

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, October 9, 2025, beginning at 7:00 p.m., at 210 George Street, Reading, Muhlenberg Township, Berks County, Pennsylvania, 19605, pursuant to notice both advertised and posted according to law.

The following members of the Board were present:

Jim Kelly
Walt LaSota
Rick Hoffmaster
Rick Mountz
Steve Wolfinger

In attendance were Authority Director of Operations, Nathan Roush; Timothy Feltenberger, Operations Manager; Jamie Lorah, PE, of Spotts, Stevens and McCoy (SSM), consulting engineer to the Authority; Thomas A. Rothermel, of counsel; and Scott Boehret of Transcend Business Advisors, Authority controller consultant. Also present was Roxanne McMurtry, CPA, of Herbein & Co., Auditor to the Authority.

The meeting was called to order at 7:00 p.m. by Chairman Kelly. Mr. Kelly announced that the Board met in an executive session immediately prior to this meeting to discuss matters involving litigation.

Mr. Hoffmaster made a Motion to approve the Minutes of the previous regular meeting of the Board held on September 11, 2025. That Motion was seconded by Mr. Mountz and passed unanimously.

Engineering bills for the preceding month were reviewed. Mr. LaSota 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. Mountz 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. Wolfinger and unanimously adopted.

Under the first public portion, Chairman Kelly recognized Roxanne McMurtry of Herbein & Co. to review the year end December 31, 2024 Audit Report for both the Water and Sewer Divisions of the Authority. Ms. McMurtry indicated that Herbein 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 Report.

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 decreased in 2024, for a total combined figure of \$81,806,871. The basis for the decrease compared to 2023 is largely attributable to payment made to the City of Reading, as per the terms of the Intermunicipal Municipal Agreement, as amended (the "IMA"). Notwithstanding, the total net position of both Divisions in 2024, \$69,591,836, was slightly higher than the preceding year due to a decrease in total liabilities.

Operating revenues for both the Water and Sewer Divisions were in line with 2023 totals. Operating expenses in both Divisions were also in stable in 2024 compared to prior year totals.

In reviewing the total pension liability, Ms. McMurtry reported that the plan was funded at a rate of 69.95%, which is a nominal decrease in percentage from 2023. As before, the cause of the percentage decrease relates to fund withdrawals by retirees during the reporting period. The net pension position in 2024 totaled \$1,674,991, which was a decrease of \$483,116 from the prior year.

Next, Ms. McMurtry briefly reviewed the actual financial performance of the Authority compared to budget. In 2024, the Authority's financial performance was less than the budgeted levels in the Sewer Division, resulting in a variance of \$323,217, and also less in the Water Division, resulting in a variance of \$110,248. Overall, both the Sewer and Water Divisions realized a negative net position at the end of the calendar year compared to the first of the year, those figures totaling \$8,323,085 and \$21,248,751, respectively.

Lastly, Ms. McMurtry advised that Herbein & Co. sees no need for changes at MTA with regard to finance and accounting. She confirmed that Management followed through with prior recommendations, and the audit process itself went smoothly, as was true in prior years. Chairman Kelly requested that the 2025 Audit Report be presented earlier next year, in response to which Ms. McMurtry confirmed that it would be finalized by June 30, 2026. There being no further questions for Ms. McMurtry, she thanked the Board for its attention and left the meeting.

There was no additional comment under first public portion.

Mr. Feltenberger presented the Operations Report for the preceding month, a full copy of which has been appended to these Minutes. The crew replaced two curb stops, cut in a curb stop, and performed a service renewal at 2003 Lance Road. A 6" water main leak was repaired at 3215 McKently Street. The crew also performed miscellaneous work orders including repair of a hydrant on Commerce Street, installation of a new hydrant behind 184 Tuckerton Road, jetting and cleaning sewer laterals, and participation in WWPS generator training. Regarding Well No. 1, blow-off piping was installed, and the well itself was started after previously being out of service. Mr. Feltenberger further reported that leak detection training continues to pay dividends, as the crew has become more efficient in that process. Sewer laterals were cleaned and checked, including four

(4) customer owned lines, four (4) traps, and zero (0) Authority owned lines. The Operations Report then concluded.

Under the Engineer's Report, Ms. Lorah of SSM provided a formal report of the Authority's consulting engineer for work completed August 29, 2025 through October 1, 2025. Ms. Lorah referenced an eleven (11) page report that SSM circulated to the Board in advance of the meeting. The report provides a narrative of the status of each of the projects of the Authority on which SSM is currently engaged.

With regard to the Mannerchor tank access road project, Ms. Lorah confirmed that the project was awarded to Barwis Construction. Work is expected to commence in late October 2025. Rehabilitation of the Crossroads pump station is expected to begin on October 20, 2025. Ms. Lorah will provide the Board further updates on the status of these two projects at the November meeting.

Regarding 2025 LSA grant applications, Ms. Lorah presented Resolutions for approval with respect to a proposed OBIC manhole lining project in the Hyde Park area of the Township totaling \$248,026 (90+ manholes), and a proposed Sefranka Road water main replacement project totaling \$953,175 (2,100 linear feet). A third Resolution for a proposed water main loop project will be presented next month. Mr. Hoffmaster made a Motion to approve respective Resolutions authorizing submittal of the LSA Grant Applications in the stated project amount totals. That Motion was seconded by Mr. Wolfinger and unanimously approved.

No Board action was taken with respect to the Laurel Run GP-11 manhole change order, and Eagles Landing bypass manhole, as the same were approved at a prior meeting.

With respect to the Laureldale water main replacement project, Ms. Lorah advised that survey work is currently being conducted to include 6,700 linear feet of water main on Elizabeth Avenue, Raymond Street, Earl Street, and Gray Street.

Regarding PFAS sampling, SSM previously reported that Sentinel submitted a proposal for pilot testing at Well Nos. 6, 8, 9, and 13, the total approximate cost of which is \$250,000. SSM has since received a revised proposal from Sentinel totaling \$289,000, which includes equipment purchase and mobilization. At the cost of the equipment compared to rental, there appears to be a cost-savings to MTA with the purchase option. Ms. Lorah further reported that testing would be conducted over a one-year period. At the conclusion of testing, the results will dictate which method of remediation should be utilized. In response to questioning by Mr. LaSota, Ms. Lorah confirmed that the MTA is ahead of what other authorities are currently doing with respect to compliance by the requisite 2031 deadline mandated by DEP. Mr. LaSota further suggested that any well rehabilitation efforts be scheduled in concert with PFAS remediation measures. The Board is expected to further consider the Sentinel proposal at the November meeting.

With regard to the ongoing manhole lining project, Ms. Lorah submitted Change Order No. 1 for approval, submitted by Performance Pipeline, Inc. in the total amount of

\$1,421.96. The Change Order relates to added work required for rehabilitation work within easement areas. Mr. Mountz made a Motion to approve Change Order No. 1 in the amount stated. Mr. Hoffmaster seconded that Motion, which was unanimously approved. Ms. Lorah indicated that she anticipated closing out this contract at the November Board meeting.

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

The Solicitor's Report included no pertinent updates.

The Treasurer's Report was presented by Mr. Boehret, a copy of which is appended to these Minutes. The water division realized a net increase of \$29,005 in September, for a total operating account balance of \$4,083,014. Total interest earned over the past month, across both operating and certificates of deposit, was \$29,957.00. The sewer division realized a net gain compared to the prior month in the amount of \$699,627.00, for a total account balance of \$8,667,331. In September, interest earned in the sewer division operating and certificate of deposit accounts totaled \$106,002.00. Total interest earned in the sewer escrow account this past month yielded \$56,115.00.

With respect to the 2026 minimal municipal obligation (MMO), Mr. Boehret recommended a contribution of \$222,679. Mr. Boehret indicated that contribution in future years should decrease based on this level of funding. Mr. Hoffmaster made a Motion to contribute the stated amount for the 2026 MMO, which Motion was seconded by Mr. Mountz and unanimously approved.

Mr. Boehret and Mr. Roush presented a preliminary rate analysis as a means of guiding the Board with respect to the Authority's current and future financial position. Mr. Boehret explained that while the Authority may currently have strong reserves, the same is not sustainable over time in light of required system maintenance and repairs, upgrades, and escalating operational costs. In conjunction with this process, debt financing would be recommended to minimize rate increases, avoid rate spikes, preserve liquidity and resilience, and stabilize risk management. Overall, the goal of the Authority will be to utilize a least possible rate increase over a period of five years in order to minimize impact to the customer, as well as provide the Authority with financial strength and future sustainability. Mr. Boehret recommended a period of implementation spanning 6 months to one year, during which time a strict reserve policy for both the water and sewer divisions would be established, further options will be formulated and analyzed, and customers would be educated with respect to the Authority's decision making in this regard. This is expected to be a topic of discussion at future Board meetings.

Mr. Hoffmaster made a Motion to approve the Treasurer's Report as presented. That Motion was seconded by Mr. Mountz and unanimously adopted.

Under New Business:

With respect the lead service inventory, Mr. Feltenberger reported the following supplemental totals: Copper: 1,269; Galvanized: 301; Plastic: 24; and Lead: 0.

Mr. Feltenberger reported that Ms. Nace was working on formulating details of the Christmas Party. Final details will be made available next month.

Mr. Hoffmaster requested that a Christmas Bonus be discussed at the November Board meeting.

Pension MMO contribution was discussed earlier under the Treasurer's Report.

Mr. Hoffmaster made a Motion to approve a proposal of Blooming Glen Contractors, Inc., a Costars vendor, for bypass pumping at the Heather Knoll pump station, totaling \$47,000.00. That Motion was seconded by Mr. Mountz, and unanimously approved in the amount stated.

Mr. Roush reported that the teller window at the Authority office is in a state of disrepair. Quikserve presented a proposal totaling \$10,845 to include removal and replacement of the window, and a new teller intercom system. Mr. Hoffmaster suggested the repair be conducted in-house, if possible. Mr. Mountz made a Motion to approve the proposal of Quikserve in the amount stated, contingent on a satisfactory in-house repair having first been proven impractical. That Motion was seconded by Mr. Hoffmaster and unanimously approved.

Mr. LaSota made a Motion to approve the purchase of five (5) pressure loggers from LB Water, a Costars vendor, in the total amount of \$20,200. That Motion was approved by Mr. Moutnz and unanimously approved.

The 2024 Herbein & Co. Audit will be presented for Board approval at the November 2025 meeting.

As part of the ongoing well rehabilitation project aimed at increasing capacity, Mr. Roush presented a proposal of A.C. Schultes, a Costars vendor, totaling \$300,000. That sum is a budgetary estimate for inspection and rehabilitation of Well Nos. 1 & 2. Mr. Wolfinger made a Motion to approve the proposal in an amount not to exceed \$300,000. That Motion was seconded by Mr. LaSota and unanimously approved. Mr. Roush indicated that the work should be completed within the next several weeks. Depending on the results of the rehabilitation efforts, the Board could consider the same scope of work for Well Nos. 6, 12 & 13.

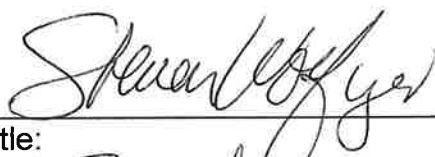
Mr. Roush presented a proposal for an electricity procurement program involving the Penn State Facilities Engineering Institute. Participation in the program would potentially benefit the MTA in reducing electricity costs. Mr. Roush will present the proposal to the Board for further discussion at the November meeting.

There was no comment under the second public portion.

Under Member and Staff Comments, Mr. LaSota reported that it was National Customer Service Week. In appreciation of the Authority staff, and their ongoing efforts to improve the customer service experience, a luncheon was being held on Friday. Mr. Hoffmaster reported that Representative Rusnock was conducting a Health & Welfare event on November 8, 2025. The MTA plans to participate as a vendor.

There being no further business of the Board, the meeting was adjourned at 8:35 p.m. on Motion of Mr. Hoffmaster, seconded by Mr. Mountz, 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, November 13, 2025, at 210 George Street, Reading, Muhlenberg Township, Berks County, Pennsylvania.



Title: Secretary
