

MINUTES
UNIVERSITY AREA JOINT AUTHORITY
1576 SPRING VALLEY ROAD
STATE COLLEGE, PA 16801
Regular Meeting – May 18, 2011

1. Call to Order

Mr. Schmalz, Chairman, called the scheduled meeting of the University Area Joint Authority to order at 4:00 p.m. Wednesday, May 18, 2011.

2. Roll Call

The meeting was held in the Board Room in the office of the Authority with the following in attendance: Messrs. Ballenger, Dietz, Ebaugh, Lapinski, McShea, Mellott, Schmalz, Zeigler and Ms. Barnes; Cory Miller, Executive Director, Dave Smith, Assistant Executive Director; Dick Lahr, Collection System Superintendent; Art Brant, Plant Superintendent; Richard Campbell & Dave Gaines, Solicitors; Doug Weikel and Ben Burns, Consulting Engineers; Janet Sulzer, Centre Region Planning; Scott Shearer, Public Financial Management; Lou Verdelli, Royal Bank of Canada; Jason Wert, Mercuria Energy; and Kathy Wheeler, Recording Secretary.

3. Reading of the Minutes

3.1 UAJA Regular Meeting – April 20, 2011

UAJA Meeting Minutes Approved
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A motion was made by Mr. McShea, seconded by Mr. Zeigler, to approve the minutes of the UAJA meeting held on April 20, 2011. The motion passed unanimously.

4. Public Comment

None

5. Old Business

5.1 Interest Rate Swaption Report

In July 2005, UAJA entered into an interest rate Swaption agreement with the Royal Bank of Canada (RBC). The purpose of the Swaption was to provide some relief from pressures to raise rates by increasing revenues in the form of guaranteed annual payments from RBC from 2005 through Fall of 2011. This agreement, combined with a constant maturity interest rate swap agreement entered into at about the same time, has provided a net increase in revenues of \$4 million over a period of six years.

In November 2011, the exercise date of the Swaption will arrive, and UAJA will either have to abide by the agreement, issuing variable rate debt as required by the agreement, or pay the termination fee to end the agreement. No matter which option is selected, UAJA will net a minimum of \$1 million from the agreements over their life.

Mr. Shearer presented to the Board the Financial Analysis for UAJA. The topics for discussion were: 1. Dept/Swap Update including current debt outstanding; current swaps outstanding and current CMS Swap performance. 2. Swaption Decision Tree; 3. Potential Financing Options that included Option 1A-Fixed Rate & Termination of Swaption; Option 1B-Fixed Rate & Termination of Swaption & CMS; Option 2- Variable Rate & Entrance and Potential timeline; 4. Market Update. Following the discussion Mr. Miller indicated that a decision was not required at this meeting. If Board members had questions that they could forward them to Mr. Miller so that they could be answered. Mr. Miller indicated that a final decision is required at the July 20, 2011 Board meeting.

5.2 Series 2006 Bond Refinancing

Mr. Shearer presented to the Board the 2006 Refunding Analysis opportunity. Mr. Miller indicated that no action is required at this time but assuming market conditions are still favorable at the June 2011 meeting, the Board will be asked to consider authorizing staff to proceed with the refinancing.

5.3 2010 Audit

Field work for the Audit was conducted April 11 – 15. Staff feels that the work went smoothly. Maher Duessel is now compiling the data and formulating their report. Provided in your board packet was the Draft Management Letter, the Draft Management Discussion and Analysis, Draft Statement of Revenues and Expenses, Draft Statement of Net Assets, and Draft Statement of Cash Flows. I have highlighted some lines that will certainly be changing from Draft to Final documents. This has to do with the new GASB 53 relating to Swaps. We have an independent valuation of our Swap deals done each year. Maher Duessel is in the process of incorporating this information. Mr. Smith stated that he will have the “Draft” Audit to the treasurer by June 1st for review and the final draft to be presented to the Board by the June meeting. The auditor will be present for the June meeting to answer any questions.

5.4 Public Water Supply Permit – High Purity Water Bottling

At the April meeting this item was tabled to allow time for the Board members and staff more time to consider the matter.

**Public Water Supply
Permit – High Purity
Water Bottling
Denied**

A motion was made by Mr. Lapinski, seconded by Mr. McShea, to authorize staff to work with Mercuria and HRG to complete the public water supply permit application with the all costs being reimbursed or paid directly by Mercuria. The motion was defeated as follows: Ballenger, Barnes, Ebaugh and McShea voting in favor of the motion and Dietz, Lapinski, Mellott and Zeigler voting against. Chairman Schmalz broke the tie vote by casting his vote against the motion.

6. New Business

6.1 Requisitions

2010 Construction Fund #20	Sippel Development	\$91,715.72
	Pay App #1 Bore/Siphon Project	
2010 Construction Fund #21	Ferguson Waterworks	\$28,480.05
	Installment #2 Pipe and Fittings	

**Requisitions
Approved**

A motion was made by Mr. McShea, seconded by Mr. Lapinski, to approve the 2010 Construction Fund Requisitions # 20 & 21. The motion passed unanimously.

6.2 Discussion as suggested by Chairman Schmalz of the UAJA Rate Structure

The Board asked the this item be moved to the October/November 2011 meeting schedule to allow for more time to research to see what billing method Authorities are using that are comparable to UAJA and gather other pertinent information. Mr. Schmalz asked the following to serve on the Rate Structure committee: Mr. Ballenger, Mr. Mellott and Mr. Zeigler.

7. Reports of Officers

7.1 Financial Report

Mr. Smith reviewed with the Board the YTD budget report for the period ending April 30, 2011.

7.2 Chairman’s Report – Nothing to report.

7.3 Compost & Septage Operations Report

The following comments are as presented to the Board in the written report prepared by Jason Brown, Project Manager.

COMPOST PRODUCTION AND DISTRIBUTION

	<u>Jan. 2011</u>	<u>Feb. 2011</u>	<u>Mar. 2011</u>	<u>Apr. 2011</u>	<u>May 2011</u>	<u>Jun. 2011</u>
Production	732 cu/yds.	811 cu/yds.	802 cu/yds.	701 cu/yds.		
YTD. Production	732 cu/yds.	1,543 cu/yds.	2,345 cu/yds.	3,046 cu/yds.		
Distribution	0 cu/yds.	0 cu/yds.	386 cu/yds.	708 cu/yds.		
YTD. Distribution	0 cu/yds.	0 cu/yds.	386 cu/yds.	1,094 cu/yds.		
Immediate Sale	0 cu/yds.	0 cu/yds.	811 cu/yds.	884 cu/yds.		
Currently in Storage	2,309 cu/yds.	2,388 cu/yds.	1,613 cu/yds.	1,585 cu/yds.		

SEPTAGE OPERATIONS

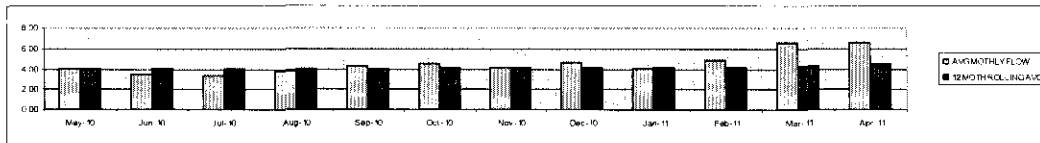
	<u>Nov. 2010</u>	<u>Dec. 2010</u>	<u>Jan. 2011</u>	<u>Feb. 2011</u>	<u>Mar. 2011</u>	<u>Apr. 2011</u>
Res./Comm.	16,950 gals.	8,100 gals.	0 gals.	3,000 gals.	3,000 gals.	3,600 gals.
* Other Flow	66,000 gals.	176,000 gals.	0 gals.	0 gals.	147,660 gals.	191,700 gals.
CH/Potter	3,747.99 lbs/solids	5,808.81 lbs/solids	4,532.79 lbs/solids	6,713.70 lbs/solids	6,655.32 lbs/solids	6,380.10 lbs/solids
Port Matilda	1,531.22 lbs/solids	583.80 lbs/solids	447.13 lbs/solids	2,251.80 lbs/solids	1,017.48 lbs/solids	2,201.76 lbs/solids
Huston Twp.	733.92 lbs/solids	467.04 lbs/solids	0 lbs/solids	400.32 lbs/solids	533.76 lbs/solids	567.12 lbs/solids
Total Flow	137,850 gals.	241,300 gals.	55,000 gals.	79,600 gals.	226,160 gals.	263,300 gals.

7.4 Plant Superintendent's Report

The following comments are as presented to the Board in the written report prepared by Art Brant, Plant Superintendent.

Plant Operation

The treatment plant is operating well with no exceptions to our NPDES permit. The 12-month rolling average flow for April was 4.53mgd with the average for the month being 6.58mgd. Please see chart below.



DEP inspected our facility on April 14, 2011. No deficiencies were noted.

Treatment units on line are as follows: primary clarifiers #5 and #6; aeration basins #1 and #3; secondary clarifiers #1, #2, #3 and #4; eight tertiary filters.

Plant Maintenance

- Replaced a portion of the underground cable for the security gate and street lighting.
- Cleaned the Main Station wet well.
- Replaced the oil sensor in the Primary Scum Pump.
- Installed the rebuilt motor for Centrifuge Feed Pump #4.
- Installed sight level tube the Carbon Feed Tank.
- Replaced the anti-clog bars in the Dewatering Primary Pumps.
- The Booster Station was started for the season.
- Replaced the motor starter and control transformer in MAU-1302.
- Replaced the ignition switch in the street sweeper and the battery in the skid steer.
- Installed the spare lift cylinder on Composter #1 and rebuilt the spare cylinder.
- Replaced worn weir brushes on the Secondary Clarifiers.
- Repaired the backwash line on AWT Feed Tank Strainer #1402.

Reuse Total

Total for 2011----- 5,026,000 gallons.
Total for April 2011-----2,090,000 gallons.
Total Reuse Water Distributed to Date-----167,435,400 gallons.

7.5 Collection System Superintendent's Report

The following comments are as presented to the Board in the written report prepared by Richard Lahr, Collection System Superintendent.

Mainline Maintenance:

- (UA) Lateral Installations – (0)
- (UA) Lateral Repairs – (0)
- (UA) Mainline Cleaning – (15 manholes inspected- 2,775 feet cleaned)
- (UA) Mainline Repairs – (0)
- (UA) Manhole Repairs – (0)
- (UA) Manhole Casting Repairs – (11)
- (FTA) Lateral Installations – (0)

- (FTA) Lateral Repairs – (0)
- (FTA) Mainline Cleaning – (0) manholes inspected- 0 feet cleaned)
- (FTA) Mainline Repairs – (0)
- (FTA) Manhole Repairs – (0)
- (FTA) Manhole Casting Repairs – (0)

We have started restoration of the reuse line across the golf course. We also did some maintenance on equipment

(A)Construction &(B)I/I Inspection: (A)(We TV'd 1,550 ua/0 fta feet of mainline and inspected 9 ua/0 fta MH's .) (B)Tested/Grouted – (MH's grouted ua 19 fta 0 /Joints tested ua 41 fta 0 /grouted ua 41 fta 0 /) (Grout used 593.0/Gal.). Estimated I/I-flow decreased (285,120gpd/= 1,692 EDU's). We are continuing to monitor flow meters in the service area.

Lift Station Maintenance:

Routine maintenance and general housekeeping was completed and all stations are reported to be operating normally.

We cleaned grease out of the wet-wells. We also had maintenance done on the telemetry repeater. We did some concrete repair on the inside of the wet-well at Ghaner#2. We removed the gate at Scott Road to allow room for pumper truck access when needed.

Inspection: Provisional As-builts Approved: None

Mainline Construction:

- a. Aikens-Boalsburg – Construction is approximately 75% complete and should restart soon.
- b. Rocky Ridge, ph1 – Construction is approximately 95% complete and put on hold by the Developer.
- c. Waddle Heights – Construction is complete and we are awaiting As-built revisions.
- d. Hospital Expansion – New lateral construction is approximately 90% complete.

New Connections:

a.	Single-Family Residential	11	c.	Commercial	2
b.	Multi-Family Residential	0	d.	Industrial	0
TOTAL					13

PA One-Calls Responded to 4/1-30/11: **321**

7.6 Engineer's Report

The following comments are as presented to the Board in the written report prepared by the Consulting Engineer.

Retainer

HRG is currently reviewing pumping conditions at the Ghaner Pumps Stations to determine if long term operation of both force mains out of Ghaner Pump Station No. 2 would deleteriously impact the pumps or other facilities.

Big Hollow Interceptor Rehabilitation

A reimbursement request has been completed for the Act 537 Plan to allow for the potential granting of ±\$50,000 in project costs. Based upon recent correspondence, actual funding is not anticipated until later in 2011.

- **Contract 09-2:Big Hollow Forcemain Installation and Appurtenances**
HRG provided detail drawings, sample specifications and performance bonds to assist UAJA Staff in material procurement. HRG provided assistance with the review of received bids and submitted material data provided by the potential suppliers. A Pre-Construction Meeting with PSU was held on April 5, 2011. Stake-out of the forcemain was completed for use by

the UAJA’s field crew.

- Contract 09-3: Big Hollow Siphon and Highway Crossing
 Highlights of the Construction Phase of the Big Hollow Siphon and Highway Crossing project are as follows:

Contract Summary (of May 12, 2010)

Contr. No.	Contract	Contractor	Notice to Proceed	Substantial Completion Date	Time Remaining (days)
09-3	Big Hollow Siphon/Hwy Crossing	Sippel Development Co., Inc.	3/15/11	7/13/11	62

- Job Conference Number 2 was held on May 11, 2011
- The casing pipe and carrier pipe have been installed under Spring Creek along with partial installation of the siphon manhole.
- The boring operation under I-99/SR-322 has commenced. Approximately 80 L.F. of casing has been installed.

Change Orders/Work Change Directives

WCD #	Estimated Amount	Reason
1	+ \$11,010.00	As discussed during the April meeting, to lower the Spring Creek crossing to reduce potential impacts to the stream bed.
2	\$0	Relocate the Siphon Flushing Chamber to the opposite side of Spring Creek
3	\$0	Replace the tee within the Flushing Chamber with a tapping saddle to reduce space constraints and to provide future flexibility for repairs
4	\$0	Adjust the launching and receiving elevations of the casing pipe under I-99/SR-322 to avoid conflicts with existing utilities

Applications for Payment

Application for Payment Number Two has been received and reviewed. Payment is recommended as summarized in the following table:

Contract Number	Application for Payment No.	Current Payment Due	Contract Price To Date	Total Work To Date	% Monetarily Complete	Amount Remaining to Pay*
09-3	2	\$91,715.72	\$815,000.00	\$132,820.18	16.3%	\$695,461.84

Including Retainage after Current Payment Due

- Contract 09-4/5/6 Big Hollow Diversion Pump Station (General, Mechanical, Electrical)
 The Pump Station Building has been re-designed to a more compact size. The diversion chamber has been re-designed to accommodate its relocation, pump selection is being confirmed and electrical/control design has commenced. Anticipated bidding will be in summer of 2011.

Carbon Addition Study

HRG has updated the previously completed Carbon Addition Study and stand ready to assist UAJA Staff to complete further investigations to lower the nitrogen discharge. Denitrification monitoring data is reviewed as it is received.

Mt. Nittany Extension and Storage Tanks

The Water Quality Management Permit was received for the project. A coordination meeting was held with GOH on April 11 prior to re-start of construction. We are also coordinating the power service and control equipment manufacture.

Reuse Water Quality Assurance – Quality Control Plan

We have responded to minor PADEP comments concerning the Water Quality Management Permits.

Constructed Wetlands Master Planning

An NPDES Permit Application has been submitted to PA DEP for the two stream augmentations and wetland discharges. We have also completed and submitted a DEP/ACE Joint Permit Application for the water obstruction. HRG is preparing the design for the wetland construction which includes two stream augmentation discharges. We have submitted Joint Water Obstruction Permits as well as Chapter 102 permits.

Recycled Waterline Extension – Kissinger Meadow

- Permitting- HRG has responded to minor PADEP comments concerning the Water Quality Management Permit which will be issued once the NPDES is issued. Other required permits have been obtained.
- Construction - UAJA Construction Crew completed installing the line with restoration efforts to complete at the Kissinger Meadow. HRG provided construction stakeout of the waterline as well as general assistance.

UV Tank Cover System

A letter of intent to install a cover system on the UV Tank was sent to the PADEP. Existing conditions drawings have been prepared and HRG is currently working with cover system manufacturers to develop cover mounting details.

7.7 Executive Director’s Report

Mr. Miller, Executive Directed had no additional comments to add to his written report.

8. Other Business

Executive Session

A motion was made by Mr. Dietz, seconded by Mr. Mellott, to adjourn to executive session at 6:00 p.m. The motion passed unanimously.

9. Adjournment

The meeting was adjourned at 6:00 p.m.

Respectfully submitted,

UNIVERSITY AREA JOINT AUTHORITY

Secretary/Assistant Secretary

