

Minutes
North Lebanon Township Municipal Authority
July 10, 2014

The meeting of the North Lebanon Township Municipal Authority was held on Thursday, July 10, 2014 at 7:00 PM at the North Lebanon Township Municipal Building, 725 Kimmerlings Road, Lebanon, PA with the following Board members present:

Wynanne Demler	Chairperson
Gary Heisey	Vice Chairperson
Brian Hartman	Secretary
Susan Switzer Pierce	Assistant Secretary
Tod Dissinger	Treasurer
Frederick Wolf	Solicitor
Steve Cordaro	Steckbeck Engineering
Sheila Wartluft	Assistant Manager

Also in attendance were Cheri Grumbine, Township Manager; Mike Kneasel, Wastewater Foreman; Amy Leonard, Esquire; and Jim Koontz from Brown, Shultz, Sheridan, and Fritz.

The meeting was called to order and the pledge to the flag was recited.

Comments from the Public

Jim Koontz from the auditing firm of Brown, Shultz, Sheridan, and Fritz was introduced. He was asked to attend the meeting to explain the audit for the Authority.

Mr. Koontz stated he would try to explain the final report from the audit they had received from his firm for 2013. He said the first two pages were the opinion of the auditors where they found no issues or findings. Pages three through nine show what is called the management discussion and analysis which is a combination of the numbers from the auditors and the language from the management and staff. He said in this section the management can discuss what the municipality is doing and its ongoing projects. Pages ten and eleven is the balance sheet for the Authority with one being Water and the second the Sewer which is slightly different than in the past where it was broken down into three categories instead of two. At the end of the report it is shown as Operating, Capital Reserve, and Water. On the balance sheet we have the assets and liabilities. He explained the unrestricted net position item and that there are no standards as to what this amount should be for the different funds. He explained that all municipalities are different, with different needs and projects so there is no standard. He suggested there

should be a plan to use the Capital Reserve money. This plan could be five years or more to use the money whether it be projects or infrastructure. Question was asked about the net position to which Mr. Koontz replied that number shows everything including infrastructure, depreciation, plus the Rockwood Project which is not 100% complete. Question was asked whether there is a way to determine the exact amount of cash to which the answer is that number is not exact because some of that money is already obligated. Another question was asked about the difference between Sewer Operating and Capital Reserve to which the answer was those two funds were combined in the 2013 audit. Mr. Koontz further explained when it is broken down between the two that the Sewer Operating fund is very modest and most of the money is in Capital Reserve.

Mr. Koontz then moved on to the income statement. He explained the line item for "change in net position" which includes the H₂O grant money and PENNVEST loan which flows through this statement. The unfortunate thing is that those expenses go through the balance sheet as infrastructure. He said that grant money should be subtracted and it will go away after this year.

He explained that the most important line to him is the line which is called "net cash provided by operating procedures." He said he looks to see what income is being generated and if they can cover the debt. He stated that there is enough income being generated to cover the expenses. He said there are notes included that show the debt service and the interest. He said he wanted to point out how each debt is broken out including bonds and loans. Question was asked about the debt for the loan of which a portion is Swatara's debt? Mr. Koontz said that would stay on the sheet until the loan is paid off. Question was asked about the rising interest rate of the bond? Solicitor Wolf mentioned that we had discussed at one point if there is an excess capital reserve we could possibly pay off a portion of the bond and the no call period was discussed.

Mr. Koontz reported there is a section reflecting the infrastructure of the capital assets of the Authority with a section regarding costs of construction of the Rockwood Project. Further down on that page there is some updating on the Rockwood Project as to where the money is coming from with mention of what Swatara will owe. He mentioned the H₂O grant has a special audit requirement which will need to be completed at the end of the grant extension. He explained he had mentioned how they combined the sewer and capital reserve to create one sewer operating fund. All they want to see is the operation of the sewer and water.

Question was asked about the amount of money in the Capital Reserve to which Sheila replied the amounts on the report reflect the end of 2013 which has now decreased since that time. Sheila requested that Mr. Koontz explain how it is hard to get a true picture at the end of the year and how they calculate some of the numbers due to the way the billing cycle overlaps into the following year. He replied that they try to capture what happens in a particular year in the audit. He mentioned that it is now being required that the financial statement be uploaded through "EMMA" if there is an outstanding bond.

Question was asked if there is a certain percentage where a question might arise regarding how much money would be considered in excess in Capital Reserve where we would be questioned as to why it is high to which the answer was that is why there needs to be a plan in place to show where the reserve may be used. Mr. Koontz mentioned that the staff does a great job in supplying the necessary information for the audit. Comment was made that the Authority would like him to come back each year and explain the financial report to them.

Chairperson Demler asked for a motion to approve the minutes from the Joint Meeting with the Board of Supervisors.

MOTION: Motion was made and seconded to approve the minutes from the June Joint Meeting with the Board of Supervisors.

Chairperson Demler asked for a motion to approve the minutes from the June Municipal Authority meeting.

MOTION: Motion was made and seconded to approve the June minutes. Motion carried.

Chairperson Demler asked for a motion to approve the invoices and requisitions for payment all subject to audit.

MOTION: Motion was made and seconded to approve invoices and requisitions for payment all subject to audit. Motion approved.

SOLICITORS REPORT

Rockwood- Ream/Rittel

Solicitor Wolf asked if everyone had received Scott's engineer's report. Regarding the Rittle and Ream properties, Sol. Wolf mentioned he didn't know if the Redevelopment Authority would approve the "new" contractor to do the work for the Rittle connection. He explained he did notify Swatara that they would be going in under the condemnation to do the right of way and connection for the Ream property if necessary. He said that Supervisor Dean Patches from Swatara requested that he go and speak to him first before they do the work and this will be the last attempt to contact Ream. Sol. Wolf mentioned everything is prepared to move forward if Swatara is unsuccessful. He said they would need to notify the State Police in case there is a problem. He mentioned there may be an issue with the \$300 we offered for the easement. We offered him the same as the other residents for their easement. He is entitled money from us for appraisal fees and attorney's fees. Sol. Wolf said we should make a decision tonight rather than wait for another month. He explained how the legal process works as far as a hearing if we need to proceed with the board of review. Discussion followed as to how long we wait to move

forward. Sol. Wolf explained we have the right to move forward with the installation of the sewer. Discussion continued and if the Board and the Redevelopment Authority agrees we should proceed. Sol. Wolf explained the process once the property owner doesn't respond. He explained our expenses will be higher if he doesn't cooperate. Discussion continued.

MOTION: Motion was made and seconded to approve the quote from Gerberich Hoffman as the contractor to do the work on the Ream and Rittel lines dependent upon the approval of the Lebanon County Redevelopment Authority. With no further discussion motion carried

Discussion continued regarding what the Board should approve for the amount of money we would allow if Mr. Ream does not agree.

MOTION: Motion was made and seconded that if Mr. Patches is able to contact Mr. Ream and come to an agreement on the easement we will authorize up to \$1,200 of which Swatara would be responsible for 88% and we would be responsible for 12%. With no further discussion, motion carried.

Crossings Development and UGI agreement

Sol. Wolf reported there is an issue with a charge from UGI for the changeover in the pumping station and who is responsible for this charge. He stated the agreement states that there will be a shared easement with UGI subject to the conditions set forth that UGI will provide the gas service extension to the North 8th Avenue pump station without any expense to the Authority. Mike explained the motor and the heater must be changed in order to accept that type of gas. Mike further explained it must be done but UGI has not contacted them to test the meter. He said Envirorep would need to do the work on the engine on the pumps. The heater was previously done by G.F. Bowman but they could get a bid to do the changeover on that. Discussion followed regarding who could possibly do the work. Suggestion was made that we should get more than one price to do the work for both the heater and the engine.

Fisher sewer connection

Sol. Wolf mentioned Fisher's contractor has not started the project.

Crossings at Sweet Briar

Sol. Wolf reported he had contacted Lee Bothell from Landmark who has taken charge of the Crossings at Sweet Briar development. He said they need to look at the plan and what they are proposing on the easements for the water, sewer, and gas lines. He stated they would like to go over the punch list as to what has been done, and we won't take over the lines until everything is complete.

Muffin Monster

Sol. Wolf reported they have been working on the Muffin Monster.

Delinquent issues

Amy Leonard mentioned she is the process of filing the lien against the Burke property for not connecting. The water is off at that property and Swatara said they would take care of condemning the property. She reported on various issues from the Sheriff sale and other delinquent issues.

Att. Leonard reported that regarding the bankruptcy case that the Authority had agreed they would go ahead with what is allowed at this time. Discussion followed. Regarding the swim club the mortgage had been sold to another bank. We already have a lien on the property. Gable's have not connected yet and have been advised that we will be moving forward.

Sol. Wolf discussed the agreements for the tapping fees which did not include all the recording and release fees plus the preparation. The agreement only included \$74 for this process which will not cover all the costs. Sheila said that she thought all the fees were included in the initial agreement and no more costs would be incurred at the end of the agreement. She stated the only fees would be legal fees. Discussion followed. It was decided to not charge the property owners any further fees.

Engineer's Report

Water Street pump station

Steve Cordaro stated they are working on the Water Street pump station with regards to the Muffin Monster.

Sliplining

Mike reported the sliplining is almost complete. There is one leg at the back of Laurel Street to complete, and there are some issues on Sandhill Road. He explained there is a problem with the one section at Kathleen Street and Jay Street. Discussion followed.

Question was asked about the notification to the property owners of the sliplining to be done in their area? Mike replied a letter was generated to let people know they would be sliplining and asked residents in that area to limit their water usage for one day and that the water would be restored by the end of the day. The latest the work was completed was 5:30 p.m.

PENNVEST

A submission is being prepared for reimbursement.

Rockwood

We are looking to address the few items that are left on the punchlist.

Assistant Manager's report

She reported she had nothing further to report. She said there were two Rockwood people who have not been pumped.

Wastewater Foreman Report

Mike reported he had nothing further.

With no more business for the good of the Authority the meeting was adjourned at 8:55 p.m.

Respectfully Submitted,

Barbara Bertin, Recording Secretary