

Northern Lancaster County Authority
Minutes of Meeting Held
July 12, 2021

The regular monthly meeting of the Northern Lancaster County Authority took place on Monday, July 12, 2021 at 7:00 PM. In attendance were board members Mike McHenry, Jesse Martin, Roger Sauder, Grant Wise and Steve Tomasko. Also, in attendance was Matt Ross, Superintendent; Kathy Homan, Administration; Blake Romanowski, Authority Consulting Engineer; Anthony Schimaneck, Authority Legal Counsel, Rodney McCowan, NLCA plant operator; Megan Thompson, Authority Auditor; and Ben Ried of Mette, Evans and Woodside (bond counsel).

1) Community Open Session

a) Refinance JBT Loan Rate Reset

- Ben Ried of Mette, Evans & Woodside presented the proposals he received regarding the loan refinance.
- Proposal #1 was from First Citizens Community Bank. Ben indicated that the bank proposed a fixed rate of 1.25% for the first five years and then 1.99% for the remaining (five to seven) years of the loan's term. The Authority would be able to prepay the loan without incurring penalties for doing so. The Authority is currently making quarterly loan payments at approximately \$128,000. First Citizens Bank's closing fee is approximately \$2,000.
 - ◇ If the Authority chooses to pay off the loan in 10 years' time, the quarterly payment to First Citizens would be \$4,000-13,000 higher than our current payment. However, with rate modification and retiring the loan 2 years earlier than the current schedule, the Authority will save approximately \$342,000.
 - ◇ If the Authority chooses to carry the loan for 12 years as opposed to 10 years, the quarterly savings would be approximately \$11,000-14,000 and a total savings of approximately \$248,000.
- Proposal #2 was from Truist Bank. Ben indicated that Truist Bank provides an option of assessing a 1% premium (penalty) of the principal to prepay or lock in for 5 years and then allowing the Authority to prepay the loan. Truist Bank's closing fee is approximately \$4,000.
 - ◇ Truist proposed a 10-year loan with 1.46% interest rate. The total savings for the 10-year loan is approximately \$343,000.
 - ◇ Truist proposed a 12-year loan with 1.65% interest rate. The total approximate savings with the 12-year loan is approximately \$201,000.
- Proposal #3 was from Jonestown Bank and Trust. Ben indicated that while this proposal is acceptable, the other two options are more competitive.
- After lengthy discussion, the Board unanimously decided to accept the 10-year proposal from Citizens First Bank citing the desire to conduct business with a local bank and the fact that the Authority can pay the loan early without penalties. Resolution 7-12-21-1 will be prepared by Ben Ried and presented to First Citizens Bank.

b) Herbein 2020 Audit Review

- Megan Thompson of Herbein CPAs and Consultants presented the 2020 audit findings to the Board.

- Megan informed the Board that the Authority's financial statements includes the pension liability from Pennsylvania Municipal Retirement System (PMRS). PMRS is significantly behind on providing pension reports and the Authority has still not received the 2019 or the 2020 reports. After discussion with JBT, it was decided to move ahead with the financial statements without the pension liability figures. This results in a qualified audit opinion meaning that Herbein is unable to provide an opinion on the pension liability due to lack of 2019 pension reports. The Authority will receive a clean opinion when performing the 2021 audit after PMRS 2019 pension numbers are reflected.
- Megan did state that the audit of the financial statement numbers management tracks and the Board reviews on a monthly basis was clean.
- Operating revenue was within \$516 of the budgeted amount. Revenue was down slightly in 2020 than 2019. This is attributed to lower meter consumption as businesses were either closed or doing less business due to the pandemic. Also contributing to the lower revenue is the Authority waiving the assessment of penalties and interest for a good portion of the year due to the pandemic.
- Expenses in 2020 were lower than in 2019 as well. Part of this is contributed to the open position resulting in lower payroll and benefit expenses. The fourth reed bed was in full operation for the year so sludge hauling expenses were lower than the prior year and overall maintenance and repair expenses were reduced.
- Overall Megan declared the Authority as one of the most forward-thinking authorities they audit. She commended the Authority for identifying future expenditures and setting aside funds to accommodate those expenses. She indicated there were no disagreements or concerns with management and suggested that due to the small staff there is not much room for segregation of duties recommending the Board continue to review the financial statements monthly and question anything unusual.
- As the PMRS report is not included within the mandatory public audit notice requirements, motion to proceed with the advertisement as presented passed unanimously. Kathy will contact LNP to advertise the audit notice.

2) Minutes

- a) Motion to approve minutes for the June 2021 meeting was approved with a vote of 4-0 with Jesse Martin abstaining as he was not present at the June meeting.

3) Check Record and Approval of Bills

- a) Motion to pay bills was approved by a vote of 5-0 with Roger Sauder abstaining from check 4812 to Sauder's Garage.

4) Plant Operator's Report

- a) Plant Operator's Report on Flows, EDUs and Plant Performance.

- June's monthly average daily flows were 0.322 MGD with 2.95" of rain.
- Four new EDUs were added in June.
- No televising was performed in June due to low flows.

- b) Bobcat UTV

- Matt indicated that the UTV was posted on PRWA for 2 weeks without any inquiries. He posted it on the Municibid website on July 7th and stated that there are bids being placed now.

c) New Water Truck Quote

- Matt stated that he received a quote of \$87,800 on a 2022 Ford F600 with a 7.3 liter gas engine and 1500 gal custom commercial vacuum tank with a GVWR 22K (CDL requirement is 26K). The capacity of this truck is the equivalent of the 40-year-old truck we currently have. Staff have estimated the current sludge truck to last maybe another year or year and a half. The new truck would also eliminate the need for a CDL license. Lead time on getting the new truck is approximately 30-32 weeks.
- The Board requested Matt to test drive the truck before purchasing it. Motion was made to authorize the purchase of the F600 subject to Matt's approval after a test drive and reporting back to Roger. Motion passed unanimously.

5) Administrative Report

a) Delinquent Account List

- Delinquent accounts report was emailed to the Board for review.

b) Monthly QuickBooks Reports

- Current QuickBooks reports were emailed to the Board for review.

c) JBT CD Maturity

- Kathy informed the Board that a JBT CD will mature this week. After lengthy discussion, motion was made and passed unanimously to cash in the CD upon maturity date on July 19 and apply the funds to pay down the debt.

6) Engineer's Items

a) 2021 Interceptor Sag Replacement

- Blake stated that a Notice to Proceed had been issued. The contractor submitted all shop drawings. Ebert Engineering reviewed the drawings and released them for production with the exception of one manhole that needs verified that the two penetrations can be close enough together. A pre-construction meeting will be held on July 21, 2021 at 9:00 AM. The completion date for the project is October 29, 2021.
- The Board requested the adjacent property owners be notified of the projected date work will be performed.

b) Brecknock Township Act 537 Plan

- The Act 537 Plan has been submitted to DEP for review. Blake informed the Board that the review process could take 3-4 months.

c) A&A Enterprises

- All obligations the Authority requested have been fulfilled. The agreement contract has been executed and forwarded to the contractor. Construction is expected to begin shortly.

d) Hawk Valley

- The developer submitted a second plan set. Ebert Engineering issued an approval letter.
- Blake indicated he received easements to review along with legal descriptions and plot plans per the Authority's request. As well as a cost estimate to calculate the amount needed for escrow.

- The developer submitted two proposals for reservation of capacity. The first proposal would reserve all 88 EDUs. The second proposal is to purchase 35 EDUs and reserve the remaining 53. Motion was made to authorize Blake to accept option #2 subject to developer's agreement with all engineering and legal ramifications. Motion passed 5-0.

7) Attorney's Items

- a) No Update

8) Old Business

- a) No update

9) Sign Checks

- a) All checks were signed as per the approved check record

10) Executive Session

- a) Annual employee reviews were performed. Upon returning from Executive Session the Board informed Matt of their findings to convey to the rest of the staff.

Meeting Adjourned at 8:40 PM