

A meeting of the Board of Directors of the Municipal Authority of the Borough of Portage was held on Thursday, March 4, 2021, at 6:00 p.m., in the Conference Room at 606 Cambria Street.

Those in attendance were:

Edward Alexander
Craig Castel
Matthew McCoy
John Morgan
Christopher McCall

Also present were: Attorney Michael Emerick, Solicitor; Joe Beyer, The EADS Group; Tony Thompson; Ron Portash, Mainline Newspapers; Doug Wagner, Allegheny Region Recreation Association; Karen Ondesko and Kim Durchak, Kotzan CPA & Associates; and Sharon Squillario, Recording Secretary.

I. CALL TO ORDER

Mr. Alexander called the meeting to order at 6:00 p.m., which was followed by the Pledge of Allegiance and Roll Call.

II. ANNUAL AUDIT PRESENTATION

Mr. Alexander stated that in the interest in time and content, he would like to move out of order of the agenda to have the audit report presented by the representatives of Kotzan CPA & Associates.

ON MOTION OF MR. CASTEL, SECONDED BY MR. MORGAN, THE BOARD UNANIMOUSLY AGREED TO GO OUT OF ORDER OF THE AGENDA TO RECEIVE THE AUDIT REPORT. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

Ms. Ondesko presented the following as it relates to the Management Letter:

- **Material Audit Adjustments:** Ms. Ondesko commented that adjustments were made mainly for the Main Street project. She stated that the Authority will owe Portage Borough and Portage Township for overtime wages and reimbursement for equipment rental. Ms. Ondesko indicated that the grants receivable and corresponding grant income, as well as the project payable and corresponding capital asset, would have been understated had these adjustments not been made.
- **Compliance:**
 - **Payroll:**
 - **Late Fees:** For the third quarter of 2020, the Pennsylvania unemployment compensation, the Pennsylvania Municipal Authorities Association (PMAA) unemployment compensation and the local payroll taxes were not filed. Mr. Cadwallader had contacted Ms. Ondesko to assist with the preparation of the budget in December; and when she was looking at the bookwork, she could tell that the revenues were understated and the balance sheet was negative, so she knew something was not correct. Ms. Ondesko was able to determine what was wrong, and this is where most of her comments came from that she included in the Management Letter. The fees for the submission of the quarterly payments

late were \$237, which could have been more had Ms. Ondesko not found the error. The recommendation of the Auditor going forward is that the Authority personnel should ensure timely submission of all payroll reports to avoid penalty. Mr. Alexander questioned if some of this was a result of the gap in hiring a new bookkeeper, to which Mr. Cadwallader replied affirmatively. Mr. Ondesko stated that it was 2-1/2 months where there was no coverage. Ms. Durchak commented that, if the Board reads through the Management Letter, they will note that there are comments from the Auditor that there was a transitional period without a bookkeeper in place and some things were not addressed. Mr. Alexander questioned if some things could have been far worse, to which Ms. Durchak replied affirmatively.

- Employee Compensation: Ms. Ondesko informed the Board that it was found that one employee was due additional compensation of \$600 from October and November 2020 as opt-out pay from the Authority's hospitalization plan. She did inform the Authority of this oversight; and the employee was immediately compensated. Mr. Morgan questioned if the employee had brought this to the Authority's attention, to which Mr. Cadwallader replied that the employee did not (Todd Feathers). Mr. Cadwallader noted that this was found when Ms. Ondesko came in to assist.
- COVID-19 Compensation: Ms. Ondesko reported that there were two Authority employees that were off on COVID leave that should have been reported separately on the quarterly Form 941, which caused a loss of a tax credit of \$161 that the Authority did not receive under the First Coronavirus Response Act. It is being recommended by the Auditor that the Authority personnel should obtain guidance on the proper reporting of COVID-19 payroll information to ensure they are aware of all eligible credits in the future.
- Board Treasurer: Ms. Ondesko commented that it was brought to the Auditor's attention that the Authority's Treasurer was not bonded for the entire 2020 year. While the Municipal Authorities Code Chapter 56 does not specifically require that the Authority's Treasurer be bonded, the Borough Code does state the following: "The Borough Treasurer shall, before entering upon duties of the office, give bond in an amount determined by council." In addition, Ms. Ondesko pointed out, the Authority's Bylaws also require that the Treasurer be bonded. Attorney Emerick noted that this has been remedied as the current Authority Treasurer, Mr. McCoy, is bonded.
- Management Oversight/Internal Controls
 - Unrecorded Transactions/Erroneous Reports: Ms. Ondesko noted that the transition in accounting staff in late 2020 resulted in a failure to record various transactions into the accounting system. Accordingly, the Profit & Loss reports reviewed by the Board during this time were materially misstated, including, but not limited to, the understatement of monthly revenues by approximately \$103,000 (September, October, November 2020). Mr. Alexander questioned if this is unaccounted for, to which Ms. Ondesko replied that, since the Authority's books are on an accrual basis, the employee of the Sewer Authority that was assisting was entering it as cash receipts, which hits the balance sheets. However, there was no entry made on the Profit & Loss for the actual billed revenues. Therefore, the actual Profit & Loss that the Board was reviewing was short every month by the amount of billed water revenue. Ms. Durchak commented that this does not mean that the Authority was short the funds; it was just a reporting of the funds. It did not show the reporting of the entire revenues for the month because the receivables were not reported. Ms.

Durchak commented that the entries have been corrected already; and the reports will be correct going forward.

- Reconciliation of Bank Accounts: Ms. Ondesko stated that there was one bank account that was not being reconciled; and reconciliation took place in December 2020. It is being recommended by the Auditor that bank reconciliations should be reviewed by the Board to ensure timely completion. It is further recommended by the Auditor that cross-training of employees should take place to ensure that the accounting functions continue during any employee transition. Mr. Morgan questioned if the recommendation of cross-training of employees has been made by the Auditor previously, to which Ms. Ondesko replied negatively. Ms. Durchak noted that this recommendation was made in the current Management Letter under material audit adjustments. Mr. Alexander questioned if we currently cross-train staff, to which Mr. Cadwallader replied that we did not do this in the past but we have begun to do this.

Attorney Emerick questioned if all of the concerns being identified by the Auditors are a result of the situation that took place in the last three months of 2020, to which Ms. Ondesko replied affirmatively. Attorney Emerick questioned if all concerns have been rectified at this point, to which Ms. Durchak replied that they have for the most part. Ms. Durchak pointed out that, as it relates to the bank reconciliations, she questioned if there is a review to ensure that the reconciliations are being done. Ms. Durchak commented that this could be something that Mr. Cadwallader could sign off each month that the reconciliations are being done. Ms. Durchak emphasized that there is always room for improvement as it relates to internal controls. As it relates to the specific issues identified, the journal entries have been made. The entries that were not being made the year before are being made now; and the payroll reports are being filed on a quarterly basis. Mr. Durchak commented that everything that was talked about fell into the end-of-year timeframe when the Authority was short a staff member, which is going to happen. Ms. Durchak pointed out that this is not unusual, but what it brings to light is an opportunity for the need for more cross-training so that there is coverage if someone is off sick or is on vacation. Mr. Alexander questioned when the last time was that the Board looked at the cross-training of staff on certain duties, to which Mr. Castel replied that he does not believe the Board has reviewed it previously. Mr. Alexander noted that perhaps this is the time that the Board should look at this, to which Ms. Durchak replied affirmatively. Ms. Durchak commented that this is especially important as it relates to bank reconciliation as sometimes, as it relates to internal controls, the cost outweighs the benefit when you have a small staff. She indicated that a review of the cancelled checks should be taking place to ensure the payees are correct; and this could be a sign-off by that this has taken place. This could be something that could take place every month; however, every other month, it is something that should be taking place. Ms. Durchak pointed out that it has been found that if the Board is looking at what is shown in QuickBooks, it may not be accurate; however, if the Board is looking at the bank statements and what cleared the bank, this is what will be accurate. She pointed out that a review of the bank statements by the Board on a regular basis is recommended.

Mr. Alexander questioned the Board if the bank statements are something that the Board needs to look at for the next meeting. Attorney Emerick questioned, if the issues that the Auditor is discussing, do they feel as a Board they could do their own quality control or if it something that the Auditor should look at every quarter, to which Ms. Durchak replied that this would be a decision of the Board. Ms. Durchak stated that she does not feel this it is something that the Auditor needs to come in to do if the Board is comfortable with doing it. However, the Auditor would be available to answer any questions or concerns the Board has. When you have a small office staff, Ms. Durchak noted, it helps if the Board takes a more active role in reviewing this information and assisting Mr. Cadwallader in ensuring that the reconciliations are being done.

Ms. Ondesko informed the Board that the Authority has received a clean opinion from the auditor. However, she pointed out, this year, the PMRS retirement administrator did not have the pension information available for the auditor to include in the report; and this had to be stated in the opinion. Ms. Ondesko then presented the following as it relates to the financial statements:

- In comparing 2020 to 2019:
 - General Comments: Cash and Cash Equivalents decreased by \$156,000, which can also be seen on the Cash Flow Statement. Accounts Receivable remained the same. Grants Receivable for the Main Street project, \$357,000. Investments increased by \$9,800. Capital Assets increased \$498,000, \$426,000 of that was the Main Street project as well as other projects. Accounts Payable increased \$10,905. Intergovernmental project payables: was not present last year as this is from the Main Street project (Authority will have to pay overtime wages and equipment rental for the Main Street project). Continue to see debt paydowns; paydowns of \$201,000 during the year. Net position increased \$441,000, which is present on the Statement of Revenues and Expenses.
 - Statement of Revenues and Expenses is on an accrual basis. Revenues are the ones billed rather than received; and expenses are based on incurred rather than outlay of cash. Metered sales increased at 2%, which goes along with the rate increase. Water system maintenance decreased \$16,000 as there were less repairs because attention was on the Main Street project. General office salaries, which includes all employees' sick and vacation expenses, increased because there was a 2% raise given at the beginning of 2020. Insurance expense increased \$25,000, \$19,000 of which was an insurance in health insurance because there were two employees added to the insurance in 2020 as well as the premium increase of \$1,900 per month in 2020. Depreciation continues to increase with new assets but decreases with the older assets (depreciation increased \$15,000). Total operating expense increase was \$28,000, \$25,000 of which was insurance related. Net operating income realized was \$126,537, compared to \$136,682 in 2019. As it relates to non-operating income (expenses), grant income this year was for the Main Street project; and in 2019, grant income was for the Mountain Avenue project. Interest income basically remained the same due to the interest rates being down. Wind turbine revenue and interest expense both remained about the same. The change in net position was \$441,000, which was a decrease of \$24,000 from the prior year.
 - Statement of Cash Flows: The statement explains the \$156,000 decrease in cash for the year (more cash was spent than what was coming in).

Ms. Ondesko commented that the remainder of the report is notes that can be reviewed by the Board at their leisure; and any questions can be sent to her. She commented that Page 23 of the notes does outline the maturities of long-term debt and what will have to be paid out by the Authority in the future. Ms. Durchak stated that if any Board members have a question, Mr. Cadwallader can contact the auditors, or the Board members can feel free to contact the auditors directly.

Ms. Ondesko noted that the auditors did provide prior to the meeting two variations of the auditor's Engagement Letter. One option is for one year and the other is for three years. The three-year price would be guaranteed for the three years; however, it is not guaranteed that the one-year price would stay for subsequent years.

Ms. Ondesko and Ms. Durchak departed from the meeting at this time.

III. RECOGNITION OF VISITORS

Mr. Alexander recognized Mr. Wagner. Mr. Wagner stated that he was present at the meeting representing the Allegheny Ridge Recreation Association. He noted that representatives from the group had attended past meetings of the Authority Board requesting a passageway through the Authority's property to Cichota Curve. Mr. Wagner stated that he was present at the meeting to see if the Association could obtain permission to visit the area again to see how things are settling and to obtain GPS coordinates to compare to the PNDI index map. He explained to the Board that Allegheny Ridge is in the process of doing a feasibility study for a \$200,000 trail project going from Somerset to Snowshoe; and they would like to see if they could connect the trail here as well. They would like to look at the connector to see if they can do anything with it and to see if there are any issues that may have arisen. Mr. Wagner stated that one concern of the Board in the past was runoff and regrowth; therefore, Allegheny Ridge would like to review the area to see how things are progressing. He explained that Allegheny Ridge's initial strategy, in discussions with DCNR and Martindale Lumber, was to access Authority property if they want to have Portage included in the project. They came up with a study and project plan, both of which were approved by Mr. Barton previously.

Mr. Wagner indicated that he was present at the meeting to obtain Board permission to review the area again and see if anything has changed. One area in the past had sediment and too much buildup. Mr. Wagner pointed out that at one riding area near the high wall, one road is all Authority property; however, this has no impact on the watershed. The group wants to see if they can get this area opened up; and they could easily establish borders both inward and outward, along with closing out the trails coming down. Mr. Wagner commented that there have almost been accidents because you have machines trying to use one trail going in both ways. Mr. Wagner noted that he was just requesting of the Board whether it would be possible to revisit this situation.

Attorney Emerick questioned what the concerns were in the past with runoff and sediment, to which Mr. Morgan replied that this was leading down into the impoundment. He stated that this was a Board decision prior to him becoming a Board member. The Board had made the decision at the time to close the area down completely to ATV traffic. Mr. Morgan pointed out that he had suggested that we give the area a chance to regrow. What Mr. Morgan would like to see done currently is to have the Board members and Mr. Wagner to review the area to see what has happened because it would be great to see a trail from Somerset going through Portage. Currently, Mr. Morgan pointed out, the area is closed to all quads; however, he is not saying we can never go back and not open a section up because he does realize that it causes havoc on the watershed in Benscreek. Attorney Emerick commented that he does understand that there were insurance issues as well, to which Mr. Morgan noted that there were liability questions raised in the past. Mr. Wagner noted that the recreation laws were amended in 2018 to provide protection as long as you were not charging a monetary fee and the person was using an area for recreational purposes. He pointed out that, when working with other Townships and municipalities that have opened up areas to ATV access, by providing trails you are stopping the outlaw activities. He noted that there were no ATV incidents in the Shade area. The Recreation Group had an effective education campaign with the public when this first began; and this stopped just about all of the activities in that area. Mr. Wagner stated that by having the corridors and certain access ways, you are containing it where you can monitor it, police it and keep the area cleaned up. In the current Water Authority property, he pointed out, people still cannot go down in there because the Game Commission is enforcing the area. The Water Authority owns the property and has the right to set the rules, Mr. Wagner commented;

however, this would irradicate some of the safety issues with people riding on the road. We are really only talking about .7 miles of an area that will have no impact. The area would be one mile upstream; and if the group goes in and places some limestone, there will be no problems with the mud getting the entire way to the bottom of the area. Mr. Wagner commented that he does not think the area at the bottom will be used again because it is not conducive to the landscape with the high amount of sandstone, and that area will have to be left alone to rebuild. Mr. Wagner stated that he does not know if the project was finished, but when heavy rains were coming in, the banks were washing out, which was contributing to the sediment concern as well. Mr. Wagner emphasized that he believes what is being proposed is doable; and he does not think the group would be creating any hazards.

Mr. Alexander stated that he appreciates the information provided by Mr. Wagner. As Mr. Alexander is part of the group as well he would like to provide a personal tour of the area in question. He pointed out that we do not want to miss the opportunity to include Portage in this because it is huge. Mr. Beyer pointed out that the biggest issue in the past was the sediment because the trails were not being taken care of. He stated that the turbidity is not as bad now since the ATVs have not been running in the area. Mr. Wagner pointed out that the high wall area does not affect the watershed because the draw pipe is above it. The high wall area does not lend itself to being conducive to where the trails are now. Mr. Wagner indicated that he would provide equipment to move rock and block things; and if people are getting something, they will have to show that they respect it. He pointed out that we can use natural barriers in that area as well.

Mr. Wagner pointed out that the plan for the group at this time is that there is a good chance Blue Knob State Park would be involved in this as well because there are to be changes made where ATVs would be allowed on state park property. The group wants to come up from Blue Knob, through this area, and work their way down the ridge. Mr. Wagner emphasized that this is our hometown and we would want to be part of it. Attorney Emerick questioned if this would be part of the trail the group is doing the study on, to which Mr. Wagner replied that it would be used, but when trails are coming through, you have to have places to go and to come down into Portage, the only other option would be state roads, which would not be an acceptable option. The Authority's property would be a target market. The group takes areas and partners with groups for key target areas so that when the architect comes through they know the area. The group has to condense it in because they have to do a GIS/PNDI index study for each area. Mr. Wagner noted that he has been working on the index study for the Portage area around the watershed.

Attorney Emerick commented that his concern that he pointed out to the Board in the past was the issue of liability if the area was opened up generally. Mr. McCall commented that you would have to have some major stipulations, to which Attorney Emerick indicated that he does not know how you could do that for everyone that would be riding in the area. Mr. Wagner commented that, once you do that, you are accepting responsibility for the person. Attorney Emerick stated that when he talked to the insurance company, they said the Authority would not have liability coverage for that. That might change; and Mr. Wagner's analysis of the Recreation Act may kick in if it is considered part of the bigger trails throughout the counties and the Commonwealth. Attorney Emerick pointed out that the Board is not saying no, but he could not make the recommendation to the Board to say yes at this time until they have more information. When Attorney Emerick talked with the insurance carrier, they did not say that the insurance premiums would go up; they said they would not provide coverage. Mr. Wager questioned if the insurance covers hunters on the Authority's property, to which Attorney Emerick replied that he did not know. Attorney Emerick pointed out that the Board is willing to look at this and consider it; however, the Board also has to go through its own due diligence.

Mr. Alexander commented that we could get further clarification from the insurance carrier, to which Mr. Morgan agreed stating that we can definitely see if anything has changed in the last several months. Attorney Emerick agreed to reach out to the insurance carrier again. Mr. Wagner stated that the attorney for DCNR who handles the legislation should also be contacted. When the recreation group is working with landowners, they are told that they are under rules of protection; and if you have malicious conduct, you will get sued. However, when you start limiting access, classifying it, and charging money to use the area, then you are accepting responsibility.

Mr. Morgan stated that he watched the Recreation Group's video and viewed what the County representative said. The County representative was concerned about the Water Authority and the way it was working. Mr. Morgan pointed out that, as Attorney Emerick stated, none of the Board members are saying no but the Board has to see what can be done. Mr. Wagner stated that the group does not want to be irresponsible and does not want to create a situation that endangers the public. Whenever the group does the trails and connectors, they are very specific.

Mr. Alexander noted that the Board appreciates Mr. Wagner's information he provided and the Board will be back in touch with him. Mr. Wagner stated that he appreciates the Board's willingness to visit the area with the Recreation Group. Mr. Wagner departed from the meeting at this time.

Mr. Alexandar recognized Mr. Portash.

Mr. Alexander then recognized Sarah from The EADS Group. At this time, Sarah provided an in-depth review of the geographic information system (GIS) program as discussed by the Board at previous meetings. The information included what huge capabilities a GIS system has; and Sarah shared what East Taylor, Cranberry Township, Jackson Township and the City of Johnstown have in place, all which was done with a mobile device. With the system, you can show breaks, include photos, videos, documents, or any other information available for the Authority's system. Sarah emphasized that the system has the ability to provide optimal information.

Mr. McCoy questioned if the application is available to be set up on a cell phone, to which Sarah replied that it can but it works much more efficiently on a tablet. Mr. McCall questioned what information Sarah would input or would the Authority have to load everything into the system, to which Sarah replied that she would set everything up for the mapping for the Authority, which would include the lines, valves and hydrants; and then later on she, or the Authority staff, can add all of the other attributes the Authority would like; i.e., date of installation, length, street name, service cards, etc. Mr. McCoy questioned, if the system is set up and a new Board comes into being, how will the original data be maintained, to which Sarah replied that once the system is set up, the data will be owned by the Authority. Mr. Morgan noted that he agrees that we need to keep to the basics to begin with. Mr. Cadwallader stated that the Authority can make the system as minimal or extensive as it wants. When we add the hydrants to the system, we could have a dropdown that shows when the original hydrant was placed, when it was replaced, the feed coming into the hydrant, etc. Sarah commented that, when the City of Johnstown's system was started, it had two layers, and now it has 27 layers on the map, which includes pictures of every manhole, manhole inspections, etc. She emphasized that the program can be as in-depth as the Authority wants it to be. Mr. Thompson questioned if we will be able to highlight a certain area to show the valves, to which Sarah replied that the system can be set up to do that. Mr. Cadwallader noted that, when service lines are replaced, it is measured from the front of the structure corner to corner out to the curb stop, the depth of the

line, what type of line, the fittings, the casing, etc. All of this information is currently kept on file; however, it can be added to the GIS system.

Sarah informed the Board that she would set up the original program and then give editing capabilities through the desktop or laptop. If you want to do it through any type of mobile device, you would have to go through a different program for that and you have to pay per user name (\$500 per user per name). Mr. Cadwallader questioned if there would be a charge for the desktop version, to which Sarah replied that there would not be as she could set up to edit everything through the EADS program. Sarah stated that she did not include on the quote price to set up the different attributes. Mr. Thompson questioned if the Authority employees could do this, to which Sarah replied that she would enter the fields and then the Authority could enter the other data. As it relates to the GPS receiver, Mr. Thompson questioned if you would want more than just a handheld, to which Sarah replied affirmatively and that she could obtain information on the GPS receivers needed. Mr. Thompson stated that he did see some receivers online, but they were within one meter of accuracy, to which Sarah interjected that there is equipment that will get you within three to five feet. Mr. Beyer commented that, when you are talking about being within one meter, when Dale Borough started their system, they had used a hand-held which was not very accurate.

Sarah pointed out that, to start the setup, she could scan the paper maps that are currently available and start the basics from that point. She noted that she had provided a quote that was received by the Board at the last meeting; and she can revise/clarify anything that the Authority requests. Sarah departed from the meeting at this time.

The Board agreed to add this matter to the agenda for the next meeting for further discussion.

IV. CORRESPONDENCE

Mr. Alexander noted that the following correspondence was received:

- Letter received from Joy Powers announcing her retirement, effective April 30, 2021, after 49 years of service to the Authority. Ms. Powers is requesting that all unused sick and vacation time be provided as per contract.
- Article - Changing Requirements for Water Systems – for the Board’s information (lead and copper rules revisions).
- Letter received from the Portage Borough Public Works Department agreeing to waive the road occupancy permit and fees relative to the Main Street improvement project. Mr. Morgan requested that a thank you note be sent to the Borough relative to this. Mr. Cadwallader noted that the Borough is on Board and will work with the Authority as it relates to the Main Street project.

V. APPROVAL OF MINUTES

ON MOTION OF MR. McCOY, SECONDED BY MR. MORGAN, THE BOARD UNANIMOUSLY AGREED TO DISPENSE WITH THE READING OF THE FEBRUARY 2021 MINUTES BEING THAT THEY WERE DISTRIBUTED IN WRITTEN FORM AND UNANIMOUSLY ACCEPTED THE MINUTES AS PRESENTED. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

VI. AGENT'S EXPENDITURES

No Agent's Expenditures to be presented.

VII. INVOICES

	<u>PAID BILLS</u>	
Aflac		139.84
CMPA		1,000.00
Comcast		317.84
Damin Printing		350.00
Fairway Laboratories, Inc.		155.50
Lowe's		32.29
Mosholder Insurance Agency		500.00
Niper's Auto Repair		90.00
Penelec		1,486.50
Portage Auto Parts		200.21
Pro Disposal, Inc.		161.00
Randall Motor Company		1,250.54
Ray Oil & Gas Co.		395.22
Scanlan Electric		120.99
Stagers Store		124.63
SwiftReach Networks, Inc		1,225.00
Univar USA, Inc.		2,018.16
UPMC Health Plan		12,668.47
Verizon		491.63
REA Energy Cooperative Inc.		<u>1,136.34</u>
	<u>TOTAL</u>	\$23,864.16

	<u>REGULAR BILLS</u>	
Allegheny Supply		\$ 94.76
Cambria Mailing Services, Inc.		77.14
Christopher McCall		45.00
Cintas		131.66
Craig Castel		45.00
EADS Group		4,199.38
Edward Alexander		45.00
Fairway Laboratories, Inc.		233.50
John Morgan, Jr.		45.00
Mary L. Elchin		260.00
Matt McCoy		45.00
PA Dept of Labor & Industry		167.79
Peoples Natural Gas Company		430.87
Portage Auto Parts		139.42
Portage Post Office		165.00
Portage Service Center		713.00
Pristow's Sales & Service Inc		1,367.99
PRWA		105.00
Portage Service Center		2,695.45
Ronald J. Cadwallader, Jr.		20.00

Sharon Squillario	50.00
Sheetz Fleet Service	206.00
Stagers Store	25.46
United Graphics	1,370.86
Univar USA, Inc.	5,166.03
Verizon Wireless	<u>93.61</u>
<u>TOTAL</u>	\$17,937.92

LATE BILLS

Cambria County Conservation District	\$ 750.00
Penelec	179.59
Visa – 1 st Summit Bank	<u>238.85</u>
TOTAL	\$ 1,168.44

ON MOTION OF MR. CASTEL, SECONDED BY MR. McCALL, THE BOARD UNANIMOUSLY AGREED TO ACCEPT AND PAY INVOICES IN THE AMOUNT OF \$69,534.68 (REGULAR BILLS, \$17,937.92; PAID BILLS, \$23,864.16; LATE BILLS, \$1,168.44; PennVEST, \$3,896.36 AND \$5,508.55; USDA, \$16,051.25; 1ST SUMMIT, \$1,108.00). BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

VIII. TREASURER’S REPORT

ON MOTION OF MR. MORGAN, SECONDED BY MR. CASTEL, THE BOARD UNANIMOUSLY AGREED TO DISPENSE WITH THE READING OF THE FEBRUARY 2021 TREASURER’S REPORT AS IT WAS PREVIOUSLY DISTRIBUTED IN WRITTEN FORM AND UNANIMOUSLY ACCEPTED THE REPORT WITH A BALANCE OF: BEGINNING CASH, \$1,590,190.92; CASH IN, \$235,568.00; CASH OUT, (\$226,118.99); CHECKS PRINTED AFTER REPORT, (\$34,062.68); INTEREST EARNED CHECKING ACCOUNT, \$38.10; INTEREST EARNED MONEY MARKET, \$132.20; ENDING CASH, \$1,565,747.55. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

IX. SUPERINTENDENT’S REPORT

Mr. Cadwallader informed the Board that it is planned to start the Main Street project on Monday, March 8. It is planned to work a normal eight-hour day (7:00 a.m. – 3:00 p.m.), Monday through Thursday. Mr. Cadwallader noted that, each day, around 12:30 – 12:45 p.m., the crew will stop working and clean up the area to allow for the road to be opened back up, and which will also allow the Authority crew and others assisting with the project to address anything that is needed.

Mr. Cadwallader reported that Ms. Flowers’ 90 days of probation are up on March 11, 2021. He noted that Ms. Flowers does want to opt out of the Authority’s insurance coverage. Effective March 11, Ms. Flowers would begin to earn sick time as well. Attorney Emerick questioned whether Ms. Flowers placed her opt out request in writing, to which Mr. Cadwallader replied that she did not but that he would have her do so. Mr. Morgan questioned, if Ms. Flowers is going to

opt out, would we owe Ms. Flowers the monetary value of the hospitalization for that month (\$300 given monthly to other employees for the opt out) as she would be right in the middle of the month when her orientation is up. Attorney Emerick indicated that the \$300 would have to be prorated.

ON MOTION OF MR. MORGAN, SECONDED BY MR. McCOY, THE BOARD UNANIMOUSLY AGREED TO PROVIDE TO MS FLOWERS, AT A PRORATED AMOUNT, FOR THE OPT OUT FROM HOSPITALIZATION COVERAGE AS NOTED ABOVE. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

Mr. Cadwallader informed the Board that all employee evaluations have been completed, including Mr. Flowers' 90-day evaluation. The Board noted that they were pleased with Ms. Flowers' performance to date.

Mr. Cadwallader commented that he included information in the Board packets relative to a minor mishap with the backhoe and dump truck. There were no injuries; and the repairs can be made in-house; and the only cost would be for materials in the amount of \$295.34, which will be obtained from Fender Mender.

Mr. Cadwallader stated that there were some repairs needed on the Blazer; i.e., two upper control arms on the rear end and two shocks. Repairs have been made at a cost of \$194. Mr. Morgan questioned how many miles are on the blazer, to which Mr. Cadwallader replied 94,000. Mr. Morgan noted that the Blazer has not been a good vehicle. Mr. McCall questioned if the vehicle is paid off, to which Mr. Cadwallader replied affirmatively. Mr. McCall questioned if we have a schedule of all of the vehicles the Authority owns, to which Mr. Cadwallader replied that the backhoe is the only piece of equipment that we are currently paying on and everything else is owned. Mr. Cadwallader questioned if there is a fleet service that can be used to purchase vehicles, to which Mr. McCall replied that there is and that he could review the schedule of vehicles to see what is available. Mr. Cadwallader commented that the vehicle with the most mileage is the plant vehicle; and the next vehicle down with the most mileage would be Unit 6, which is a utility vehicle that goes out on leaks. The backhoe and the dump truck do othe snow removal. Mr. McCall asked that Mr. Cadwallader provide him with a schedule of vehicles to include make model, mileage, year purchased, purchase price, etc.

Mr. Cadwallader informed the Board that he took it upon himself to sign the Authority up for the new Code Red alert system, at no cost to the Authority.

ON MOTION OF MR. McCOY, SECONDED BY MR. CASTEL, THE BOARD UNANIMOUSLY ACCEPTED THE SUPERINTENDENT'S REPORT AS PRESENTED. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

X. ENGINEER'S REPORT

A copy of the Engineer's Report was distributed to the Board prior to the meeting.

Mr. Beyer noted that there was no change relative to the emergency action plan.

As it relates to the Benscreek impoundment project, Mr. Beyer noted that he did request a check in the amount of \$750 to be submitted with the E&S plan. Once all of the paperwork is

signed by the Authority, Mr. Beyer will send the information to DEP and the Conservation District. He noted that discussion can probably take place at the next Board meeting relative to bidding the project. Mr. Beyer commented that, according to the draw down permit, they do not want work started until after June because of the fish. Mr. Cadwallader stated that this relates to the turtles as well. He commented that, when we go on the draw down, we have to get the fish out as they do not want them going down stream to a confined area. Mr. Beyer questioned if we could do some type of dam or screen, to which Mr. Cadwallader replied that this would be done on our part of the project. He noted that the last draw down that we did they approved it and gave us the permit. Mr. Cadwallader does want to talk again with the engineer he talked to to obtain more clarification. He pointed out that if we have to clean an area during a draw down, the fish scatter and go back up the creek.

Concerning the Munster tank, Mr. Beyer stated that he is willing to discuss this with the Board at any time. Mr. Morgan commented that a workshop regarding the tank should perhaps be held. Mr. Cadwallader explained to the Board that the Munster tank is the oldest tank the Authority has. It is a 200,000 gallon tank and was placed in 1982. The remainder of the Authority's tanks are Aquastore tanks, with the oldest being the Park Avenue tank which was built in 2002. The two most recent tanks are on Spring Hill, as well as Mountain Avenue where we took two tanks (350,000 and 450,000 gallons respectively) and placed one 1M gallon tank. Mr. McCall questioned what the concern is with the Munster Tank, to which Mr. Cadwallader replied that the paint is fading and it will need a complete overhaul. He did have Suez come in to do an inspection on the tank; and from the top looking down into the tank, you could see some spots. It is decent inside the tank, but until you do a refurbish, it might be more cost effective to put in a new tank. Mr. Beyer noted that it sometimes may cost over \$200,000 just to paint a tank. Mr. Cadwallader pointed out that another consideration with this tank is whether we would want to stay in the same spot or go further up. Mr. McCoy noted he would think we would want to go further and bigger, to which Mr. Cadwallader interjected that we would need to consider the farmland that we would not recoup. Mr. McCoy questioned if this tank is used for storage or pressure, to which Mr. Cadwallader replied that there is a check valve near the golf course that holds for people up at the top but most have a pump inside for the pressure but the volume is there now. Mr. McCall questioned how we would take care of the people when placing the new tank, to which Mr. Beyer replied that the existing system would need to stay in operation until the new system is fully operational. M. McCoy questioned if Mr. Beyer could provide options going further out and larger, to which Mr. Beyer replied that he could do this as this would all have to be considered before going out to bid. Mr. Cadwallader stated that once you get past the Johnson residence, it becomes Munster Township, which would need to be considered as well. Mr. Alexander questioned if a workshop should be set up to discuss this, to which Mr. Morgan replied that he believes there should be as this is the oldest tank and the last one to be replaced Mr. Morgan questioned if there would be grant monies available for this type of project, to which Mr. Beyer replied that a PennVest or USDA loan could be considered as grants would be difficult for this type of project. Mr. McCoy questioned if the cost of a new tank would be approximately \$300,000, to which Mr. Beyer replied that the cost of the project would be approximately \$1 per gallon for replacement of the tank. He noted that the cost of the tank on Spring Hill was approximately \$1M. Mr. Beyer noted that he will start compiling information for the Board and email it to them; and then the Board can decide on a date for a workshop.

ON MOTION OF MR. McCALL, SECONDED BY MR. McCOY, THE BOARD UNANIMOUSLY ACCEPTED THE ENGINEER'S REPORT AS PRESENTED. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

XI. SOLICITOR'S REPORT

Attorney Emerick noted that a copy of his report was provided to the Board prior to the meeting.

Attorney Emerick commented that he completed the restitution agreement for the timber settlement; and he asked for a motion by the Board to have the Chairman execute the agreement.

ON MOTION OF MR. McCALL, SECONDED BY MR. McCOY, THE BOARD UNANIMOUSLY AUTHORIZED THE CHAIRMAN TO EXECUTE THE RESTITUTION AGREEMENT FOR THE TIMBER SETTLEMENT. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

As it relates to the mutual roadway agreement as discussed at previous meeting, Attorney Emerick noted that Mr. Barton has provided mapping showing the location of the roadway. Attorney Emerick has to review the deeds in order to finalize the agreement.

Concerning the discussion earlier in the meeting relative to the ATVs, Mr. Morgan asked that Attorney Emerick clarify that he had contacted the insurance carrier and they said they would not cover that, to which Attorney Emerick replied that he was not advised by the insurance carrier that the Authority's premium would increase but that there would be no coverage. However, Attorney Emerick pointed out, he will clarify this again with the insurance carrier.

ON MOTION OF MR. CASTEL, SECONDED BY MR. MORGAN, THE BOARD UNANIMOUSLY ACCEPTED THE SOLICITOR'S REPORT AS PRESENTED. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

XII. FORESTER'S REPORT

No report as Mr. Barton was not present.

XIII. UNFINISHED BUSINESS

- Capitalization Threshold Increase

Mr. Alexander noted that one of the recommendations of the auditor is that the Authority consider increasing its capitalization threshold from \$1,000 to \$5,000. Mr. Castel noted that this would mean that anything over \$5,000 would be capitalized; anything over \$1,000 is being capitalized currently. Mr. Cadwallader commented that Ms. Ondesko explained that most companies have their capitalization threshold set at \$5,000 and above. Prior practice was older items on capitalization were \$1,000 and up. If we currently purchased something for \$1,000, that \$1,000 is being extended over a certain period of time. Mr. Cadwallader pointed out that, because of the current threshold of \$1,000, there are some projects that are still being capitalized. Mr. McCall noted that, with raising the threshold to \$5,000, we would not be depreciating a \$1,000 capital asset and anything \$5,000 and over would be depreciated.

ON MOTION OF MR. McCOY, SECONDED BY MR. MORGAN, THE BOARD UNANIMOUSLY AGREED TO INCREASE THE CAPITALIZATION THRESHOLD FROM \$1,000 TO \$5,000. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

- Customer Write-Offs

Mr. McCoy questioned if this was discussed and approved previously, to which Mr. Cadwallader replied that action was not taken. Mr. McCall stated that the Board had discussed previously about some type of collection effort, to which Mr. Cadwallader replied that we have gone through a collections company and only received monies from two customers.

ON MOTION OF MR. McCOY, SECONDED BY MR. McCALL, THE BOARD UNANIMOUSLY APPROVED THE CUSTOMER WRITE-OFFS AS PRESENTED. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

XIV. NEW BUSINESS

- Audit Report from Kotzan CPA

Presented earlier in the meeting.

- Consumer Deposit Checks (\$4,600)

Mr. Morgan noted that he had contacted Ms. Flowers and asked that these checks not be printed for signature at this meeting as the Board had some questions regarding this. Mr. Cadwallader explained to the Board that, if a customer is renting property, as long as they do not have any late bills, when they move out and leave town, the deposit is given back to them. If a customer misses one payment on their bill, the deposit is not returned to them. It would work the same for a customer who purchases a property and then sells it and moves out of town. They would receive their \$100 water deposit back after one year (they initially pay \$200 which is \$100 for water and \$100 for sewer). Mr. Morgan noted that, in reviewing the list, he noticed that one former resident lives in Florida and we now owe him \$50. He asked if this individual requested the deposit back. Mr. Morgan noted that the list provided is confusing and he asked if some of the individuals missed receiving their payment back and are just now requesting it as some of the individuals on the list are from 2013, 2014, etc. He can understand the recent requests from 2019 and 2020, but not the older years. Mr. Alexander questioned if these consumers have been on the list for a while since it is only done once a year, to which Mr. Cadwallader replied that the names remain on the list and if the monies cannot be returned to the consumers, it reverts back to the State as unclaimed money. Mr. Castel questioned if this is something that is done automatically, to which Mr. Cadwallader replied that the policy reads that, after one year, the consumer can request the deposit back and it is not returned automatically.

Mr. Castel questioned if the older accounts just have never requested the returned deposit, to which Mr. Cadwallader replied affirmatively. Mr. Cadwallader explained that, when the water is turned on, the consumer is given two slips – a green slip and a blue slip – which have to be brought into the office when requesting the deposit back. In other words, Mr. McCall commented, a consumer requesting a deposit back from 2010 just never remembered he could receive his deposit back, to which Mr. Cadwallader replied affirmatively. Mr. Cadwallader noted that he would have to look into the refund of \$50 because the \$100 deposit has been in effect for quite some time. Mr. Alexander commented that, if the list is generated only once a year, it would make sense that someone could potentially stay on the list for 18 years. Mr. Morgan questioned if we could compare the list year to year, to which Mr. Cadwallader replied

affirmatively. Mr. Morgan questioned if the gentleman from Florida just remembered that he was owed this money, to which Mr. Cadwallader explained that on Orchard Street, there used to be a duplex house, which was turned into a single home and was being rented out. The gentleman paid the initial deposit and never asked for it back. The gentleman then left and moved to Florida and someone purchased the house. Mr. McCoy commented that this is probably what triggered it as the new purchasers wanted to put the water in their name.

Attorney Emerick requested that Mr. Cadwallader provide him a copy of the policy to review, to which Mr. Cadwallader agreed. Mr. McCoy questioned if we should keep this matter on the agenda until next month until Attorney Emerick reviews the policy, to which Attorney Emerick replied affirmatively. Attorney Emerick questioned if the unclaimed monies are for inactive accounts, to which Mr. Cadwallader replied affirmatively. Mr. Cadwallader commented that efforts have been made to return the monies; and if unclaimed, the monies are turned over to the State as unclaimed monies. Mr. McCoy questioned, if the monies become dormant, could they become the property of the Authority, to which Attorney Emerick replied that, as a utility, we would not be able to convert these funds. Mr. McCall noted that, if names stay on the list for quite some time, could we consider charging a processing fee each month as well. Mr. Cadwallader pointed out that, if someone moves out of town and has an outstanding bill, the deposit would be used against the final bill owed and the individual would owe the remainder. Mr. Morgan noted that we would not have a record of any of the individuals on the list and whether they had an outstanding bill, to which Mr. McCall replied that we would know if the consumers were not paying because they would not be included on the list. Attorney Emerick questioned if everyone on the list is inactive, to which Mr. Cadwallader replied negatively.

ON MOTION OF MR. MORGAN, SECONDED BY MR. CASTEL, THE BOARD UNANIMOUSLY AGREED TO TABLE THE MATTER OF CONSUMER DEPOSIT CHECKS UNTIL THE NEXT MEETING. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

XV. GOOD OF THE ORDER

- Change in Meeting Date

Mr. Alexander noted that he does have a conflict with the April 8 meeting date.

FOLLOWING DISCUSSION, ON MOTION OF MR. MORGAN, SECONDED BY MR. CASTEL, THE BOARD UNANIMOUSLY AGREED TO MOVE THE APRIL MEETING FROM APRIL 8 TO APRIL 15 AT 6:00 P.M. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

Mr. Cadwallader commented that he would have Ms. Flowers advertise the change in the meeting date according to the Sunshine Law.

- Main Street Project

Mr. Cadwallader shared with the Board information relative to what will be done on the next phase of the Main Street project.

- Lowe's Credit Card

Mr. Cadwallader reported to the Board information relative to several letters that were received from Lowe's concerning some potential suspicious activity on the Authority's Lowe's credit card. Mr. Cadwallader noted that the letters were regarding inquiries/payments being made to the account; and he questioned all employees and no inquiries had been made. The card has since been canceled and a new card will be issued. Mr. Cadwallader stated that he has reviewed the bills, etc., and no suspicious activity is present; however, to be safe, the card has been cancelled.

Mr. McCall questioned how many credit cards the Authority has, to which Mr. Cadwallader replied that there are only three, Summit Bank, Staples and Lowes. Mr. Castel suggested that all new cards be requested from all of the accounts to be safe.

- Replacement for Ms. Powers

Mr. McCall questioned, with Ms. Powers retiring, do we need to look at hiring a replacement, to which the Board agreed to discuss this in Executive Session.

- Security Cameras

Discussion took place by the Board relative to the installation of security cameras in the Authority building. Quotes and further information will be gathered for the Board's consideration.

- Personnel Files

Mr. Morgan reminded the Board of the discussion at previous meetings to review the personnel files of the employees.

XVI. EXECUTIVE SESSION

ON MOTION OF MR. McCALL, SECONDED BY MR. MORGAN, THE BOARD UNANIMOUSLY AGREED TO GO INTO EXECUTIVE SESSION AT 8:01 P.M. FOR PERSONNEL MATTERS. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

XVII. RECONVENE INTO REGULAR SESSION AND ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE BOARD RECONVENED INTO REGULAR SESSION AT 8:30 P.M. AND ADJOURNED THE MEETING IMMEDIATELY FOLLOWING. BOARD MEMBERS VOTING AFFIRMATIVELY INCLUDED MR. ALEXANDER, MR. CASTEL, MR. McCALL, MR. McCOY AND MR. MORGAN.

XVIII. NEXT MEETING

The next meeting will be held on Thursday, April 15, 2021, at 6:00 p.m.

Respectfully submitted,

Sharon Squillario
Recording Secretary