund, it should be put on an agenda for adoption.

Mr. Wolfe noted that the Township Second Class Code permits the appropriation of funds to fire companies, the process to make rules and regulations for fire companies, by way of adopting an ordinance. He noted that he developed a LOSAP ordinance that establishes the authority to develop a plan for a LOSAP for firefighters and fire police who are volunteers of the Colonial Park, Linglestown and Paxtonia Fire Companies. He noted that the ordinance requires that the LOSAP address 13 items.

1. A LOSAP will be established to reward firefighters existing within the Township and to encourage other individuals to become firefighters.
2. The LOSAP provides a defined benefit stipend for volunteer firefighters and fire police who meet the criteria for the program.
3. To qualify for LOSAP funds, a firefighter would have to be in good standing in one of the three fire companies, and meet the definition of an active volunteer as defined by PA Act 66 of 2008. He noted that a volunteer must earn at least five points in fire and rescue response.

4. The LOSAP shall be funded by the Township's \$60,000 contribution, part of which comes from the real estate tax revenues. He noted that the fire companies have redirected those revenues from the Fire Equipment Capital Fund to the LOSAP fund.
5. The LOSAP shall undergo an actuarial evaluation every three years. He noted that the Township pension plans are evaluated every two years.
6. LOSAP benefits are provided in accordance with the actuarial evaluation conducted by Conrad Siegel, to determine the costs of the program. He noted that eligible volunteers must be between the ages of 18 and 65 and there is some discussion if it could include members beyond the age 65.

Mr. Seeds noted that he is in support of the LOSAP, and he is glad to see that the fire police have been added to the plan. He noted that the plan calls for five years of service beginning January 1, 2008, therefore, anyone who is 60 or older on that date would not be eligible for benefits. He noted that he did not think that that was fair. Mr. Wolfe noted that it is up to the Board to determine what is fair and equitable and then to fund it. Mr. Seeds suggested that wording should be added that any firefighters or fire police who are active members on January 1, 2008 and have obtained age 60 prior to that date, shall be exempt from performing any or all additional five years of service to qualify for LOSAP, but should be credited with any additional qualified years of service to age 65. All qualified years of service up to age 65 shall be counted for LOSAP benefits beginning 1/1/2013. He noted that this would be the first date that anyone could receive any benefits. Mr. Wolfe noted that the actuaries have not funded what Mr. Seeds proposed in their evaluation, only what is found on page five of the plan. He noted that what Mr. Seeds proposed has not been studied mathematically to determine costs. He explained that what was developed was reviewed during the Board's May 8th meeting, and any changes would result in the need for a new actuarial study that would have to be paid for. He noted that the more the Board adds to the plan the more money it would take to fund the program. Mr. Seeds noted that he did not think it was fair to cut someone out because of age.

Mr. Cerzullo suggested that the plan should not be postponed at this time because the fire company has filed a grant application in the amount of \$75,000 to the Safer Act. He noted that things could be amended, and he would recommend moving forward with what it has at this time. He noted that once he gets an answer on the grant application, the proposed plan would be to dump those funds into the LOSAP. He noted that, at that point, the plan could be reevaluated and if it would cost extra money, it would not have to come from Township funds, but the Township could contribute to it if it so desires.

Mr. Cerzullo noted that he understands that there are roughly three or four persons in that age group, and he would have suggested including members to age 70 and this would not have been an issue. He noted that he would recommend going with what was written, and once he finds out if the Fire Company has received the Safer Grant, then it would not cost the Township anything to increase the benefit. Mr. Seeds questioned who applied for the grant. Mr. Cerzullo answered that the Paxtonia Fire Company applied for the grant in the name of all three fire companies. Mr. Seeds questioned if he was aware that certain individuals would not receive any benefits. Mr. Cerzullo answered that he was not aware of it.

Mr. Wolfe noted that an actuary would have to determine the costs to include those members who are currently 60 or above. He noted, if it is found to increase the costs for the plan, then the Board could determine to add more funds to the program or make a lower benefit, taking the maximum benefit from \$300 to \$250 per month. Mr. Cerzullo noted that he agreed that it is not fair, and it is new to him, but he suggested that the process should move forward at this point.

Mr. Judd questioned how many volunteers would this cover. Mr. Seeds answered that it would be 10 or 12 members. Mr. Cerzullo noted that it would only cover three volunteers.

Mr. Minsker noted that he provided Mr. Seeds a short proposal to modify the resolution on section three, page three, section eight. He noted, if the age 65 requirement is eliminated, for the few people who are 60 or older, it would cover two volunteers who are older than 70, as of January 1, 2008. Mr. Seeds noted that he would not want to start the program until it is right. Mr. Minsker noted that no payments would be made for another four years.

Mr. Blain noted that the actuarial evaluation does not contemplate the change, therefore, a new actuarial evaluation must be recalculated, and it would increase the cost of the program which means the benefit would need to be cut or the amount of money going into the account would need to be increased. He noted that there could be a potential of a shared cost arrangement. Mr. Wolfe noted that he is concerned that a minor modification would necessitate an additional cost to fund the program.

Chief Payne noted that he was not updated by his fire companies' Committee member of what was going on with this program. Mr. Wolfe noted that there is no official Committee for this plan; he explained that he has met with several firefighters to develop a plan. He noted that there is a provision in the LOSAP to create a Committee, but that has not been done yet, and all the work completed up to this point is very preliminary. Chief Payne noted that his representative has not brought anything back to his fire company to the executive board of the fire company for discussion. He noted that he is waiting for a final draft as to what the plan would be so that his

executive board could vote to move it forward. Mr. Wolfe noted that no one is asking anyone to vote on this tonight, this is only a workshop discussion. He noted that he was seeking approval to set up the money fund at a future meeting. He explained that he was trying to provide an update to the Board members on the current status of the study.

Chief Shields noted that firefighters were not asked for their opinion as to where the money would come from. He noted that taking the money from the Fire Equipment Capital Plan may affect purchasing in the future. Mr. Wolfe noted that that was an agreement made between the Board and firefighters over a year ago and it has never changed. Chief Shields noted that it was never brought to his attention as a fire chief. Mr. Seeds noted that the Committee was invited to a meeting awhile ago to discuss this.

Mr. Needham noted that an individual from each fire company, Mr. Cerzullo, Mr. Swank and Mr. Crum were invited to join in a discussion on a LOSAP. He noted that they set small parameters, defined what an active member would be, who would be eligible to receive the benefits and there was a good working relationship with the three individuals. He noted that he was sorry that information was not passed on to each fire company from those individuals, but it was more of a brainstorming idea, and not a committee. He noted that the discussion from where the money would come from was agreed upon by the three fire companies.

Mr. Hawk noted that Mr. Crum is shaking his head. Mr. Crum stated that the person representing his fire company did not have the authorization to approve that. Mr. Hawk noted that it was not his fault. Chief Payne noted that he just received the information on the LOSAP, and he is not blaming anyone, but the information was only brought to him yesterday afternoon. Mr. Cerzullo noted that every time there was a new draft of a document, all three members had a copy of it. He noted that Mr. Crum never got back to him on the latest draft, and he sent him another email, and he stated that it looked good to him. He noted that communication between the four members working with Mr. Wolfe and some chiefs has been ongoing, and that the group needed to figure out how to fund the program. Mr. Wolfe noted that the Board would fund it by taking \$50,000 from the Fire Equipment Capital Fund. Mr. Cerzullo noted that he suggested that if this was to occur, then Paxtonia would be against it. He noted that further discussions were held, Mr. Wolfe answered the questions, and they stated that they would purchase nine pieces of equipment, which they have done according to the current plan. He noted that wherever the Township comes up with the money, as long as the three fire companies get their fire trucks, is fine with him. He stated that he doesn't care where the Board gets the fund, but noted that they stated that they would provide nine pieces of apparatus and a LOSAP. Mr. Wolfe noted that that

is what the Township has done. He noted that he requested a draft of the ordinance to review before the meeting with the Board, and he knew that Mr. Swank has a question from Chief Shields so he knew that there was communication within the fire companies. He noted that the only communication that he received from Mr. Crum was that he was fine with the changes, and he apologized for the lack of communication with the Linglestown Fire Company.

Mr. Judd noted that this sounds like it is a Public Safety Committee problem and he would hate to see it fail. He questioned if there was a time limit for this program. Mr. Wolfe noted that the Township is up against certain time restraints. He noted that the program was to be affective January 1, 2008, and it is already a year behind. He explained, if the money is not deposited into the fund, and invested, there won't be anything to fund the benefits, and suggested that the fund parameters could be developed at a later time. He noted that the Board must decide that it would go through with the LOSAP in some form and then start to put the money in an account.

Mr. Judd questioned if the money comes from the real estate revenue fire tax. Mr. Wolfe answered that it was real estate tax revenues that come from the dedicated fire tax. Mr. Seeds noted that the three fire companies need to talk about the LOSAP. Mr. Cerzullo noted that they have been talking about it.

Mr. Judd questioned if the Board would provide a time limit for the fire chiefs to get together. Mr. Cerzullo noted that the fire chiefs are not the ones working on the draft. Mr. Judd noted that Chief Shields has a concern about where the funds are coming from. Mr. Wolfe noted that the fund has been established, and the money is the property of the three fire companies, and the Township cannot take it back, noting that the Township needs to fund it with \$120,000 to bring it up to date.

Ms. Smith questioned if the fire companies have to decide on the LOSAP. Chief Payne noted that the Linglestown Fire Company speaks as a company and he is the chief, but when it comes to something that would affect a retirement plan; he would want the membership to tell him what they want. He noted that he needs to iron out some details and he cannot speak for his fire company.

Mr. Minsker noted that the concept is great and doing pioneer work, but it should not get lost in the details. He noted that the concept is tremendous. Mr. Blain noted that Mr. Minsker is 100% right, and only a few minor details need to be worked out.

Mr. Judd questioned why this did not come through the Public Safety Committee. Mr. Needham noted that the Public Safety Committee should not be involved as it is a fire company

issue, and he explained that it would take four years to implement the plan. Mr. Cerzullo noted, if the fire companies receive the grant, it eliminates the issue of changing the age requirement. Mr. Hawk noted that the LOSAP is missing an investment opportunity.

Mr. Stine noted that now there are more fundamental issues than there were before. Mr. Crissman noted that the concept is great, but he is also hearing diversity in terms of where the money should come from. He noted that it is a basic concept, and if the fire companies don't want the money for LOSAP and only capital improvements, then the entire issue is dead. Chief Shields noted that taking the money from the Capital Fund does not take in the long range goals regarding the funding for future equipment purchases. He questioned where the money would come from to maintain the apparatus as it gets older. He noted that too much money is being pulled from one pot. Mr. Crissman noted that the three companies must talk among themselves as opposed to being three separate communities. Mr. Cerzullo noted that the group thought that they were. Mr. Crissman noted that Mr. Cerzullo did his job.

Mr. Hawk questioned Chief Shields where the Township is expected to get the money to fund the LOSAP. Chief Shields noted that everything is coming out of one pot, and he questioned where the Township would get the money. Mr. Seeds noted that the idea behind the LOSAP was to promote volunteerism. Mr. Cerzullo questioned if what he said about the fire trucks would change. Mr. Seeds noted that the Township already purchased the nine fire trucks. Mr. Cerzullo questioned if the Township would continue to supply additional fire trucks. Mr. Blain noted that the Board has a commitment to continue to supply fire equipment to the three fire companies; however the Township cannot fund every program under the sun. Mr. Crissman noted that the three fire chiefs are going to have to work together collectively and put a long-term purchasing plan together.

Mr. Hawk noted that the Township has four years to build the parameters for the program, but, in the meantime, it would hold off depositing money in the fund, and lose investment income. He questioned how the firefighters want to set up the LOSAP so the details come together. Mr. Wolfe explained that the Township only earns roughly 1.5% in interest on Township funds.

Mr. Judd questioned if this would come before the Public Safety Committee since it is using tax dollars.

Mr. Stine explained that it would be the first legal program that the Township would fund using the individual fire tax. Mr. Crissman noted that the Board cannot come up with the details for the plan until there is agreement from where the Board wants the funds to come from. He

noted if the firefighters want the funds for equipment, then they would not have it for the LOSAP. He noted that a determination must be made, and they are not communicating among themselves. Mr. Blain suggested that the Board may have to have some discussions on the funding for the Fire Equipment Capital Fund. Mr. Hawk suggested that the fire chiefs and presidents need to meet to discuss this issue further. Mr. Seeds agreed that they should meet and then come back to the Public Safety Committee.

PSD Bair noted that the first issue is if the three fire companies wish to have the funding come from the Fire Equipment Capital Fund. He noted that everything depends on that answer. Mr. Blain noted that the Township donates \$200,000 to Fire Equipment Capital Fund each year since it was changed to put the additional \$50,000 into the LOSAP. He noted that the pot has not changed, and the Township has made a commitment to buy three fire trucks every five years, but there would be a smaller pot to purchase the apparatus from. Mr. Blain noted that the Board could not make a commitment to purchase three pieces of apparatus every so often without increasing the amount of funds that it would have to put into the Fire Equipment Capital Fund. Mr. Hawk noted that the question remains, where the money comes from. He noted that it would have to come from the taxpayers which would mean raising taxes. Ms. Smith noted that the taxes would need to be raised in order to establish a LOSAP. Mr. Seeds noted that the Township needs to be able to purchase fire apparatus also.

Mr. Hawk noted that the Board members need to talk about it, and the Committee needs to talk about it as well, and then they should get together in the future.

Mr. Judd noted that it seems that the group would prefer to keep their work on the LOSAP outside of the PSC, then it would be okay with him. Mr. Seeds noted that the LOSAP is an item for the three fire companies to decide and then feed it back to the PSC.

Mr. Wolfe suggested that there were two remaining items to be discussed with Chief Bair could be tabled until the next Board workshop meeting.

Review of the results of the 2008 Citizens' Survey of police services
Continued discussion regarding options for providing towing services
at the scene of vehicle accidents.

"Otta Know" Presentation - No items scheduled

Adjournment

There being no further business, Mr. Blain made a motion to adjourn the meeting. Mr. Hornung seconded the motion, and the meeting adjourned at 10:50 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

Gary A. Crissman
Township Secretary