

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, March 9, 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
Richard Heffner
Jim Kelly
Rick Hoffmaster
Otto Voit, III

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. Muhlenberg Township Commissioner Steven Wolfinger was present. Authority Supervisor Tim Feltenberger, and Jaime Nace, were also in attendance. Giovanni Morganti was present as a member of the public.

The meeting was called to order at 7:00 p.m. by Chairman Lehr. Mr. Lehr announced that the Board had met earlier in executive session to discuss matters involving personnel.

Mr. Voit made a Motion to approve the Minutes of the previous regular meeting of the Board held on February 9, 2023. That Motion was seconded by Mr. Hoffmaster, and passed unanimously.

Chairman Lehr invited Mr. David Lytle of Conrad Siegel and Associates to make a report on the pension plan of the Authority. Mr. John Vargo, consulting actuary at Conrad Siegel, was present by way of telephone. Mr. Lytle distributed a written report constituting the Annual Report of the pension funds invested by Conrad Siegel on behalf of the Authority, effective through January 31, 2023. He highlighted the services provided by Conrad Siegel and discussed the structure of the plan. Apart from updating authorized signers of the plan, there were no recommended changes.

Discussion with the Board included ongoing separation of funds derived from cash value of insurance policies and general pension funds. Plan investments, market value, and performance were also discussed. Due to highly volatile market conditions, 2022 yielded a poor investment return. In 2022, the plan showed a loss of 15.4% in terms of the return on investment, albeit at a slightly less percentage loss than the market benchmark, net of all fees. Year to date, the plan realized a net gain of 2.8%. As of January 31, 2023, the market value of all general pension and life insurance assets totaled \$2,954,656. Total annual fees were calculated at 0.47%, which fall below the average mutual fund

expense ratio of 0.74%. As of November 1, 2022, the plan was funded at a rate of 77.7%. Absent market conditions, a cash contribution of \$164,933 would return the fund to 100% over a projected course of 15 years. Mr. Lytle reported, however, that the funding rate as of March 2023 was likely closer to 85%. The long-term expectation is to maintain a rate of return of 7%. Plan diversity is apportioned between equity and fixed income targets in order to achieve that targeted goal.

The investment policies currently in place were discussed and reaffirmed in the Pension Plan Report. Mr. Lytle advised that there were no violations of the stated policies of the Authority in plan investment decisions in 2022. Mr. Lytle concluded his presentation by requesting that the Authority notify Conrad Siegel of any upcoming retirement so that appropriate funds could be moved from life insurance assets to the money market portion of the plan.

After addressing questions from the Board, Mr. Lytle and Mr. Vargo thanked the Board for its attention. After discussion, the Board elected to update the authorized plan signers to include Mr. Hoffmaster; Mr. Lehr, Mr. Heffner, and Mr. Calpino are already authorized signers. Mr. Voit made a Motion to update the authorized signers of the plan, and to approve the Annual Report of Conrad Siegel, as presented. That Motion was seconded by Mr. Heffner and unanimously approved.

Under the first public portion, Commissioner Wolfinger, liaison to the Authority, was present and inquired as to the status of the Authority's Emergency Response Plan (ERP). Mr. Jenkins confirmed that the revised ERP was finalized after completion of a recent tabletop exercise. Overall, the ERP, which had already been in place, was updated to provide detailed instructions and flow charts for personnel to follow in the event of a categorized main break. The updates serve to enhance communication with residents and the Township, and decrease response time should a main break occur. Mr. Calpino and Mr. Feltenberger will schedule a meeting with personnel and staff to review the updated ERP. The Township will also be provided with a copy of the ERP, considering it plays a role in the notification process should a certain level of main break occur. In addition to the ERP revisions, Mr. Calpino confirmed that the Authority website was also updated to provide detailed information regarding the occurrence of water main breaks, what to expect when a break occurs, and what to do in the event of water pressure loss. Mr. Voit made a Motion to adopt the revised ERP. That Motion was seconded by Mr. Hoffmaster and unanimously approved.

Mr. Wolfinger next inquired as to status of discussion regarding potential relocation of the administrative office building, and preliminary lease terms set forth in a draft lease agreement prepared by Township Solicitor Michael Setley. Mr. Wolfinger was informed that discussion on that topic was tabled pending further review of the lease. Mr. Calpino will include this matter on the April Board meeting agenda. Mr. Wolfinger was thanked for his appearance, and he then exited the meeting.

Mr. Jenkins of Spotts, Stevens and McCoy provided a report of the Authority's consulting engineer for work completed February 1, 2023 through March 2, 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.

Mr. Jenkins confirmed that Blooming Glen Contractors, Inc. submitted a final payment application regarding installation of three (3) pump motors at the Laurel Run pump station. The payment application totaled \$100,180.97. Mr. Jenkins confirmed that the replacement pump motors continue to be trouble-free. The one-year warranty period for each motor will be established as of November 2022. On Motion of Mr. Heffner, seconded by Mr. Hoffmaster, the final payment application of Blooming Glen Contractors, Inc. was unanimously approved in the amount stated.

With regard to the potential water supply interconnection with Maiden creek Township, Mr. Jenkins reported that SSM completed preliminary hydraulic work and that Maiden creek was requested to perform similar testing at the proposed connection point of both systems. Once that testing is performed, which SSM will observe and independently verify, Mr. Jenkins will coordinate the scheduling of a meeting with he, Mr. Calpino, and Mr. Donovan of Maiden creek Township to further advance discussion surrounding this project. Mr. Lehr requested that Mr. Jenkins prepare a timeline for the project, assuming the two municipal entities are able to reach an agreement to move this forward. This was viewed as primary import, considering the Authority has submitted paperwork for grant funds available under the H2O PA Water and Sewer Grant Program, the disbursement of which carries certain deadlines. It was further recommended that the respective Solicitors be included in future meetings for purposes of reducing any agreement to writing.

Chairman Lehr questioned Mr. Jenkins regarding the availability of grant funds for customer service line replacement, in response to those requirements set forth as per the Lead and Copper Rule Revisions enforced by PA DEP. Mr. Jenkins noted that while grant funds are generally available, the actual budgeted amount that would be needed is unknown until such time as an inventory is completed. Mr. Jenkins will work with Mr. Calpino and Mr. Feltenberger to complete that service line inventory. The findings of the inventory will be incorporated into the GIS mapping system for ease of reference. Lastly in this regard, Mr. Jenkins confirmed that the PA DEP inventory deadline is October 16, 2024. Going forward, SSM will identify this matter as new project number.

Regarding risk and resiliency of the Authority's water division, Mr. Jenkins confirmed that the biggest risk is water supply. Otherwise, the water division has great storage capabilities and redundancy, which serves to reduce the impact on customers in the event of a failure. With regard to the water supply issue, a proposed interconnection with Maiden creek Township would address that risk, and adequately resolve that issue on a long-term basis. Mr. Jenkins further noted that planned enhancements to the GIS system would further add to the resiliency of the Authority's water division.

With regard to the quarry property, Mr. Jenkins confirmed that SSM is investigating the possibility of making water available to local bottlers. That potential use is contingent on whether a bottler would find the quarry water suitable for its purposes.

There being no further active projects on which to report, and no additional questions posed by the Board, the report of the Engineer concluded. Mr. Hoffmaster made a Motion to accept the Engineer's Report as presented. That Motion was seconded by Mr. Heffner 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 6" main break (Type I) was repaired at Beaumont Avenue and Commerce Street, and a 6" main break (Type I) was repaired on Shalter Avenue. A sump pump was replaced at Well No. 12. Underground storage tanks were inspected and certified, and crews completed painting at Laurel Run sewer station. In addition, sewer laterals were cleaned or checked at thirteen (13) different locations throughout the Township, four (4) of which were customer owned. Lastly, Mr. Calpino reported that the vacuum truck was used a total of thirty-six (36) man hours, at an equivalent labor cost of \$12,780.00. To date, the vacuum truck was used a total of fifty-seven (57) man hours, or the equivalent of \$20,235, excluding the cost of disposal fees that the Authority no longer pays. The Operations Report then concluded.

No engineering bills for the preceding month were submitted for payment.

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. Voit 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. Heffner and unanimously adopted.

Under the Solicitor's Report, Mr. Rothermel confirmed that proposed changes to the Authority Policies and Procedures to address compensatory time and holiday/sick pay were circulated to the Board in advance of the meeting. On Motion of Mr. Hoffmaster, seconded by Mr. Heffner, the Policies and Procedures revisions were unanimously approved. Mr. Calpino will circulate the revised document to each employee. With no further questions posed to Mr. Rothermel, the Solicitor's Report was approved by Motion of Mr. Heffner, seconded by Mr. Voit and unanimously approved.

Mr. Hoffmaster presented the Treasurer's Report. Interest rates remained steady at 1.96%. Effective March 1, 2023, the interest rates will increase to 2.5%. With regard to account balances for both the water and sewer divisions, Mr. Hoffmaster confirmed that the water division realized a net gain over the prior month of \$50,134.53. The sewer division realized a net loss over the prior month of \$1,025,642.79, which is attributable to the 4th quarter payment having been designated to the City of Reading under the IMA, as amended. Across both water and sewer accounts, the Authority realized a net loss in February 2023 of \$1,025,642.79. With regard to the IMA, it was confirmed that the sewer escrow account has a principal escrow balance of \$9,172,390.30, with \$73,866.58 in interest earned thus far. Overall, the Authority's total cash flow is approximately \$500,000

more than compared to this time last year. On Motion of Mr. Voit, seconded by Mr. Heffner and unanimously adopted, the Treasurer's Report was accepted as presented.

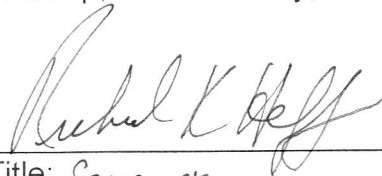
Under New Business, Mr. Calpino was directed to coordinate the scheduling of a second meeting with the Union and designated Board members for purposes of engaging in ongoing discussion regarding the Collective Bargaining Agreement currently in effect. Discussion regarding the revised ERP and office lease was conducted under the first public comment portion of the meeting. Mr. Calpino confirmed that the issue regarding the Raymond Street property had been satisfactorily resolved. With regard to the sewer flusher truck, which was replaced by the new vacuum truck, Mr. Calpino reported that he and Mr. Feltenberger found a potential buyer. The Borough of Pottstown submitted an offer to purchase the truck at a cost of \$22,500. Mr. Calpino determined that such offer was fair market value for the truck. Mr. Hoffmaster made a Motion to sell the sewer truck to Pottstown Borough in the amount stated, and to authorize Mr. Calpino to execute all documentation in order to transfer title. That Motion was seconded by Mr. Heffner and unanimously approved. Mr. Calpino anticipates transfer of title to occur on Friday, March 10, 2023. A Bill of Sale prepared by Mr. Rothermel will confirm the as-is transfer. Lastly under New Business, Mr. Calpino requested authorization to hire a new full-time, temporary employee. A staffing agency would be utilized, which would provide the Authority with a ninety (90) day grace period during which time Mr. Calpino could assess whether or not a formal offer of employment should be tendered. Mr. Voit made a Motion to authorize Mr. Calpino to hire one (1) full-time office personnel from a staffing agency on a provisional ninety (90) day basis. That Motion was seconded by Mr. Heffner and unanimously adopted.

There was no comment under the second public portion.

Under the Member or Staff Comments portion of the meeting, Mr. Hoffmaster inquired whether the crewmembers were in need of new cell phones. Mr. Calpino will review the current plans and equipment, and report to the Board at the next meeting. Mr. Hoffmaster next questioned whether employee paychecks could be submitted by way of direct deposit in lieu of paper checks. Mr. Voit was in favor of that change. Mr. Calpino will review options for direct deposit and report to the Board at the next meeting.

At 8:25 p.m., on Motion of Mr. Heffner, seconded by Mr. Hoffmaster, 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. Lehr thereafter at 8:35 p.m.

There being no further business of the Board, the meeting was adjourned at 8:36 p.m. on Motion of Mr. Heffner, seconded by Mr. Kelly, 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, April 6, 2023, in the Authority Maintenance Facility main meeting room, 3711 Oak Street, Temple, Muhlenberg Township, Berks County, Pennsylvania 19560.



Title: *SECRETARY*