



BOARD OF COMMISSIONERS

PUBLIC MEETING

AGENDA-MINUTES

August 18, 2021

1. CALL TO ORDER: 7:00 p.m.

Roll Call taken as follows:

Commissioner Wolk:	HERE
Commissioner Long:	HERE
Commissioner Setton:	HERE
Commissioner Kelly:	HERE
Commissioner Morgan:	HERE

Attendees: Commissioner Christina (Tori) Morgan, President
Commissioner Diane Kelly, Vice President
Commissioner Michael Wolk, Assist. Secretary
Commissioner Joe Setton
Commissioner Ben Long
Joseph Zator, Twp. Solicitor, Zator Law
Anthony Tallarida, Twp. Engineer, The Pidcock Company
Renee Bickel, Township Manager, Absent
Randy Cope, Director of Twp. Operations
Herb Bender, PW Superintendent
Mike Elias, PW Utility & MS4 Coordinator
Mike Kukitz, Parks & Rec Manager
Scott Boehret, Finance Manager
Chief Glen Dorney, SWT Police Department
Dave Manhardt, Director of Community Development
Tom Harper, Enforcement Program Manager
Tracy Fehnel, Exec. Assistant

2. PLEDGE OF ALLEGIANCE

3. NOTIFICATION: All Public sessions of the South Whitehall Township Board of Commissioners are electronically recorded, filed, and posted on BoardDocs for the Public's access.

***(boarddocs.com; USERNAME: swhitehall; PASSWORD: swtpublic)**

At this time, President Morgan advised that the Board did meet in executive session prior to this evening's meeting to discuss personnel and land matters.

4. MINUTES

a. August 4, 2021 - BOC Meeting Minutes

A MOTION was made by Commissioner Kelly, which was seconded by Commissioner Setton, to approve the August 4, 2021 BOC Meeting Minutes as amended. (See amendment below.) All in favor; none opposed.

Commissioner Kelly - One addition, under COF, a resident asked about COVID Relief money, Scott Boehret said discussion with regard to this money will take place in the budget

workshop sessions; the Township has already received \$1.044M and another \$1.044M was due next year and that the money must be spent by 2024. *The August 4th minutes will be revised to reflect this change.*

Roll Call vote as follows:

Commissioner Wolk:	AYE
Commissioner Long:	AYE
Commissioner Setton:	AYE
Commissioner Kelly:	AYE
Commissioner Morgan:	AYE

Motion carried.

5. **PRESENTATIONS:**

a. **Herbein and Company - Presentation of Audits**

Mr. Chris Turtell, CPA/Partner, Herbein and Company was in attendance to discuss the 2016–2019 SWT Audit Results, as well as the SWTA Audit Reports. He explained they did a Financial Audit of the Township, not an Internal Controls Audit.

Commissioner Wolk provided the Finance Committee Report about the Audits as follows:

2016-2019 Audits have been completed and submitted to DCED. Finances have been audited for the first time in 10 years. 2020 Audit is in progress and will be done by the end of year. The 2019 balance sheet includes the audited fund balances, which provides an audited statement about the health of SWT finances—this is the first time we have had an audit fund balance in 10 years, which is essential for us to move forward into the budget cycle, all the more reason we want to get 2020 done as well. Fund balances are around 35%--which have been there over the last four years. This provides a margin above the suggested minimum 20% fund balance. The Township is in a pretty good position going forward. In addition, there is work in progress. At your recommendation (Herbein), in your report, Scott is currently working on this, to develop a fund balance policy to be used in the future.

Transitioning to the audit, Herbein has audited the finances, but not the internal controls; internal controls, which Commissioner Wolk said he thinks as financial policies and procedures. Herbein did identify several internal control deficiencies, which were identified in the process of completing the audit, but this is also the reason why the audit took quite some time to complete.

Certain work is in progress, and Scott will continue to correct these deficiencies, so that the future audits can be done more quickly and on schedule.

Commissioner Wolk went on to say that—your audit report states we should continually revisit/revise internal controls and the Township should perform an internal risk assessment periodically on internal controls. Based on your recommendation, I believe the Township should complete an internal controls audit to ensure we have a complete list of deficiencies, that they are identified, and corrected. If taken into account, you (Herbein) found several deficiencies—Herbein found the ones that were required in order to complete the audit. Herbein did an extremely thorough, excellent job. Nevertheless, there could be additional internal controls deficiencies that may exist that need to be identified and corrected. Thus

the reason Commissioner Wolk recommends that we do an internal controls audit, which was outside of Herbeins' scope of work. This ended Commissioner Wolk's Summary.

Chris explained the importance of having Standard Operating Procedures, especially in light of the turn-over in various positions in the Finance Department. The new person would have to come in and figure out where everything stopped, how to move forward, etc. Having documented procedures, for each month, can really help, especially in light of the turn-over in these positions. The Finance Directors were living in three different worlds—spending their time forward trying to help budget; current—getting information to the BOC; and then prior, trying to get information to us (the auditors). This was a lot of work; and finally getting to this point will allow you to move forward now.

Commissioner Wolk said the creation of standard operating practices and getting them documented and accessible is something we need to do. Chris said this will enable you to hold accountability for those who are not following these Standard Operating Procedures.

As referenced, Commissioner Kelly read the paragraph in the report that states: Accurate and timely reporting of financial data to the BOC is essential for the decision-making process of the Board. Based on the proposed audit adjustments noted, it appears that accurate financial reports may not have been provided to the BOC.

How can we better move forward and get accurate/timely reports to the BOC so that we can make the right decisions moving forward? Chris said it all circles back to the same thing—if you have a monthly close procedure, where it is expected that certain reconciliations are going to be run, running those reports timely, doing the reconciliations, producing them, and getting that information out.

Commissioner Wolk agreed with Chris regarding this central issue, and went on to say that the Board has the authority, the accountability for Township finances. For the Board to do their job, we need timely, accurate, financial reports. He feels that going forward we will be moving in the right direction. Also, regarding the deficiencies, Herbein has identified the multiple things to be done to correct the problem. Going forward we will need a program—here is the issue, here are the things that need to be done, typically it will have to manifest itself in a Standard Operating Procedure to solidify the fact that the problem will not occur again. We will then be operating on a much better basis. He added that Scott Boehret and Brian Stenson are already doing much detailed work on this and has confidence that they will follow through and get the job done.

President Morgan said that the delay in the audits is the culmination of many different things. We have gotten to this point, these audits are done, and we are in good financial standing. We now know what we need to do in order to stay in a positive direction. She went on to say the Board appreciates the work Herbein has done, as well as Township Staff. We are looking forward to good things.

During Courtesy of the Floor, Robert Hodges asked what were the deficiencies included in the Auditor Report. Commissioner Morgan stated that the 2012 Embezzlement caused the 2016-2019 Audit delay and that there were many other deficiencies that caused the 2016—2019 Audit delay.

Commissioner Wolk stated that there is NO information in the Auditor Report that attributes the 2016-2019 audit problems to the 2012 Embezzlement.

All Board questions/comments were taken and answered, followed by the Public questions/comments.

Agenda Item 7-A was handled at this time.

President Morgan said as a result of the presentation we need to consider a Motion to Accept the 2016-2019 Audits as presented. The Board jumped down to Agenda Item 7-A.

6. ORDINANCES:

- a. **For Possible Adoption - An Ordinance Of The Board Of Commissioners Of The Township Of South Whitehall, Lehigh County, Pennsylvania (The Township), Authorizing And Directing The Issuance Of Its General Obligation Bonds, Series Of 2021, In The Maximum Aggregate Principal Amount Of \$15M (The "2021 Bonds" Or "Bonds") Pursuant To The Local Government Unit Debt Act Of The Commonwealth Of Pennsylvania, As Codified By The Act Of December 19, 1968 P.L. 1158, No. 177, As Amended And Supplemented; Providing The Proceeds Of The Bonds Shall Be Used To Fund (I) Certain Township Improvements, And (II) The Current Refunding Of The Township's General Obligation Note Series Of 2014 (2014 Note), Township's General Obligation Note Series Of 2018 (2018 Note), And Township's General Obligation Note Series Of 2019 (2019 Note), Pursuant To A Program (The "Refunding Program"); Making Representations Regarding The Amortization Of The Bonds; Determining That Such Sale Shall Be A Private Sale By Negotiated Bid Under The Act; Fixing The Interest Payment Dates, Denominations And Registration, Transfer And Exchange Privileges Of The Bonds; Setting Forth The Maturity Dates, Principal Maturities And Current Interest Rates Of The Bonds And Establishing A Required Schedule Of Payments With Respect To The Sinking Fund, As Hereinafter Established, In Order To Amortize The Bonds; Establishing The Redemption Provisions Of The Bonds; Accepting A Bid For Purchase Of The Bonds And Authorizing Execution Of Such Acceptance By An Appropriate Officer Of The Township; Designating A Paying Agent And Registrar; Designating A Place And Method Of Payment Of The Bonds And Interest Thereon And Making Certain Covenants With Respect To The Tax Free Status Thereof; Establishing The Substantial Form Of The Bonds Authorizing Execution And Authentication Of The Bonds; Providing For The Registration Of The Bonds, The Maintenance Of Records Of Registered Owners And Transfer Of The Bonds; Covenanting To Pay The Principal Of And Interest On The Bonds And Pledging The Full Faith, Credit And Taxing Power Of The Township To Such Purpose; Establishing A Sinking Fund For The Bonds And Authorizing And Directing Payment Therefrom; Setting Forth Certain Provisions With Respect To The Investment Of Monies Therein; Designating A Sinking Fund Depository; Setting Forth Certain Rights Of The Paying Agent And Bondholders In The Event Of Default And Other Rights Of The Parties With Respect To The Bonds;**
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Providing For The Circumstances Under Which The Ordinance May Be Amended Or Modified; Authorizing And Directing Specified Officers Of The Township To Do And Perform Certain Specified, Required Or Appropriate Acts; Authorizing The Execution Of Documents For Closing And The Payment Of Issuance Expenses; Declaring That The Debt To Be Incurred Is Within The Limitation Imposed By The Act Upon Incurring Of Such Debt By The Township; Authorizing And Directing Proper Officers Of The Township To Deliver The Bonds Upon Execution And Authentication Thereof, Upon Receipt Of Proper Payment Of The Balance Due Therefor, And Only After Specified Approval, As Required, Of The Department Of Community And Economic Development Of The Commonwealth Of Pennsylvania; Setting Forth Certain Covenants Relating To The Federal Tax Status Of The Bonds; Covenanting To Pay Over At Settlement Sufficient Monies To Provide For The Payment Of The 2014 Note, 2018 Note And The 2019 Note (Collectively "Prior Debt"), To Be Refunded In Accordance With The Refunding Program; To The Extent Appropriate Providing For The Issuance Of Irrevocable Instructions Of Prior Debt And Providing For Compliance With The Securities And Exchange Commission Rule 15c2-12; Providing For Severability Of Provisions Of The Ordinance; Providing For Repeal Of All Ordinances Or Parts Of Ordinances So Far As The Same Shall Be Inconsistent; Providing When This Ordinance Shall Become Effective.

In attendance this evening were Attorney Kevin Reid, with King Spry, Herman, Freund & Faul, who will serve as bond counsel, as well as Jamie Schlesinger, Director, PFM Financial Advisors LLC, who is the advisor to the Township, and Chris Hoffert, Director, Stifel Institutional, who serves as the underwriter for this transaction. Jamie summarized by saying he was here this evening, with the purpose of working with the Township with regard to this debt issuance as stated in the above ordinance. PFM will be serving on this transaction and future transactions, which would include various future capital projects. We are asking you to consider one large financing to do a number of things as described previously.

We remain in a strong interest rate environment, and as mentioned this evening, a strong fund balance, strong demographics of the township, and we are hoping the rating will come in at a strong position as we go into this market. If all these things go well, we hope the rates will be below what we are expecting, and we expect to save money from the re-financings, and hope to lock in interest rates over a 20-year period for the debt associated with this building. If those things happen, without the market shifting, he feels the Township will be in a great position for payment of this debt over the next 20-30 years. Tonight, we are asking the Board to consider this ordinance and to answer any questions. If approved this evening, we will file with the Commonwealth of PA, Department of Community & Economic Development, we will continue and hopefully go to the credit rating agency in the next few weeks, and will have a rating call scheduled. Once that happens, and is approved and finalized, we can go to market—the plan is sometime in September. Because of the certainty of the maturity date of the loan related to the building, we do have some time constraints, so will move quickly.

Commissioner Wolk summarized as follows: This is based on \$15M. A portion of this is based on capital projects. We still have some decisions to make as far as which capital projects. We are still moving forward with \$15M. We are not locking into the \$15M this evening, but will do so at an upcoming meeting after we do this work and you give us your recommendation.

Jamie said that is correct, with a few comments. The \$15M is what is established with the Commonwealth of PA, which is the principle amount they can actually issue. The Commissioners will tell us what capital amount they will want to borrow—assuming around \$1.6M in capital projects. We want to establish how much money you will have in your capital fund. We don't want to do too much or too little. We hope to have this from you in the next couple of weeks with that final amount in order to use for our ratings call conversations.

Attorney Reid explained that the requirement is that you spend the entire amount. The threshold is 85% within three years. The other requirement is that you maintain a continuous, good-faith effort to spend all the proceeds.

Jamie felt the blended rate could be somewhere around 2%. They need to utilize the max 5% because it is based on the coupon structure, which the state looks at for the purposes of meeting the state guidelines.

All Board/Public questions were answered at this time.

A MOTION was made by Commissioner Kelly, which was seconded by Commissioner Wolk, authorizing the adoption of ordinance authorizing and directing the issuance of its General Obligation Bonds, Series of 2021, in the maximum aggregate principal amount of \$15M as explained above.

Roll Call vote as follows:

Commissioner Wolk:	AYE
Commissioner Long:	AYE
Commissioner Setton:	AYE
Commissioner Kelly:	AYE
Commissioner Morgan:	AYE

Motion carried.

b. Copy of 6-A Ordinance was posted here for Public Access.

7. RESOLUTIONS: None.

8. MOTIONS

a. Motion to Accept the 2016-2019 Audits

President Morgan said as a result of the presentation we need to consider a Motion to Accept the 2016-2019 Audits as presented. A MOTION was made by Commissioner Kelly, which was seconded by Commissioner Wolk, to Accept the 2016-2019 Audits as presented.

Roll Call vote as follows:

Commissioner Wolk:	AYE
Commissioner Long:	AYE

Commissioner Setton: AYE
Commissioner Kelly: AYE
Commissioner Morgan: AYE
Motion carried.

b. Motion Requesting Permission to Award Bid for the Bridgeview Terrace Water Main and Valve Replacement Project

Herb Bender, Superintendent of Public Works, explained that SWT Utilities Department and Purchasing Department are requesting permission to award the bid for the Bridge View Terrace Project to Pioneer Construction Co. Inc. for the amount of \$393,147.00. This price will include all new 8-inch water main and valves. The residents will be hooked up to the new water main at no cost. Four new fire hydrants will be installed. Also, one sample station will be installed at the dead end of Courtney Place.

Board questions were answered at this time; no questions by the public.

A MOTION was made by Commissioner Kelly, which was seconded by Commissioner Setton, granting permission to award bid for the Bridgeview Terrace Water Main and Valve Replacement Project. All in favor; none opposed.

Roll Call vote as follows:

Commissioner Wolk: AYE
Commissioner Long: AYE
Commissioner Setton: AYE
Commissioner Kelly: AYE
Commissioner Morgan: AYE

Motion carried.

c. Added on Motion. A Motion for Consideration Whereby the Township's Liability Police Practices Liability Insurer, QVE Specialty Insurance Company has consistent with the terms of the insurance policy requested the Township's consent to negotiate, resolve, and settle the litigation commencement by Juliana Valenzuela, Administrator of the Estate of Joseph Santos against the Township in terms of which shall result in full and complete and total release of all claims asserted against the Township as current and past employees set forth in a written settlement agreement approved by the Township solicitor and litigation council, it is hereby resolved that the Township by and through this board provides QVE Specialty Insurance with its consent to settle the aforementioned litigation.

There were no questions by the Board or the Public at this time.

A MOTION was made by Commissioner Kelly, which was seconded by Commissioner Morgan, granting approval of above motion as presented.

Roll Call vote as follows:

Commissioner Wolk: AYE
Commissioner Long: AYE
Commissioner Setton: AYE
Commissioner Kelly: AYE

Commissioner Morgan: AYE
Motion carried.

9. CORRESPONDENCE AND INFORMATION ITEMS:

Boards and Commissions – Informational Items

CURRENT VACANCIES ON BOARDS/COMMISSIONS:

1. Civil Service Commission - 1 vacancy, alternate position
2. Landscape Shade Tree Commission - 2 vacancies
3. Parks & Recreation Board – 2 vacancies
4. Zoning Hearing Board – 1 vacancy, alternate position

10. DIRECTION/DISCUSSION ITEMS: None.

11. OLD BUSINESS:

- a. **Wehr's Dam – Status:** Nothing new to report.

12. DEPARTMENT REPORTS:

- a. **Executive Department** – Randy Cope, Director, Township Operations.

Touched on the microphone situation. Mics have been ordered and are patiently awaiting for their arrival.

- b. **Community Development Department** – Dave Manhardt, Director

Comprehensive Plan – Wrapped up working group meetings. These were virtual and in-person meetings. These groups came up with recommendations for the new CP. Will be presenting those to the PC at tomorrow's meeting. Next step in the process is the PC evaluates and moves forward with those recommendations and puts everything back together into a new CP. Then, will work on the schedule for PC Workshops for finalizing the CP.

No Board/Public questions at this time.

- c. **Finance Department** – Scott Boehret, Director

Budget Workshop Schedule – Will get this out to the board and all Department Heads & FCs. FYI.

- d. **Parks & Recreation Department** – Randy Cope

Summer Playground Program—402 children were enrolled this year. Mike Kukitz, Park & Rec Manager, is beginning a new program—Walk with the Doc; partnering with St. Luke's to take place first Saturday in October & November on Jordan Creek Greenway Trail. There is a Fall Festival in Partnership with the Chamber of Commerce October 9th, 11A-3P, CBP. Township Spook-tacular Event in partnership with the PCL on October 22nd, 5P-8P. Tree & Bridge Lighting Ceremony December 4th, 4-7P. Adopt tree event will also be part of the December 4th event.

e. Police Department – Chief Glen Dorney

Stats for month of July: 1,289 reports. YTD Reports 7,155. UCRs 70. YTD UCRs 437. Arrests 32. YTD Arrests 218.

Last week held Advanced Youth Law Enforcement Academy. There were 18 students. Partnered with LCTI. The program was four days. The students were educated through the LCTI Program, with LCTI instructors, on several aspects of law enforcement.

On September 16th we are starting our first ever citizens academy which will run for approximately 10 weeks. 34 people enrolled.

The Lehigh County Chiefs of Police Association will be holding an Accommodation Ceremony on September 2nd, invitation only event, including 13 PDs.

f. Public Works Department (Water & Sewer) – Herb Bender, Superintendent PW

Streets – Getting ready to start in-house milling/paving Plaza Lane area. Milling August 30th, paving September 1st. Repaired Pheasant Hills detention basin—sediment removed. 12 inlets repaired in the last 12 weeks—to date, 40 have been rebuilt this year.

Parks – Current working on the repair of fences on the MS4 side—will include Pheasant Hills, Dillon, Bradford, and SW Chase. Took down some large trees in CBP, as well as keeping up with grass cutting and regular maintenance of parks.

MS4 – Had full DEP inspection today on our permit. No violations at this time. Will be starting our outflow inspections in a week or two.

Utilities – Getting ready to start the cast & place lining repairs, which will help with our I&I. Routine water station maintenance and water sampling. Working on getting our lead and copper test program ready for 2022. Also, just wrapped up our valve and hydrant replacement job on Main and Russell Streets.

Board questions answered. Public had no questions.

g. Township Engineer – Tony Tallarida, The Pidcock Company

Projects being reviewed is shorter this time around. Questions by Board answered; no questions from Public.

13. COURTESY OF THE FLOOR: None.

14. PAYMENT OF INVOICES:

a. Invoices and Purchasing Requisitions have been reviewed by the Township Manager and the Director of Finance, who authorize that checks be issued to pay bills as tabulated.

A MOTION was made by Commissioner Kelly, and seconded by Commissioner Setton, to approve the payment of all invoices.

Roll Call Vote as follows:

Commissioner Wolk: AYE
Commissioner Long: AYE
Commissioner Setton: AYE
Commissioner Kelly: AYE
Commissioner Morgan: AYE
Motion carried.

15. **EXECUTIVE SESSION:** None.
 16. **ADJOURNMENT:** At 8:51 p.m. a MOTION was made by Commissioner Setton, which was seconded by Commissioner Kelly, to adjourn. All in favor; none opposed.
 17. **APPROVED:** On **October 6, 2021**, a MOTION was made by Commissioner Morgan, which was seconded by Commissioner Kelly, to approve the August 18, 2021 BOC Meeting Minutes as amended. All in favor; none opposed.
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