

MUHLENBERG TOWNSHIP AUTHORITY
MINUTES OF A REGULAR MEETING OF THE BOARD

A regular meeting of the Board of Muhlenberg Township Authority, Water and Sewer Projects, was held on Thursday, July 6, 2023, beginning at 7:00 p.m., at 3711 Oak Street, Temple, Muhlenberg Township, Berks County, Pennsylvania, pursuant to notice both advertised and posted according to law.

The following members of the Board were present:

Scott Lehr (virtual)
Richard Heffner
Jim Kelly
Rick Hoffmaster

In attendance were Authority Manager Jeffrey A. Calpino, Thomas A. Rothermel, of counsel, and Darryl Jenkins, PE, of Spotts, Stevens and McCoy (SSM), consulting engineer to the Authority. Also present were Muhlenberg Township Commissioner Steven Wolfinger, Authority Supervisor Tim Feltenberger, Jaime Nace, Roxanne McMurtry, CPA, of Herbein & Co., and Stacey Feltenberger.

The meeting was called to order at 7:00 p.m. by Mr. Heffner.

Mr. Hoffmaster made a Motion to approve the Minutes of the previous regular meeting of the Board held on June 8, 2023. That Motion was seconded by Mr. Kelly, and passed unanimously.

There was no comment under the first public portion.

Mr. Heffner recognized Roxanne McMurtry of Herbein & Co. to review the 2022 Audit Reports for both the Water and Sewer Divisions of the Authority. Ms. McMurtry indicated that Herbein has issued an unmodified opinion with regard to Authority finances, which is the highest level opinion. That opinion is contained within the Independent Auditor's Report delivered to the Authority in conjunction with the Audit Reports. Ms. McMurtry additionally noted that effective January 1, 2021, the Authority adopted a new accounting guidance, known as the Governmental Accounting Standards Board Statement No. 87, Leases. This change did not affect or modify Herbein's opinions with respect to the audit.

Ms. McMurtry compared several significant accounting figures in both the Water and Sewer Divisions to figures in the preceding year. She noted that the net assets of both the Water and Sewer Divisions increased in 2022, for a total combined figure of \$79,987,389. The basis for the increase compared to 2021 is largely attributable to deferred sewer escrow payments made to the City of Reading as per the terms of the Intermunicipal Municipal Agreement, as amended (the "IMA").

Operating revenues for both the Water and Sewer Divisions were in line with 2021 totals. Between the two Divisions, there was a slight decrease in operating revenues across both Divisions, totaling less than \$50,000. Interest income in both Sewer and Water Divisions was higher than in 2021, which resulted from from strategic transfer of funds to Certificates of Deposits, as well as interest earned on the sewer escrow funds. Operating expenses in both the Sewer and Water Department were similar compared to 2021.

In reviewing the total pension liability, Ms. McMurtry reported that the plan was funded at a rate of 77.66%, which is a decrease in percentage from 2021. Next, Ms. McMurtry briefly reviewed the actual financial performance of the Authority compared to budget. In 2022, the Authority's financial performance was less than the budgeted levels in both Divisions. Overall, however, both the Sewer and Water Divisions realized a positive net position at the end of the calendar year compared to the first of the year, those figures being \$46,232,366 and \$20,643,522, respectively.

Lastly, Ms. McMurtry advised that Herbein & Co. sees no need for changes at MTA with regard to finance and accounting. She confirmed that Mr. Calpino followed through with prior recommendations, and that the audit process itself went smoothly, as was true in prior years. The only recommendation is that the Authority review checks that may be older than three (3) years and turn over to the State any such funds for which the owner cannot be located. There being no further questions for Ms. McMurtry, Mr. Hoffmaster made a motion to accept the Audit Report as presented. That motion was seconded by Mr. Kelly and unanimously adopted. Ms. McMurtry thanked the Board for its attention and left the meeting at that time.

Mr. Jenkins of Spotts, Stevens and McCoy provided a report of the Authority's consulting engineer for work completed June 30, 2023 through July 6, 2023. Mr. Jenkins referenced a two-page report of SSM that had been circulated to the Board in advance of the meeting. The report provides a narrative of the status of each of the twelve (12) projects of the Authority on which SSM is currently engaged.

With regard to the potential water supply interconnection with Maiden creek Township, Mr. Jenkins reported that SSM prepared and circulated to the Board a preliminary project schedule detailing certain milestones. In an attempt to keep things moving along, Mr. Jenkins noted that he planned to contact DEP within the next month for purposes of scheduling a pre-application meeting. The outcome of that meeting will likely yield confirmation of exactly what permits may be needed with respect to all phases of the project. Overall, assuming the respective Authorities are able to formulate an agreement to proceed in this regard, Mr. Jenkins anticipates breaking ground by the fall of 2024. With respect to the status of an agreement between the parties, the Solicitor reported that the Maiden creek Township Authority is working towards finalizing terms of a potential agreement. As Maiden creek's Board is next scheduled to meet on July 20, 2023, the Solicitor hopes to receive further information from its Solicitor after such date. Assuming the Maiden creek Board is ready to move forward, a meeting will be scheduled with the respective Managers, Engineers and Solicitors with the goal of reducing the terms to a

Memorandum of Understanding. Mr. Jenkins and Mr. Rothermel confirmed that further updates would be provided to the Board as the same may become available.

Next, Mr. Jenkins discussed regulatory guidance issued by DEP with respect to PFOS and PFOA pollutants. Per the DEP, the allowable concentration of PFOS is 18 MCL, and 14 MCL for PFOA. Authority sampling conducted in 2020 revealed respective levels below the applicable DEP allowances. Mr. Jenkins noted, however, that the EPA is proposing regulations that may lower the allowable concentration compared to that of DEP standards. In response to a question posed by the Board, Mr. Jenkins noted that the only means by which to address the issue is by activated carbon filtration, which is an expensive process. That being said, per Mr. Jenkins, it remains unknown how the DEP MCL may interact with the proposed EPA limit, and whether action may therefore be required by the MTA. Mr. Jenkins will keep the Board apprised of further developments in this regard.

There being no further active projects on which to report, and no additional questions posed by the Board, the report of the Mr. Jenkins concluded. Mr. Hoffmaster made a Motion to accept the Engineer's Report as presented. That Motion was seconded by Mr. Kelly and unanimously approved.

Mr. Calpino presented the Operations Report for the preceding month, a full copy of which has been appended to these Minutes. A 2" main break was repaired at the intersection of Oak Street and Elizabeth Avenue. 3/4" service was repaired at locations on Pottsville Pike and Marion Street. 3/4" service was renewed as a residence located on Whitner Road. Another fire hydrant was repaired, this one having been damaged on Patriot Parkway. Mr. Calpino confirmed that crews continue to address punchlist items generated in response to the DEP site inspection. Of those items, there are no significant items of concern. Crews have also been busy repairing concrete from service repairs, and painting fire hydrants. In addition, sewer laterals were cleaned or checked at thirteen (13) different locations throughout the Township, seven (7) of which were customer owned. Mr. Calpino reported that the vacuum truck was used a total of forty-two (42) man hours over the past month, at an equivalent labor cost of \$14,908.00. To date, the vacuum truck was used a total of two hundred forty-six (246) man hours, or the monetary equivalent of \$57,153.00, excluding the cost of disposal fees that the Authority no longer pays. Lastly, Mr. Calpino reported that a 3/4" water line was leaking at a commercial property located on Rt. 61 near George Street. The leak caused the Authority to discontinue water service through that pipe, and establish temporary service through a hose connection. Due to the emergent nature of this issue, and need for immediate repair, Mr. Calpino secured a proposal from Herbein Plumbing, LLC, which totaled \$15,440.49. On Motion of Mr. Hoffmaster, seconded by Mr. Kelly, the Board unanimously voted to approve payment to Herbein Plumbing, LLC in the amount stated for the emergency repair and restoration of service to the customer. Mr. Calpino additionally noted that the nature of the repair would shift the water account to RAWA, but the Authority would retain sewer service. Given the extent of the customer's usage, which was nominal, and the significant costs needed in order to retain such service through alternate repair, the Board was in agreement to proceed as stated. The Operations Report then concluded.

Engineering bills for the preceding month were reviewed. Mr. Kelly made a Motion to approve the engineering bills for payment. That Motion was seconded by Mr. Hoffmaster and unanimously adopted.

The accounts payable for both the water and sewer departments for the preceding month had been distributed prior to the meeting, a full listing of which has been appended to these Minutes. Mr. Hoffmaster made a Motion to approve payment of the accounts payable for both the water and sewer departments, as presented. That Motion was seconded by Mr. Kelly and unanimously adopted.

Under the Solicitor's Report, Mr. Rothermel advised that on June 29, 2023, the City of Reading provided Mr. Calpino with copies of Exhibit I reports for 2021 and 2022, as per the IMA. In reviewing the reports with Mr. Calpino, there were some questions raised concerning certain calculations and contribution of other municipal users toward infrastructure and debt service. In response, Mr. Rothermel contacted the City Engineer to arrange for a meeting to review and discuss the content of the reports. Apart from the Exhibit I reports, there was no update with respect to the status of reconciliation.

Discussion regarding an employment agreement with Mr. Feltenberger was deferred until after Executive Session.

Mr. Rothermel confirmed that the Professional Services Agreement with ARRO Consulting, Inc. was executed effective June 19, 2023, which Agreement was approved at the last Board meeting. Prior to ARRO commencing work, the Board plans to schedule a kickoff discussion with ARRO the week of July 17, 2023. Mr. Rothermel will coordinate that session with the Board and ARRO.

Lastly under the Solicitor's report, Mr. Rothermel advised that the 18-month maintenance period on the Berks 222 project expired July 6, 2023. Mr. Feltenberger and Mr. Calpino confirmed that all municipal improvements remain operational and in satisfactory condition. On motion of Mr. Kelly, seconded by Mr. Hoffmaster and unanimously approved, Mr. Calpino was authorized to release maintenance security to the developer in the amount of \$16,306.13. With no further questions posed to Mr. Rothermel, the Solicitor's Report was approved by Motion of Mr. Hoffmaster, seconded by Mr. Kelly and unanimously approved.

Mr. Calpino, on behalf of Mr. Hoffmaster, presented the Treasurer's Report. Interest rates remained steady at 2.53%. With regard to account balances for both the water and sewer divisions, the water division realized a net gain over the prior month of \$128,379.42. The sewer division realized a net gain over the prior month of \$856,408.32. Mr. Calpino noted, however, that payment to the City of Reading under the IMA is due next month, which will significantly reduce those funds. Across both water and sewer accounts, the Authority realized a net gain in June 2023 of \$984,787.74. Overall, the Authority's total cash flow is approximately \$1.9 Million more than compared to this time last year. On Motion of Mr.

Hoffmaster, seconded by Mr. Kelly and unanimously approved, the Treasurer's Report was accepted as presented.

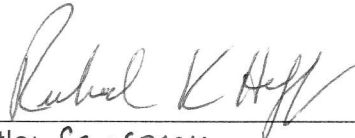
Under New Business, Mr. Calpino reported that he consulted with Tompkins Insurance to secure the most competitive rate for quality health insurance coverage. Costs are increased across-the-board compared to last year depending on the out-of-pocket deductible and coverage options. After deliberations, and based on Mr. Calpino's recommendation, the Board elected to select renewal of the existing Highmark plan, at a net increase to the Authority of 8%. Mr. Calpino confirmed that there would be no increase to the employees as a result of this change. Mr. Kelly made a motion to approve the new healthcare plan, effective August 1, 2023, under the terms discussed above. That motion was seconded by Mr. Hoffmaster and unanimously approved. Further under New Business, Mr. Feltenberger reported that a local contractor, Blue Water Construction, was retiring. As a result, various equipment is being made available for purchase. The Authority would benefit from two (2) pieces of equipment, that being a backhoe hoe pack and a pneumatic breaker. Both pieces of equipment are in very good condition, and offered at a total price of \$4,500.00. On Motion of Mr. Hoffmaster, seconded by Mr. Kelly, Mr. Feltenberger was authorized to purchase the two pieces of equipment from Blue Water Construction for a total of \$4,500.00.

There were no comments under the second public portion.

At 8:05 p.m., on Motion of Mr. Hoffmaster, seconded by Mr. Kelly, and unanimously approved, the meeting was called to recess for purposes of the Board entering Executive Session to discuss matters involving personnel. The meeting was called to order by Mr. Heffner thereafter at 8:25 p.m. Upon reentering public session, the Board, on Motion of Mr. Hoffmaster, seconded by Mr. Kelly, voted to unanimously approve an Employment Agreement with Mr. Feltenberger, contingent on finalization of terms.

There were no comments under the Member and Staff Comments portion of the meeting.

There being no further business of the Board, the meeting was adjourned at 8:30 p.m. on Motion of Mr. Kelly, seconded by Mr. Hoffmaster, and unanimously approved. The next regular meeting of the Board of the Muhlenberg Township Authority will be held at 7:00 p.m. on Thursday, August 10, 2023, in the Authority Maintenance Facility main meeting room, 3711 Oak Street, Temple, Muhlenberg Township, Berks County, Pennsylvania 19560.


Title: SECRETARY