

June 6, 2016
7:00 PM

The workshop of the Monroe Township Municipal Authority was called to order by Chairman Miller to review the Municipal Authority budgets for 2017.

ATTENDANCE

Kevin Miller, Chairman
Sue Sunday, Vice Chairperson
William Beck, Treasurer
Ronald Eckerd, Secretary

Karen Lowery, Recording Secretary

NORTHERN DISTRICT

Mr. Eckerd provided a memo and detailed account information. He stated that the 2010 Bond was callable in August 2015. The bond will not be paid in full until 2035 and has an interest rate that climbs to 4.375%. The principal amount of this bond is \$690,000, which could be paid in full in 2017 and would save \$327,000 in interest. To do this the remaining amount in the Capital Projects fund would be used. Mr. Eckerd stated that Mr. Pykosh has already checked with bond counsel regarding the use of these funds. Funds would also be used from the Capacity Fund. The bulk of the funds would come from the Sewer North fund. According to the cash flow statement, if \$600,000 was used to pay off the 2010 bond there would still be a balance of \$255,000 in that account. Mr. Eckerd added that the 2011 Bond has a lower interest rate and will be paid off in 2025.

Mr. Eckerd added that we need a definite description of what the Capacity funds can be used for.

Mr. Miller said that he doesn't foresee any major repairs in the Northern district. There are some I&I areas that need to be investigated.

Mr. Eckerd added that all of his calculations are based on reducing the quarterly rate in the Northern district to \$200 per quarter.

Ms. Sunday said this seems like a conservative budget and we should be able to live with it.

Mr. Eckerd stated that PNC sent out information to refinance the current bonds and a large payment would go to Bond Counsel to handle the refinancing. Refinancing wouldn't give us near the savings that paying off the 2010 bond would. Mr. Kuhl asked if there would be any charges for paying off the bond early.

Mr. Miller said this is a good 1st pass at the budget. He would like the Board to absorb this information, get answers to some of the questions and then look at it at the June meeting. At the June meeting the Board can decide to pass this on to the Supervisors.

SOUTHERN DISTRICT

Mr. Beck provided a memo and detailed account information. He stated that his calculation are based on reducing the quarterly rate by \$15, which would make the rate \$335 per quarter. He stated that he has included \$40,000 in the budget for I&I work. Mr. Beck stated that there isn't much change in the Capacity Fund. In the Capital Projects fund he included the SMTMA project, the Leidigh pumps, and the Sandy pumps.

Mr. Beck would also suggest paying off two loans. The first would be the 1978 Tapping Fee loan with SMTMA. There is a balance of \$13,500 due on this and by paying it off we would save \$1,700 in interest. He would also suggest paying off the 2011 Note with no penalty. The savings would be \$59,000 over 10 years. He added that the 2017 budget reflects the savings of paying those loans off.

Mr. Beck stated that in the Sewer South fund there would be a \$970,000 balance after paying off the loans. This would give 348 of coverage if something was to happen. He had heard that 100 to 125 days of coverage was a suggested amount.

Mr. Beck budgeted \$40,000 for I&I. He asked if more was needed. He suggested seeing what is spent in 2017. It would be a good starting ping and will eventually save money.

Mr. Beck added that the rate reduction is conservative at \$15 per quarter. He feels that we need to do something to let people know we are behind them. The public's trust is at stake.

Ms. Sunday appreciates the clarity of the reports, they are very easy to understand. This is the start of a journey dealing with debt, reducing rates and dealing with I&I issues.

Mr. Miller stated that the new pumps at Sandy were installed and a rock immediately jammed the impeller. This issue was fixed, but the installer said that the amount of water flowing through the pipe was like nothing he's seen.

Mr. Miller stated that this is the first step, working on debt reduction and possibly a small rate reduction. We need to be cautious.

Mr. Miller added that they would like to check the manholes close to a rain event and will be focusing on the Sandy area.

Mr. Kuhl added that he and Mr. Pykosh will be meeting with Bond Counsel on Monday at 2:30. If anyone has any questions they would like him to ask, please submit them by Friday.

ADJOURN

On the motion of Ms. Sunday, and seconded by Mr. Eckerd, and by unanimous vote of the members it was duly RESOLVED to adjourn the workshop at 8:10 PM.

Respectfully Submitted,

Karen M. Lowery
Recording Secretary