

September 25, 2017  
8:15 AM

The Joint Meeting of the Township Board of Supervisors and the Municipal Authority was called to order by Chairman Kehoe.

ATTENDANCE

Phil Kehoe, Chairman	Catalina Araiza, Manager
Carl Kuhl, Supervisor	Greg Rogalski, Engineer
A.W. Castle, III	Michael Pykosh, Solicitor
Kevin Miller, Chairperson M.A.	Paul Lundeen, Special Counsel
Sue Sunday, Vice Chairman M.A.	Ben Reid, Special Counsel
Ron Eckerd, Secretary M.A.	Karen Lowery, Recording Secretary

Mr. Kehoe thanked the Boards and professional staff for meeting to discuss the proposed Agreements with South Middleton Township for the Allenberry Development.

Mr. Kehoe provided a recap regarding the two contracts to provide sewer to the new Allenberry Development that is ready to start building. He stated that Allenberry was sold two years ago and the new owner is ready to start the new development of 128 homes. This development has been on the books for 13-14 years and the only sewer that was available was 16 EDU's, which would need to be dealt with. For the past year and a half Monroe has attempted to obtain sewer capacity to move the development forward. Monroe has been working with, South Middleton Township Municipal Authority (SMTMA), and more recently South Middleton Township (SMT), along with Mr. Beck, Mr. Lundeen, Mr. Rogalski and Mr. Pykosh. The first document that is primarily between SMT and the Trinity Development is the Development Agreement, but Monroe is a party to because the development is in Monroe. To support the Developers Agreement a Connection Agreement is needed to address the technical points between Monroe Township and South Middleton Township in order to tie in sewer and the business terms. This entire process between our townships has been unprecedented. SMT has leaned far forward to work with Monroe to put an agreement together to benefit both townships and ultimately get the development moving. The long term benefits of the Allenberry Resort rehabilitation and the development with help both townships and we think we have a structure that could move forward. The key points are that the Allenberry development sewer bill will go directly to SMTMA and they will be charged the same rate as the Monroe Township southern sewer customers of \$350 per quarter. SMTMA will run water lines into Monroe Township and directly supply the development. The other point is that there is a commitment with limitations that SMT has expressed a desire to evaluate the southern sewer system and determine a cost to make an offer to possibly acquire the system. SMT has provided a letter of intent and to be clear the letter states that the townships will work together to see if there is a business structure that will work for both townships, but there is not a guarantee the acquisition will happen. He added that this is the most significant and real opportunity that has been identified to date that could possibly solve the southern sewer issues.

Mr. Kehoe stated that Mr. Reid of Rhoads & Sinon has been working on the Connection Agreement, which is the meat of what impacts Monroe. The Developers Agreement has been reviewed and a few points were offered. Trinity has signed the Developers Agreement. The agreements are before us as a whole to discuss and if possible agree to them or identify any changes that need to be addressed. If we support the agreements SMT would be notified they may address this at their Supervisors meeting on Thursday and then the agreements could be passed onto the SMTMA for their October 9<sup>th</sup> meeting.

Mr. Rogalski stated that the township is signatory to the Developers Agreement. The language is that the township is aware of the agreement, not really a party of the agreement. Mr. Lundeen agreed that Monroe Township is consenting to the service, but the agreement is actually between SMT and Monroe Township Municipal Authority.

Mr. Castle said that this is an excellent opportunity. At our last meeting 2 South Middleton Supervisors, the manager and solicitor were present, which is the first positive step by South Middleton. He is very interested in getting the agreements worked out and thinks that SMT has the financial ability to correct the southern sewer problems. He is in favor of working with South Middleton.

Mr. Kehoe said a considerable amount of time has been put in by the professionals. There was a joint meeting with Mr. Kehoe, Mr. Rogalski, Mr. Beck, SMT representatives, SMTMA representatives, GHD (SMTMA engineer) and Trinity MSB. After some issues the joint meeting turned into a true working session and the engineers followed up on certain items.

Mr. Kehoe wanted to acknowledge Mr. Rogalski for his support. Mr. Rogalski was packing to go to Houston with FEMA to help with hurricane recovery for a 24 day period and was in an airport not knowing what he was in for, but was sending emails to GHD and Monroe regarding this matter. Monroe Township thanked Mr. Rogalski for his continued support.

Mr. Miller said that for this development to be successful water and sewer so this agreement has merit and needs to be reviewed. There were concerns about the water, but SMTMA will be providing that and sewer will be provided to a dense housing area, so we are taking the right steps.

Ms. Sunday had a question about the Connection Agreement. On pages 4 and 6 it refers to 2,949 EDU's as the total capacity of the Monroe interceptor. Where did this information come from? Mr. Rogalski said it's a different number. The Allenberry development will tie into the existing main so he calculated the hydraulic capacity of the main to compute a percentage since it will be shared. The main can carry almost 3,000 EDU's, but realistically we only have the capacity by agreement flowing through. Mr. Miller asked if this was to help cover connection costs. Mr. Rogalski said the essentially we are looking for money back for the cost of the pipe and building costs. Mr. Lundeen added that Monroe should get some money from the development because they are using facilities Monroe paid for. There are costs to build and maintain the line.

Mr. Eckerd mentioned that the Developers Agreement does not benefit the southern sewer district, but it would be a benefit to Monroe Township as a whole. Mr. Kehoe agreed, stating that the development will provide tax base increase, assists the township in the long term and could help Monroe Elementary. He

added that Mr. Kuhl has shared concerns with the greying of our population and the longer term impact on our income tax. This additional population would help the township. Ms. Araiza has been in touch with Allenberry to share marketing plans to bring people in, so there are long term benefits to this development. Mr. Kehoe added that the agreement doesn't provide a solution to the long term debt or I&I issues, but it does provide the potential opportunity with the acquisition of the system. He added that there is 9 million dollars of debt that is a Monroe Township issue, not just a southern district issue, because Monroe Township has secured this debt.

Mr. Kuhl referred to page 3 of the Connection Agreement and asked if any land outside of the development would be impacted by these agreements or if any right-of-way would need to be obtained. Mr. Rogalski said the physical sewer connection is on the Allenberry property. It is our understanding that the water main would be replaced along Route 174 and the existing water customers would be connected to the new main. The residents along the water main who do not have public water would have the opportunity to connect, but would not be forced to connect. He added that a concern from early on was if we invite SMTMA into Monroe Township do we have a way to stop them. In both agreements there is language to keep SMTMA from expanding. It would be an option that Monroe could ask for in the future, but there are limits in place. Mr. Lundeen added that paragraphs 6 and 7 address this matter.

Mr. Rogalski stated that there was discussions that the resort wanted to construct an addition to the main building, but the addition would have to have a sprinkler system which could not be provided. He believes the availability of water could open up doors for the possible expansion.

Mr. Kuhl said that he could not find a legal definition in the ACT 537 plan regarding the limits or boundaries of the southern sewer district. Mr. Rogalski stated that is was a working definition to anything that flows to the South Middleton Plant. Mr. Lundeen agreed that the area is whatever feeds into the treatment plant. Further down the road it may be best to define the areas for extension and the possible acquisition process.

Mr. Kehoe stated that Mr. Salzman is the SMT solicitor and he has an extensive background in sewer. He has brought new thoughts to the table of a regional authority.

Mr. Miller asked if the connection value would be credited or paid to Monroe. Mr. Lundeen assumed it would be credited to Monroe, but that will be determined. Mr. Rogalski added that half would be paid at the signing and half would be paid 2 years later. Mr. Miller said the only thing we would notice is a lower O&M charge of \$13,000. Mr. Rogalski said yes.

Mr. Clancy said we need to look down the road to the potential acquisition and the agreements before us today. This is a fairly lucrative agreement for SMT and we need to keep that in mind with the potential acquisition of the entire system. There is no financial upside for Monroe Township or Monroe Authority other than we want to play nice. It is important to keep in mind that this development may not happen without this agreement. And as we move forward the grand scheme of 128 homes will be good for the tax base and schools. This is a good agreement and opens up future possibilities, but we need to remember that they are not doing us a favor, they are gaining something significant.

Mr. Kehoe said the first attempt was to amend the original agreement, which SMT thought would be

the most direct solution, but it was not successful because the SMTMA refused. There have been 18 months of negotiations working to come up with a structure. There have been overtures that if the acquisition comes to be, the extra revenue from the higher sewer rate would be used toward I&I repairs. With all of that aside, today SMT would get extra capacity, revenue flow from sewer and water. This is the only structure to get the extra EDU's.

Ms. Sunday said there is a benefit potential of a more productive relationship, which benefits us in the long run.

Mr. Kehoe added that section 19 of the Connection Agreement offers a tradeoff for legal and engineering expenses incurred. SMT would provide Monroe \$40,000 to offset the expenses and then an inter-municipal agreement would be established for SMT to provide residential building inspections to Monroe Township for this development. This has been discussed with Mr. Rogalski and Pennoni Associates and they are okay with this. This is another first and a test to see if the two townships can get along and do real work, which could open future doors.

Mr. Castle said he was very impressed to have the SMT officials at the last meeting with such positive attitudes toward Monroe Township.

Mr. Miller asked if Monroe was getting their fair share from the interceptor. Mr. Rogalski said he pulled the information and did the calculation and he feels they are getting their fair share. He said this is really a leap of faith.

Mr. Kehoe stated that Mr. Pykosh advised those involved to look at the merits of this agreement and that things could change. These agreements have been the single route identified for the needed sewer capacity, water was a secondary item. He added that this will not affect the sewer structure of the resort, this is for the development only.

Mr. Clancy asked if the residential building inspection fees would be paid to Monroe. Mr. Kehoe said yes, it would flow through. He had a meeting last week with Ms. Araiza, Mr. Adams, SMT Manager, and their Secretary to develop a structure to maintain the building permit review and approval process. This will be worked on to create the most optimal process. He added that recreation fees will still go to Monroe.

Ms. Sunday said this is a positive step in a contentious relationship and the fact is that change is good. The Allenberry developer's agreement is good and a move in the right direction. Working together with more people you come up with better ideas, we are there with SMT and hope to eventually get there with SMTMA.

Mr. Kuhl asked if there is any protection for the 128 homes to keep the rates from increasing in the future. Mr. Lundeen said there is nothing that prevents higher rates, they are just not permitted to lower the rate. Mr. Kehoe added that the risk would be very unlikely. Mr. Rogalski stated that the rates have to be calculated and you have to prove the rates must be what they are set to.

Mr. Reid said that the only possible negotiation would be a comment received from SMTMA. The

Developer's Agreement has a hard 10 year time frame, but they would like more flexibility with the Connection Agreement. The agreement could be amended to extend the time past 10 years.

**On the motion of Mr. Kuhl, and seconded by Mr. Castle, and by unanimous vote of the Supervisors it was duly RESOLVED to approve the Developer's Agreement, Connection Agreement and Letter of Intent as currently written, to authorize Mr. Kehoe to execute the documents as the Chairman of the Supervisors and approve any minor changes to document.**

**On the motion of Ms. Sunday, and seconded by Mr. Clancy, and by unanimous vote of the Authority Members it was duly RESOLVED to approve the Developer's Agreement, Connection Agreement and Letter of Intent as currently written, to authorize Mr. Miller to execute the documents as the Chairman of the Municipal Authority and approve any minor changes to document.**

Mr. Kehoe said this is a big step for all and leap of faith for a new community in the township.

#### DEER ROAD SEWER ISSUE

Mr. Rogalski stated that there was a depression on Deer Road over the sewer line that had been patched, but on Friday and it opened up and needs to be investigated. He is asking for authorization to have the line televised to see what the issue is. The estimate was \$1,700 for 4 hours of work.

On the motion of Ms. Sunday, and seconded by Mr. Clancy, and by unanimous vote of the members it was duly RESOLVED to approve televising the Deer Road issue for \$1,700.

#### ADJOURN

**Mr. Kehoe adjourned the joint meeting at 9:30 AM**

Respectfully submitted,

Karen M. Lowery  
Recording Secretary