

The meeting of the Middle Smithfield Township Municipal Authority was called to order on Thursday, September 3, 2009 at 6:00 P. M. with the Pledge of Allegiance, John J. O'Rourke presiding.

Municipal Authority members present: Jack O'Rourke, Oscar Woerlein, and Scott LaBar.

Also present Richard Deetz, Scott Schaller, Doug Olmstead, Dave Scholtz, Sandra Black, and other interested parties.

Oscar Woerlein moved to accept the minutes of the Authority's meeting held on Wednesday, August 19, 2009. Scott LaBar seconded the motion and the motion carried 3-0.

Oscar Woerlein moved to accept the payables of Thursday, September 3, 2009. Scott LaBar seconded the motion and the motion carried 3-0

Correspondence:

Jack O'Rourke tabled discussing "DMI Manufacturing – Energy Usage at Sewage Plant" and "Gorman-Rupp Trailer Mounted Pump System Demonstration" due to the absence of two members of the Authority Board.

Sandy Black stated the "Sweep Arrangement" notice received from Wayne Bank was to inform the Authority that the Authority's monies banked in Wayne Bank are "protected".

The report from Standard and Poor's regarding the rating for Middle Smithfield Township was submitted to the Board members. The Township received a rating of AA-.

Solicitor

Richard Deetz informed the Board that records of delinquent sewer accounts are public records as per the Right-to-Know Law.

Richard Deetz continued to report to the Board regarding a request from a sewer customer for the refund of his connection fees. The customer purchased the connection and has now decided not to build the house. Since there is no precedent at the moment for a situation as this, Mr. Deetz advised the Board to table the request and placed it on the next Authority's meeting's Agenda.

Jack O'Rourke agreed the request be tabled until the next meeting when the entire Board would be present.

Mr. Deetz reported he had written a letter to Attorney Ralph Matergia regarding PNC's letter of termination of the Letter of Credit for Miggy Brothers and has not received a reply as of yet. This item is also to remain on the Authority's Agenda.

If Miggy Brothers does not renew the Letter of Credit, the Authority will have the option of deciding whether to withdraw the monies or not.

Regarding the Articles of Incorporation for the Authority, a charter was filed twenty years ago in Harrisburg which states the purpose of the Authority is exclusively for sewer purposes only and does not include water works and storm waters. In order to change the purpose of the Authority, the Board has to send a request to the Township Supervisors and then the request has to also be submitted to the PA Department of State in Harrisburg, once the Supervisors have consented to it.

There is a proposal by the Supervisors of Middle Smithfield Township regarding changing the purpose of the Municipal Authority to include water works and storm water. This should be discussed by the Authority Board members. This issue also relates to the installation of a dry capped water line in the proposed excavation of the sewer line from Big Ridge to Route 209 – Flea Market.

Richard Deetz stated he did not know where the idea of dropping the water line in the proposed excavation of the sewer line had come from but the Authority Board members need to discuss this and also discuss who should be responsible for the debt services for the water line. In his opinion the Township Supervisors should be responsible for it since they were the ones who made the proposal.

Doug Olmstead stated the Township is trying to provide a water line along Route 209 which would make it easier for business purposes and fire protection. The decision which has to be made is who is paying for the water line. Negotiations have commenced with PA American Water who also wish to proceed with it. A letter is being prepared to Tom Becket regarding the situation.

Oscar Woerlein stated the Municipal Authority is not empowered to drop a water line.

Doug Olmstead answered the Township is willing to accept the responsibility of paying for the water line. He suggested the Authority write a letter to the Township stating their decision about the water line and the fact the Township should be responsible for paying for the water line.

Scott LaBar questioned Mr. Deetz if the Authority takes on the water line, do they also have to take on the waste water.

Richard Deetz stated an amendment to the Articles has to be requested to the Supervisors from the Authority first and then the changes have to also be approved by the PA Department of State in Harrisburg. This is a decision the Board members have to first discuss and then make a joint decision.

Jack O'Rourke requested this item be tabled and placed on the Agenda for the next Authority's meeting.

Engineering:

Doug Olmstead stated no action as of yet on the budget for the main plant.

Damian DeGeorge is still working with Mignosi's regarding their grease trap problem.

A pre-construction meeting regarding the rehabilitation of the pump stations will be held on Wednesday with Aqua Net Environmental and Fred Courtright of Achterman Associates.

The Route 209 sewer line permit is being revised and the application will be sent to DEP soon.

Jack O'Rourke questioned Doug whether the as-builts and the manuals for the Winona plant had been received as of yet.

Doug requested a motion from the Authority Board to send a letter to the contractor stating they had 45 days to submit the as-builts and the manuals for the Winona plant.

Scott LaBar disagreed with giving the contractor a 45 day timeframe period to submit the as-builts and the manuals.

Jack O'Rourke moved for Doug Olmstead to send a letter to both the contractor and F. X. Browne requesting the submission of the as-builts and the manuals no later than Monday, September 14, 2009. Oscar Woerlein seconded the motion and the motion carried 3-0.

Jack O'Rourke questioned Doug Olmstead regarding the request from Keystone Hollow and the release of their Letter of Credit.

Doug Olmstead stated he had given the request to the Accountant, Robyn Pugh, but suggested the Board table the item since he did not know if she had completed the work as of yet.

Plant Operator

Dave Scholtz reported to the Board the main plant is functioning well.

Met with Jose Montagua of Aqua Net Environmental and gave him a tour of the pump stations.

Experienced a problem at the main plant with the power generator. The transfer switch failed to operate properly, switch "banging back and forth". One of the workers manually transferred the power back to normal. Had to call the generator company to check it out and they traced it back to a faulty voltage regulator. There was some damage

to the motor starters on the sludge holding tank and replacements parts have been ordered. The generator problem also affected the digester pump. Need to know if the digester pump is covered under insurance before ordering the replacement parts.

Calculations of the flow meter for the month of August averaged about 52,000 gallons a day.

Winona plant is running good and no sludge has been hauled as of yet.

Old Business

Total collected on delinquent accounts since August 19, 2009 was \$5, 943.26, the new outstanding balance is \$180,055.73 with the satisfaction of one lien in the amount of \$1,905.42 – new outstanding balance for liens is \$218,635.27.

Oscar Woerlein moved to enter into Executive session for a discussion with Township Supervisor Scott Schaller at 6:30 P. M. Scott LaBar seconded the motion and motion carried 3-0.

Scott LaBar moved for the Municipal Authority Board meeting to reconvene at 7:00 P. M. Oscar Woerlein seconded the motion and motion carried 3-0.

Jack O'Rourke stated a letter had been submitted to the Authority Board from Township Supervisor Scott Schaller regarding the 5% salary raise approved by the Authority Board for their Secretary Sandra Black. The letter stated the raise had to be rescinded due to the fact the Township is on a salary freeze. The letter stated the Authority Board had no right offering their secretary a raise because of the salary freeze and also because Mr. Schaller was not satisfied with Mrs. Black's work. The Authority Board was satisfied with their secretary's work and had promised her a raise at the completion of the six months period of employment and at the completion of her one year anniversary. The Authority Board was willing to rescind the raise and place it in escrow.

Jack O'Rourke proceeded to read the new revised Letter of Engagement submitted by Serendipity Accounting. The revised Letter of Engagement submitted for the services of Accountant Robyn Pugh raising their prices from \$30.00 an hour to \$65.00 an hour.

Jack O'Rourke moved to terminate the accounting services of Serendipity Accounting and their Accountant, Robyn Pugh. Scott LaBar seconded the motion and motion carried 3-0.

The Board instructed Sandra Black, Recording Secretary for the Authority to prepare the letter terminating the services of Serendipity Accounting and their Accountant, Robyn Pugh.

The motion terminating the services of Serendipity Accounting ensued into a verbal argument between the Authority Board and Scott Schaller whereby Mr. Schaller made

the accusations of inappropriate accounting entries to the Authority's books by their Secretary, Sandra Black. He stated the Authority had no problem when Robyn Pugh was instrumental in acquiring a million dollar grant for the Authority but they had a problem when she questioned the accounting abilities of the Authority's Secretary.

Scott Schaller stated there was evidence regarding the misappropriations and it had been shown to Gary Summers, a member of the Authority Board, and who was in total agreement with the reporting of the inconsistencies with Robyn Pugh. Mr. Schaller also accused Jack O'Rourke with misappropriations of the Municipal Authority funds.

Pat Cusmano questioned Scott Schaller whether or not it was a conflict of interest with Robyn Pugh working for the Township for \$85.00 an hour and also working with the Authority. He also questioned whether or not the Township already had a financial employee who was capable of handling the finances of the Township and why was it necessary to hire Serendipity Accounting too.

Scott Schaller stated Robyn Pugh was an employee of the Township and had been approved by the Township Supervisors.

Jack O'Rourke questioned Sandra Black as to whether or not she had been able to record the entire dispute between the Board and Scott Schaller. She stated she had and it would be reflected in the final minutes.

New Business:

Richard Deetz reported for the Authority Board about a Winona Lakes customer who had experienced the loss of her home to a fire. Because of her loss, she was requesting from the Authority to change her sewer billing to standby fees because she would not be rebuilding the home.

Scott LaBar questioned whether there was a policy concerning a problem like this.

Richard Deetz stated there was no policy and suggested this item be tabled until the entire Authority Board was able to meet as a whole.

Citizen's Comments

Patti Cusmano questioned Doug Olmstead about Mignosi's taking over the hardware store and turning it into a deli, and will it be connected to Foodtown or will he pay an additional sewer connection for it.

Doug Olmstead stated the front end of the store had been approved for a liquor license but no plans have been presented to the Township regarding the changeover.

Scott Schaller questioned the Board if they had made a decision regarding the Articles of Incorporation.

Doug Olmstead replied the item had been tabled until the entire Authority Board was present.

Scott LaBar questioned Richard Deetz regarding a motion to hire an independent accounting firm to investigate the accusation of inconsistencies.

Richard Deetz stated a motion would be appropriate to hire an independent accounting firm but the motion should not include the firm's name due to the fact that they were not present at the meeting.

Scott LaBar moved for the Municipal Authority Board to hire an independent accounting firm to review the Municipal Authority's books. Jack O'Rourke seconded the motion due to the fact that he also had been accused by Scott Schaller regarding the inconsistencies of the books. Motion carried 3-0.

Jack O'Rourke moved for the Authority Board to enter into Executive Session for personnel matters at 7:15 P. M. Oscar Woerlein seconded the motion and motion carried 3-0.

There being no further business, the meeting adjourned at 7:25 P. M.

Respectfully submitted:

Sandra Black, Recording Secretary
Middle Smithfield Township Municipal Authority

Jack O'Rourke _____

Oscar Woerlein _____

Scott LaBar _____