



Borough of Chambersburg

A full service municipality in Franklin County celebrating over 65 years of consumer owned natural gas service over 120 years of community electric and a regional wastewater, water, storm sewer and municipal solid waste utility

FOR IMMEDIATE RELEASE

Chambersburg Authorizes Legal Action Against BB&T Bank

Chambersburg, Pennsylvania – At the Regular Meeting of Town Council on Monday, September 17, 2018, Chambersburg unanimously authorized the filing of a lawsuit against BB&T Bank, who is the successor in interest to Susquehanna Bank, which was selected to provide banking services for the Borough after an extensive public and competitive proposal process.

On August 29, 2018, a BB&T bank representative informed the Borough Finance Director in writing that BB&T had decided to change the terms of its contractual agreement with the Borough unilaterally and impose upon the Borough a lower amount of interest to be earned, effective October 1, 2018, and banking fees in the future.

“That means less money for Borough taxpayers” said Council President Heath Talhelm. “The contract with BB&T was awarded through a competitive process between banks to represent our local government; and, for a bank the size of BB&T to now say they don’t like the deal, which they signed, is not right or fair. They didn’t even have the courtesy of coming before Town Council to talk about it.”

Jeffrey Stonehill, Borough Manager, echoed the sentiments of the Council President. “Quite frankly we are deeply saddened by how BB&T is treating our community. In response to their letter stating that they were changing the deal, lowering the interest earnings, and imposing fees, all of which result in more profits for BB&T, Chambersburg asked for third party dispute resolution through mediation. It’s been over three weeks since our request and our Solicitor has heard absolutely nothing. Therefore, Council is left with no choice other than to file a court action to protect our residents’ and taxpayers’ interests.”

Town Council discussed the matter in public session on Monday, September 17, 2018, after a brief discussion in Executive Session on this issue. Left with no other alternative than litigation, Council asked Borough Solicitor G. Bryan Salzmann, Esq. to also look at the legality of BB&T’s actions on both a state and federal level.

Borough Finance Director Jason Cohen has expressed significant concerns regarding the implications of BB&T’s unilateral action. “We are not talking about insignificant dollars here. On top of the loss of interest earnings on public funds on deposit, BB&T has also notified us that they will begin to unilaterally charge fees on Borough accounts, which is also contrary to our contract.” Cohen further added that “The effect of the BB&T move is a loss of public money and we are talking about a very significant impact here. The fees add up and could cost money that was otherwise going to providing police services, recreational opportunities for our residents, or to support our firefighters.”

“Town Council only pursues litigation when absolutely necessary” stated Borough Solicitor G. Bryan Salzmann. “I cannot understand why BB&T would take this step as a financial institution that prides itself on community banking. The Borough has asked for mediation and there has been no response, to date, by BB&T, which is a further negative. I sincerely hope that BB&T changes its course and takes another look at how they are handling the Borough.”

Chambersburg switched to Susquehanna Bank for banking services in February 2015.

BB&T completed their acquisition of Susquehanna Bank in August 2015 for a reported \$2.5 billion.

BB&T is headquartered in Winston-Salem, North Carolina.

If you have any questions, please contact Solicitor G. Bryan Salzmann, at Salzmann Hughes, at (717) 263-2121.

Chambersburg is a unique community. Chambersburg supplies more services than any other municipality in the Commonwealth of Pennsylvania. In addition to typical town functions, Chambersburg is Pennsylvania’s only municipality supplying electric and gas. Chambersburg is 1 of 35 Boroughs to operate a municipal non-profit electric utility. Chambersburg is the largest municipal electric utility in the State, twice as large as the second largest, Ephrata, Lancaster County; and, the only one to operate generation stations. Chambersburg is 1 of 2 municipalities in PA to operate a natural gas utility. The other is Philadelphia, which does not operate an electric utility. Nationally, Chambersburg is 1 of 2,000 communities to have its own electric system and 1 of 800 communities to have a natural gas system but 1 of only about 50 to operate both. Chambersburg manages a regional water system, a regional sanitary sewer system (not through an independent Authority), and a new storm sewer utility; one of the first storm sewer utilities to form under the new Federal mandate to regulate stormwater.

Chambersburg currently has 20,508 residents (2013). www.chambersburgpa.gov