

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
MINUTES – SEPTEMBER 4, 2019

The regular meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on September 4, 2019. Mr. Grenier called the meeting to order at 7:35 p.m. and called the Roll.

Those present:

Board of Supervisors:

Daniel Grenier, Chair
Frederic K. Weiss, Vice Chair
Kristin Tyler, Secretary (left meeting in progress)
Suzanne Blundi, Treasurer
John B. Lewis, Supervisor

Others:

Kurt Ferguson, Township Manager
David Truelove, Township Solicitor
Andrew Pockl, Township Engineer
Kenneth Coluzzi, Chief of Police

COMMUNITY ANNOUNCEMENTS

Mr. Grenier stated the Yes you Can 5K will take place on October 6 to benefit all Pennsbury PTOs.

Mr. Grenier stated a special Planning Commission meeting will be held on Monday, September 9 at 7:30 p.m. at Pennwood. Mr. Ferguson stated in the event that meeting would need to be continued they have also reserved the same place for the second Planning Commission meeting on September 23. He stated whether or not it is needed, they felt it was prudent to reserve it in advance.

Mr. Grenier asked if they will be able to put that meeting on TV, and asked if they will check on the ability of resources; and Mr. Ferguson stated they have not done that. He stated there was some discussion as to whether or not that meeting could be streamed, but that would be a decision for the Board if that was something they would want him to pursue. Mr. Lewis stated there is a news organization that would have the right to cover the meeting anyway so he does not feel the Board would have to give approval. Ms. Tyler asked about streaming a live audio. Mr. Lewis stated he would not have a problem with that. Mr. Grenier stated his concern is that if the Township tells the

public we will do that, and the quality of the presentation is not what the Township normally gets for their Township meetings, the public may decide to stay home when they should have attended.

Mr. Ferguson stated he has not investigated the Township physically doing that. Mr. David Kelliher stated the Township's equipment is all hard wired so they could not take the equipment out on location. Mr. Kelliher stated there are organizations to which you would pay a fee, and they would bring all the equipment to the location; and he could find out what those costs would be. Ms. Tyler asked about Tech students streaming this; however, Mr. Kelliher stated he did not believe that their equipment was located at Pennwood, and he believes that they are set up at Fallsington. Mr. Grenier stated since the meeting is on Monday, they do not have a lot of time; however, if there is a second meeting they may be able to consider this.

Mr. Lewis stated WBCB does live events all the time, and they can get it out quickly. Ms. Tyler stated they could also ask them if they could provide the Township with a copy so we can run it on our own channel. Mr. Lewis stated they probably could, and he also noted that everything WBCB does is archived on livestream.

Ms. Tyler moved and Mr. Lewis seconded to authorize WBCB to livestream or otherwise distribute the Planning Commission meeting of September 9, 2019 and any continued meetings thereafter.

Ms. Blundi stated while she is in favor of this being available, she asked if we are allowed to do this since Pennwood is not our property; and she asked if they have to ask Pennsbury if that is allowed. Ms. Tyler stated she feels the Board could authorize it so that the Township has the authority; and if it is not possible, we would have a reason why it is not possible.

Motion carried unanimously.

Ms. Tyler stated a resident asked that the Board announce that on Friday, September 13 at 7:30 p.m. at Neshaminy High School there will be a presentation about women and their fight for the right to vote. Admission is free.

Mr. Grenier thanked the Township staff, particularly Ms. Monica Tierney, the Director of Park & Recreation, for putting together another successful Community Pride Day which was well attended with a lot of great feedback.

PUBLIC COMMENT

Mr. Doug Marshall, 1009 N. Elbow Lane, stated he spoke previously at a Board meeting a number of months ago about the issue of 5G as there is a Nationwide move to install 5G cell towers; and he asked the status of this in the Township.

Mr. Zachary Rubin, 1661 Covington Road, stated he is the Chair of the Electronic Media Advisory Council. He stated 5G is being implemented in a number of other States. He stated since 1997 when the Federal Telecommunication Act was passed, they took all regulatory authority from the Municipalities and put it into the Federal Government. He stated the Township therefore has no say in what can be done about this; and while individuals can write to the FCC, the FCC has approved this already, and it is being implemented. He stated the only objections at this time are what kind of devices will be used.

Mr. Truelove stated there is a fast-tracking mechanism so that if the Township would get Applications, the review process has to be done within a certain period of time. He stated he is aware of a firm which is involved in this; and if this matter were to come up, they could discuss it with that firm.

Mr. Marshall stated he has read and confirmed that there are School Districts in California where there has been an exponential increase in childhood concerns related to 5G, and he could provide this information to the Township. Mr. Marshall stated he does not agree with the decision as it takes away the power from the local Government; and in the same way that there are cities that are taking a Sanctuary-City type stance on issues, the Township should not have to adopt the policy regarding 5G in Lower Makefield Township particularly when it jeopardizes the health of citizens and children who are particularly vulnerable.

Ms. Tyler stated in the past the Township has been successful in stopping cell towers from being built in certain locations. She stated while the Court did not recognize the issue of health concerns, they did recognize other factors such as Real Estate values. She stated she could provide the legal brief that was written and submitted to the Court.

Mr. Marshall thanked the Board for everything that they do.

Mr. Grenier stated since this is an FCC issue, Mr. Marshall should write to Congressman Fitzpatrick about his views as he does respond.

Mr. Lewis stated there is a piece of State Legislation that would preempt Municipalities from charging any Fees on rights-of-way access for 5G providers, and it would exempt the Township from having any say as to their size or location. Mr. Lewis stated has not been passed, and our current State Representative is opposed to it.

Mr. Dobby Dobson, 1776 Cypress Way, asked about the proposed Zoning change that is before the Planning Commission and whether any other landowners have written a letter to the Township requesting that their properties be changed if the Overlay Mixed-Use gets changed. Mr. Ferguson stated he did receive a letter from Mr. Fleming asking if he could add his property into the Petition that was provided to the Planning Commission. Mr. Tyler asked that the letter be forwarded to the Board of Supervisors. Mr. Dobson asked if that has been added to the Petition; and Mr. Ferguson stated while he would defer to a legal interpretation, he has been involved in one of these previously. He stated the original Petition was from a property owner; and he feels that legally someone who has property across the street and not adjacent to the property, does not have the right to add their property to added to the Petition. Mr. Ferguson stated the reason the Board does not have this yet is because he wanted to get a legal opinion on that request. He stated the request was received late last week, and they have not yet had a chance to get a legal opinion.

Mr. Dobson stated he feels it is important that Township residents know what could potentially happen in that area of the Township. He stated he is not opposed to development, but he believes that it has to be proper development. He stated he feels they could have 332 from I-95 to Newtown looking like Street Road in Bensalem, and he does not feel that is what Lower Makefield residents want.

Mr. Bryan McNamara, 1412 Heather Circle, stated when they changed the Master Plan, Shady Brook does fall “In the changes” because they fall in the O/R District. He stated Shady Brook has sent a letter in that the Township has to consider re-Zoning all of that land including the Aria Tract. He stated the real estate sign that had been on the Aria Tract for the past ten years is now down, and he asked if there are any plans for that tract or any letters that have come in. Mr. Truelove stated they have not withdrawn their Appeal which is still pending although it has been pending for years.

Ms. Tyler asked Mr. Ferguson if they have heard from any others surrounding the property regarding this issue, and Mr. Ferguson stated they have not.

Mr. McNamara noted Page 45 of the Master Plan states: “The outcome of the pending Plans for the Shady Brook Farm site may also factor into the review of uses and standards.” He asked if there are any pending Plans since it is written in the

Master Plan that there are pending Plans, and it stated “pending Plans – not possible Plans.” Mr. Grenier stated he believes at the time of the last version of the Plan, Shady Brook probably still owned the Aria property. Mr. McNamara stated this is in the Master Plan that the Board just voted on and approved. Mr. Truelove stated there is nothing other than the Aria Plan that has been submitted for that parcel. Mr. Ferguson stated that has not been withdrawn so it is considered pending.

Mr. McNamara stated that is not Shady Brook Farm. He stated in the paragraph before that in the Master Plan they talk about high vacancy rates of 50% in the O/R District and the closing of Lockheed Martin. He stated what is not in there is what Mr. Truelove had stated about there is an 85% occupancy rate in his building. Mr. McNamara stated Crown Cork and Seal came in, and they are at over 85%. He stated KVK Pharmaceuticals bought out Lockheed Martin, and all of that information is not in the Master Plan. Mr. Truelove stated in terms of vacancy rates, they do fluxuate. He stated Crown Cork and Seal only came in over the last three to four months. Mr. Truelove stated his building fluxuates; and Mr. McNamara stated while he recognizes that, a 50% vacancy rate as noted in the Master Plan is a lot different than a 15% vacancy rate. Mr. McNamara again noted that someone came in and bought the Lockheed site.

Ms. Tyler stated with regard to the Shady Brook property, the only Plan was Aria. Mr. McNamara stated that is not Shady Brook Farm. Mr. Grenier stated Shady Brook is currently leasing that land for farming purposes.

Mr. Ferguson stated with regard to the Lockheed site, he was in Newtown at the time and issued partial Occupancy Permits; and they only have 5% occupancy of that building. He stated there are only offices there. He stated they are not doing any manufacturing there as they own two other properties in the area. He stated they were trying to do a variety of uses including an “incubator” which was not permitted and has not gone forward. He stated there are only approximately ten office workers there at the Lockheed site.

Ms. Tyler stated with regard to the occupancy issue, she had asked that the Township contact the building owners to find out the current occupancy rate so they can have an informal idea. Mr. Ferguson stated they did have a representative who appeared before the Board and talked about the occupancy rates with one having 50% vacancy, and the other doing slightly better than that. Ms. Tyler stated she felt he had indicated they were both at 85% but they were at a lower rent, and she asked that the Township look into that to verify the rates. Ms. Tyler stated the occupancy rates will be helpful going forward on some of these proposals.

Mr. Ferguson stated Mr. Majewski just texted him and indicated that the Shady Brook Farm property while owned by different people, is referenced the same way.

Mr. McNamara stated there is a paragraph in the Master Plan that talks about pedestrian connectivity to Edgewood Village businesses will help assist with the long-term economic sustainability to the Village; however, he feels if there is potentially a grocery store going in and five more Retail sites along with Shady Brook asking for re-Zoning their property, he does not feel that will help the economic viability of Edgewood Village which is one mile away when everything will be built new at this new location. Ms. Tyler stated they will consider the economic impact of the proposed development

Mr. Zachary Rubin asked the status of contacting Artesian Water of Newtown about fluoridation of PA American Water. Mr. Ferguson stated they were contacted and have advised that they believe they would have no role in this, and that the Township would just tell them if that was our intent. He stated if the Board of Supervisors wants to move forward with fluoridation, Newtown Artesian has indicated that their interpretation is that if that is what the Township wants, they do not have a “yes or no” that would influence that. He stated he has forwarded the e-mail from their General Manager to the Board of Supervisors.

Mr. Rubin stated PA American had indicated that they would consider fluoridating if all the entities were on board, and Mr. Ferguson is indicating that Artesian is not taking a position either way. Mr. Ferguson stated they are not taking a position other than if the Township tells them they want it, Artesian would not have to weigh in on it in order for the Township to be able to say that we want the fluoridation. Mr. Ferguson stated PA American had suggested that the Township get all approvals, and the question was did Newtown Artesian fall into that category of needing to have their approval; and Newtown Artesian has suggested that they do not care one way or the other, and that they were not one of the ones the Township needed to wait on to make fluoridation happen if that was the will of the Board of Supervisors.

Mr. Rubin asked if that is the case could the Township proceed to agendize to a future meeting discussing whether we want our water fluoridated. Mr. Grenier stated it is his responsibility to put items on the Agenda; and if there is information they can discuss and they have time to do it, they would put it on the Agenda. Mr. Rubin asked if there is any obstacle to having this put on a future Agenda given what the Township Manager just advised. Mr. Grenier stated there may be other projects the Board has to look at which may be a higher priority than fluoridation.

Ms. Tyler noted a report put out by the American Medical Association on September 3 discussing whether adding fluoride to drinking water is a safe way to prevent tooth decay or a mistake. Ms. Tyler stated she feels they would need to do more research on this, and she asked Dr. Weiss to look into this article. Dr. Weiss stated he has been in the business for over forty years, and he feels the addition of fluoride in non-fluoridated water has been generally considered for the last twenty years to be safe and effective by researchers both in medicine and dentistry resulting in a reduction in dental caries and bone problems.

Mr. Rubin stated this is why he would like to have this matter agendaized, and he did not want to debate the issue during Public Comment.

Mr. Jeff Hall Gale, 823 Stark Circle, asked why an Economic Impact Study was not done before the Board voted to change the Master Plan; and if one was done, is it available for public review. Ms. Tyler stated it was not done; but if this project across from Shady Brook goes forward, she feels they would need an Economic Impact Study. She stated she has already reached out to the County, and she feels they could help the Township with that. She stated there should also be a Traffic Study. Mr. Gale stated it is important to see what the traffic impact would be and how it will affect the rest of the Township.

Mr. Ethan Shiller, 1578 Willow Pond Drive, stated he would like to discuss the decision to engage PFM in their current evaluation which started off with a recommendation by the Township Manager, Kurt Ferguson, to sell the sewer system. Mr. Shiller stated he knows that on May 1, 2018 Moody's assigned AA1 to the Township of Lower Makefield for General Obligation Bonds. He stated he had heard discussions about the Township's debt level, and one of the reasons the sale of the sewer system was recommended by Mr. Ferguson was because Moody's re-evaluated and on February 14, they down graded Lower Makefield to an AA2 citing the negative outlook. Mr. Shiller stated he does not understand the timeframe of some of the actions and decisions made to get to only considering the sale of the sewer system for evaluation purposes as a resolution to lowering to what is perceived by some to be a debt burden on the Township.

Mr. Shiller stated on July 3, 2018, Lower Makefield negotiated restructuring a Lease Agreement for the cell tower owners which netted the Township \$2 million up front for thirty-five years. Mr. Shiller stated he is having trouble finding where the \$2 million ended up.

Mr. Shiller stated Mr. Ferguson was hired on July 16 after the \$2 million was placed within the Township's expected, projected Budget year-to-date for 2018. He stated in September, 2018 he was able to find in the Budget the \$2 million placed in a Revenue line item called Cell Tower Account #01342-204, but he cannot find it in the 2019 Budget.

When Mr. Grenier asked Mr. Shiller if that was his question, Mr. Shiller responded it was not, and his question was about the Moody's conversation that the Township Manager had as a conference call about evaluating the downgrade of our Bond rating. He stated the "conversation is important, and that \$2 million is important."

Mr. Ferguson stated the \$2 million is still sitting there and was rolled up into the final year-end cash balance. He stated they ended 2018 with approximately \$2.5 million in the Budget. He stated you would not see that dollar amount in the 2019 Budget since it is "sitting there as cash." Mr. Ferguson stated the auditor, who will be speaking later this evening, will be talking about some of the changes we will have to recognize because that was a front-loaded Lease; and they cannot show that money entirely in the Fund Balance, and they will have to put that in over a period of time. He stated they cannot show that under Fund Balance numbers under GASB standards because it is still considered a Lease even though it was a \$2 million sale. He stated the auditor will talk about the final 2018 Fund Balance which will be dramatically less than what the cash balance is because they will have to enter that in over the period of the term of the Lease of thirty-five years. He stated the money is sitting in cash on the books, and the Township ended the year at about \$2.5 million in cash. He stated this will not be seen in the 2019 Budget, and the Budget as it was passed would show the Fund Balance number and it would be in that Fund Balance number, and it was not set aside, earmarked, or put into a set-aside fund. He stated as has been reported repeatedly and as part of the Budget discussions, the financial standing of the Township was different from what he felt the Board was anticipating they were going to hear.

Mr. Shiller stated that was why he could not find it in an account within the 2019 Budget; and Mr. Ferguson stated there would not be an account for that, and it was sitting in the General Fund Balance number.

Mr. Shiller stated his first question was about Mr. Ferguson's Moody's conversation. Mr. Grenier stated they would like to move the meeting forward, and he suggested that Mr. Shiller review the meeting when Mr. Ferguson had discussed that in great detail; and if he then has any questions after reviewing that, he can bring that up to the Board after that. Mr. Shiller asked the date of the meeting since he had not found Mr. Ferguson's description of his conversation with Moody's. Mr. Shiller stated he did hear Mr. Ferguson's report of the Moody's downgrade. Mr. Ferguson stated the Moody's letter is on the Township Website, and he suggested Mr. Shiller look at the Minutes immediately after the date of that letter when he had described what was discussed and what their concerns were.

Mr. Jacob Ray, 10 Noreen Drive, stated he is a Boy Scout from Troop 10; and part of his Citizenship and Community badge he is supposed to interview someone on an issue he is interested in. He asked Ms. Blundi, as “head of the Environmental Advisory Council” what the Township is doing to promote clean energy. Ms. Blundi stated Mr. Grenier is very involved in environmental issues particularly wind power, although she would be happy to speak to Mr. Ray as well as she has helped Scouts with this badge in the past; and usually she does this over the phone or in person at a time other than during Public Comment. Ms. Blundi stated he could contact any of the Supervisors by e-mail, and all their e-mail addresses are on the Township Website.

Mr. Robert Abrams, 652 Teich Drive, stated he would challenge what was earlier stated as according to the 12/31/18 Statement, the Fund Balance was \$539,000 in 2018, down from \$2.95 million. Mr. Ferguson stated Mr. Abrams is speaking Fund Balance, but he was talking Cash Balance. Mr. Ferguson stated the change in the number that Mr. Abrams is looking at is what the auditor is about to discuss where he is going to advise that under GASB standards, the Township can recognize that full \$2 million sale in the Fund Balance. He stated while the Fund Balance is approximately \$500,000, the Cash Balance is upwards of \$2.4 million. He stated because of the GASB standards, we cannot show all of that amount in the Fund Balance.

Mr. Abrams stated while he understands that point, the Cash Balance has gone down from almost \$9.9 million to \$9,050,000; and that shows him if the \$2 million was put in there, they would have a 25% decrease in Cash Balance. Mr. Ferguson stated there are other Cash Balance changes that were the result of the Audit that he has presented to the Board including what Mr. Furman will talk about which is re-stating our 2017 Financial Statement to reflect things that have occurred specifically with the RACP Grant and other items he has discussed. Mr. Abrams stated he does not see any Footnotes, and Mr. Grenier stated they will be going through this in great detail when the Audit comes up shortly on the Agenda.

Mr. Abrams stated he has questioned the \$2 million a number of times, and he would like to know how much interest they have gotten on it since one of the Board members told the public that they would get \$50,000 in interest; and he does not believe that they did get \$50,000. Mr. Ferguson stated when he started with the Township he would have been under the impression that the \$2 million would have been put into an account. He stated the Township has Bond proceeds that are collecting 2.25%; however, once he researched this, he found that unbeknownst to the Board the \$2 million was needed so that there was enough cash at the end of the year so that it was not possible to set that money aside and the Board would not have been aware of that until he pointed it out to them. Mr. Ferguson stated the \$2 million is in an interest-bearing account that currently generates .65%.

Mr. Abrams stated he feels they need to be much more transparent with what is going on with the sewer system. He stated he has read on Facebook that this will be a “PUC deal,” and he has already talked to Bucks County Water and Sewer and they “do not answer to the PUC because they are non-profit.” Mr. Abrams stated the Township needs to give all the information. Mr. Grenier stated there are no pre-conceived sale notions on the part of the Board of a PUC sale, versus a Bucks County Water and Sewer sale, versus no sale, versus a new Authority; and they are just going through the process. He stated nothing has been set at this time, and there will not be until they get the data. Mr. Abrams stated the public deserves transparency that is necessary to make effective decisions.

APPROVAL OF MINUTES

Ms. Tyler moved, Ms. Blundi seconded and it was unanimously carried to approve the Minutes of August 7, 2019 as written.

2018 AUDIT PRESENTATION

Mr. Ed Furman stated they have completed the Audit and issued a draft of the Financial Statements, and the numbers are set at this point. He stated they will have a final PDF and final financials by the end of the week.

Mr. Furman noted the document has an overall summary of the 90-page Financial Statement. He stated they will be issuing a clean, unmodified audited opinion on the Financial Statements. He stated they will also issue a Statement of Auditing Standards 114 Report which is considered an Audit Committee letter. He stated this report has to be issued to the upper level management of the client which would be the Board of Supervisors. He stated they have no disagreements and no significant audit issues with the testing. He stated a Status 115 Report would be issued if they determined that there were material weaknesses and internal controls; and they did not see that happening, and they did test internal controls so that Report will not be issued.

Mr. Furman noted the Audit testing which was done including the Township trial balance and supporting account analysis, and they reviewed the entire internal control system of the Township. He stated this included testing of transactions at the Golf Course. He stated with regard to Cash and Investments, they test reconciliations; and if there are any accounts that are beyond FDIC coverage, the banks are required to pledge Federal collateral on those accounts

under Act 72; and they confirmed that collateral exists. Mr. Furman stated for Capital Assets they do vouching of material additions, and for Accounts Payable, they do a search for unrecorded liabilities. He stated Debt is mainly confirmations along with the Revenues. He stated with regard to the Expenses, they run Pivot Tables. He stated they download 100% of the transactions of the Township, and for the Expenses they run line by line, month by month which allows them to look for material transactions or if there are duplicate payments or unusual transactions. He stated they feel they have a more effective Audit when they look at 100% of the transactions.

Mr. Furman stated as part of the Data Extraction, they do W-2 analysis of employee pay levels and journal entry testing. He stated with regard to employee testing, they look for duplicate addresses in the payroll system and employee addresses that might show up in the Accounts Payable as vendors; and there is nothing negative to report there.

Mr. Furman stated the next few pages in the report provided refer to the Benford test, and they look for duplicate payments, whether there are gaps in the check sequences, and they do analytical work on the Sewer billing.

Mr. Furman stated he provided an overall summary of the full Financial Statements. He stated the first section is Government Wide which is under the full accrual method of accounting where you record Capital Assets as Fixed Assets, you record depreciation expense, Bonds are recorded as Liabilities; and you work your way down to a Net Position or Net Equity of the Township. He stated Cash did go down by approximately \$800,000 between 2017 and 2018 along with the Receivables. He stated with regard to Capital Assets, there were no significant projects in 2018. Mr. Furman stated there was a decrease in the Accounts Payable and Accrued Expenses some of which was cash being used to pay that down.

Mr. Furman stated the Unearned Revenues is the item which was discussed earlier this evening, and that was the thirty-five year Contract. He stated it was determined that was a Lease Agreement because the Township will take Title back at the end of the thirty-five years. He stated they ran this transaction to GASB to see what they determined, and they felt it should be recorded as Revenue periodically over the thirty-five years since the effective transaction is a Lease transaction.

Ms. Tyler asked if that is a rule which they have to follow in that way, can we choose to do it that way, or is it a best practice, etc. Mr. Furman stated GASB looks at it as a thirty-five year arrangement so the Township is earning that revenue periodically over the thirty-five years and “not all as one shot.” He stated if it were a total sale where the Township would not be taking Title back at the end, then it would be like a sale of equipment, etc. Mr. Ferguson stated those are GASB Standards that

they are following the process and that is how they have to show this. Ms. Tyler asked if they have to show it that way or “should” they show it that way. Mr. Furman stated the Township does have to show it that way or they would not get an unmodified opinion, and they would have had to give a qualified opinion that they were not following GASB pronouncements. He stated the cash is there, and you can see that on the Balance Sheet; but the Revenue cannot come into the Fund Balance all at one time.

Mr. Lewis asked where that is shown in the Management Report discussion, and he asked if it is detailed as a Finding; and Mr. Furman stated it would not be a Finding, and it would just be the transaction itself since they are following proper accounting. Mr. Lewis asked if that would not be significant enough to mention. Mr. Ferguson stated at this point all they have sent out are the summary sheets for the presentation, and this not the full ninety-page book with everything included. Mr. Lewis stated he read through the ninety-page book, and this is why he was curious as to why that was not discussed. Mr. Furman stated he would have to look into this. Mr. Ferguson stated if that is something the Board wants referenced, they could do that; however, Mr. Furman’s point is that it was not a Finding, and it was just how that had to be assigned.

Mr. Furman stated with regard to Bonds and Notes Payable, there was a decrease in Principal in 2018.

Mr. Furman stated another accounting change that took place in 2018 was the accounting for the Other Post-Employment Benefits. He stated the Township provides medical coverage to retirees, and an actuary has to do a calculation of what that potential liability is in the future. He stated the old pronouncements allowed them to amortize that over a thirty-year period, but a few years ago GASB changed their Pension accounting and required the full Pension liability be recorded on the Balance sheet. He stated they then did the same thing with the Other Post-Employment liability, and they wanted the full liability booked which is why you see a jump from \$628,000 in 2017 up to \$4.8 million in 2018. Mr. Furman stated the Compensated Absences is accrued vacation and sick time and there was an increase in 2018. He stated the Net Pension Liability went from \$5.2 million to approximately \$8 million. He stated a significant piece of that was an investment loss in the Pension Plans of approximately \$1.3 million, which hit in December when the market dropped significantly. He stated what they have been seeing with their other clients is that most of that investment has come back, and that Liability should go down by at least \$1 million next year assuming that the market holds for the rest of 2019.

Mr. Furman stated there is a Net Position of approximately \$70 million which is an overall favorable debt to equity ratio on the Government-wide financials.

Mr. Furman stated the Statement of Activities is the Revenue and Expenses. He stated there was an increase in Property Taxes, and Transfer Taxes and LST Taxes were comparable. He stated Investment Earnings were down slightly. He stated other than Public Safety, most of the Expenditures had no significant fluxuation from 2017 to 2018.

Mr. Furman stated under the full accrual method of accounting, there was a slight surplus of approximately \$32,000 in 2018 versus a positive surplus of approximately \$1.4. million in 2017.

Mr. Furman noted the Summary page. He stated the General Fund is recorded as a Governmental Fund which is a different method of accounting. He stated the Fund Balance dropped down to approximately \$539,000 at the end of 2018 which was mainly a result of a significant amount of transfers to other funds which was most of the \$2.8 million deficit in 2018.

Mr. Furman stated the Sewer Fund and the Golf Course Fund are separate financial statements. He stated the Accounts Receivable for the Sewer Fund was fairly comparable. He stated the Capital Assets are depreciated, and there were no significant projects in 2018. Mr. Furman stated the bonds decreased; and the Net Equity was approximately \$2.1 million, and the loss for 2018 was approximately \$1.3 million. He stated most of that was from depreciation expense.

Mr. Grenier noted the General Fund where there is a \$2.8 million negative from reconciling numbers. He asked if that was from unbudgeted items. Mr. Furman stated a significant piece dealt with zeroing out negative fund balances in other funds from prior years. He stated the Capital Reserve Fund had approximately a \$1.8 million deficit, and a transfer was put in to bring that deficit back up to zero. He stated there was also a \$900,000 transfer to the Golf Course Fund which was needed to have a positive Net Equity at the Golf Course. Mr. Grenier asked Mr. Furman if it is common to have that large of a negative balance in the Capital Reserve Fund, and Mr. Furman stated in their experience most of the Special Revenue Funds do not leave the year with a deficit. He stated they would either come up with additional revenues from Special Revenue or a transfer is done. He stated the Capital Reserve Fund with a deficit of approximately \$1.8 million was a significant negative balance. Mr. Grenier asked if that is something that he would discuss up front on the Report; and Mr. Furman stated they would not necessarily in the Financials themselves since those transactions are approved by the Board, but usually when he would dialogue with the Board he would point that out. Mr. Grenier stated he is particularly concerned about that, and he would want to make sure that they do not have that going forward. Mr. Furman stated the negative balances have been zeroed out at this point.

Mr. Ferguson stated one of the sheets they will have will show the final position of all of the funds including the other Government Funds so they will know where they stood at the end of 2018.

Mr. Grenier stated over a year ago during a prior analysis, it showed a large surplus in the General Fund, and the Board was never told about the negative balances which were quite significant which was of concern; and he is glad that they are going through this and looking at it. Ms. Tyler stated the way the accounting is done now is done in a different manner from the way it was done before. She stated money was pulled out from the General Fund for the Golf Fund. She stated it is a matter of where you are shifting money to, but it is still the same amount of money. Mr. Grenier stated there was a negative \$1.8 million balance that was “glossed over,” and he added that is not typical accounting practice. Ms. Tyler stated she does not know that was so.

Mr. Furman stated the beginning balance of the Capital Reserve Fund was approximately a negative \$1.18 million; and Ms. Tyler stated that was when they backed out the \$2 million. Mr. Ferguson stated that is incorrect, and it was after that. Mr. Furman stated the adjustment they had to beginning Fund Balance was that the fund had recorded approximately \$1 million on a Grant that was never received in 2017 or 2018, and it was not received until 2019. He stated that should not have been recorded as Revenue in 2017.

Mr. Ferguson stated he had discussed with the Board why he was concerned at Budget time which was that there was a Fund Balance of \$2,950 million at the same time had a negative fund balance collectively through all the funds minus \$1.8 million. He stated they had to reverse out the RACP Grant which backed all of the numbers down to approximately \$200,000. He stated while it was shown differently, the concern he had at Budget time was that there was not the misconception that there was \$2.9 million available because all of the “holes that were sitting there that had not been reconciled.” He stated they had to subtract those off of the \$2.9 million. He stated they did not want to budget for something that was beyond their capability to pay for.

Mr. Furman stated in the General Fund the ending Fund Balance of \$539,000 is about 4% of the General Fund Revenues, and typically a Bond Rating agency would be targeting anywhere from 8% to 12% for Safe Harbor so the Township is a little below that.

Mr. Furman stated with regard to the Pension Funds as noted earlier there was a \$1.3 million investment loss at the end of 2018; and the Police Plan is about 64% funded at the end of 2018. He stated the State considers 70% as Safe Harbor for funding. He stated it was above 70% in prior years before the investment loss. He stated the market value has come back this year; and if it holds, the Township

should again be above 70%. He stated the non-Uniform Plan was at about 72% funded. Mr. Ferguson stated they are in excess of 70%, and one of the things he would like to discuss in the future is bringing in the investment professionals to give the Board an update and overview on year-to-date performance, the current investment strategy, and where the number is currently.

Mr. Furman showed the Summary Balance Sheet for the Governmental Funds. He stated the main fund is the General Fund in terms of operating the Township. He stated the Cash Balance at the end of 2018 is approximately \$2.5 million. He stated the Unearned Revenue of \$1.964 million is the unamortized revenue on the Cell Contract which leaves the Unassigned Fund Balance at \$527,664. He stated the Capital Reserve is zeroed out as far as the negative. He stated the Debt Service Fund consists of two funds – the Bond proceeds Fund and the Debt Service Fund; and in there they have approximately \$4.7 million which is restricted for Capital projects from Bond proceeds and about \$79,000 available for Debt Service. He stated there are Special Projects and the other Governmental Funds which are Special Revenue Funds as far as restricting the use.

Mr. Furman stated the next few pages are the Revenues and Expenditures. He stated in the General Fund, there was a small surplus before other financing sources and uses of about \$90,000. He stated the Capital Reserve started the year with a deficit of about \$1.745 million, and with transfers that now has a zero balance at the end of 2018.

Mr. Grenier asked when you look at the bottom line number from 2017 versus the starting number of 2018 do they match, and Mr. Furman stated they did have adjustments to the opening numbers. Mr. Furman stated there were two primary adjustments. He stated in the General Fund there was a liability for accrued vacation and sick time, and that does not get reported in the General Fund as a liability, and it is expensed as it is paid. He stated that effectively increased the General Fund balance by about \$400,000. He stated on the Capital Reserve close to \$1 million was recorded for the Grant that was not received so they removed that from the Capital Reserve Fund which increased the deficit from about \$700,000 to \$1.7 million.

Mr. Ferguson stated the amount that Mr. Furman is talking about was accounted for as well in the Budget, and it was part of the transfers; and Mr. Furman is memorializing that from an auditor's perspective. He stated the Board did this in the 2019 Budget by reversing that \$911,000 back out in 2018 for the year-end numbers so it has all been accounted for in the Budget document that the Board had passed. Ms. Tyler asked when the Township received the \$900,000, and Mr. Ferguson stated it was received about one month ago.

Mr. Furman stated for Governmental Funds it can only be recorded as Revenue if it collected sixty days after year end so for 2017 it should not have been recorded as Revenues, and it only came in recently.

Mr. Furman noted the Combining Balance Sheet for the Other Governmental Funds. He stated they ended 2018 with a positive Fund Balance in all the Miscellaneous Funds. He noted the last page of the Summary Revenue and Expenditures and he noted Fund Balances at the beginning of the year there were approximately four funds that went into the year with negative numbers; and with transfers from the General Fund, they ended 2018 with positive Fund Balances in all of the Miscellaneous Governmental Funds.

Mr. Ferguson stated the Other Government Funds have specific purposes. He stated some of those Funds are supported by millage such as the Street Light Fund, the Fire Protection Fund, the Park & Recreation Fund, the Ambulance Fund, and the Road Machinery Fund. He stated some of the other Fees come from developer fees and Liquid Fuels money comes from the State allocation that is used to pave. He stated all of those have been reconciled to be positive, and they have a clear picture of the use of those moving forward.

Mr. Furman stated the last few pages in the hand-out deal with the Sewer Authority. He stated there was \$1 million of depreciation expense. He stated the Revenue deals with Tap-In Fees, and the loss is mainly generated from depreciation expense.

Mr. Furman provided an additional hand-out to the Board for reference purposes as they often get questioned as to how an individual Township compares with other Townships. He stated they do approximately forty Townships and Boroughs, and he provided a summary of this information for reference to the Board.

Mr. Ferguson stated when the full report is issued, which he believes will be by the end of the week, they will put the Audited Financial Statements on line and have them available to the public as soon as possible.

Mr. Grenier asked Mr. Furman if there is anything “glaring” that the Township should be aware of that the Board did not ask about, and Mr. Furman stated he feels the Audit went well. He stated the Township has a quality staff and they have had minimal adjustments. He stated there were some delays in getting the actuary report, and they would have liked to have gotten that sooner.

Mr. Lewis noted on Page 11 of the draft report they have shown differences between the 2017 Government Activities than the previous Audit from 2017, and he asked if there is a reason why there is a reclassification or should they check to see if this was a typo. Mr. Furman agreed to look into this. Mr. Lewis stated each year he asks if the auditor sampled Inter-Fund Transfers in the Audit, and Mr. Furman stated they did all Inter-Fund Transfers. Mr. Lewis asked Mr. Furman if he noticed any contingent liabilities that the Board has not previously discussed or disclosed, and Mr. Furman stated not that they are aware of.

Mr. Lewis stated in going through the Unfunded Pension Liability, there was a decline which was solely due to investment performance at the end of last year. Mr. Lewis stated he knows that Lower Makefield is below Upper Makefield and Solebury in terms of our Unfunded Pension Liability, and he asked Mr. Furman if he would recommend an increase in funding this year to cover the gap or should we wait to see where the investment returns are this year. Mr. Furman stated he feels it would be worthwhile seeing what the impact will be with the investment values coming back up by year end to see if they are above the 70%. He stated he would not suggest doing any additional funding if they get past the 70% level. Mr. Lewis stated Upper Makefield is at 95%, and Mr. Furman stated there are also some Townships that are over 100%. He stated he would not suggest additional funding if they are over 70%.

Mr. Ferguson stated they could discuss this with the investment people. He stated he believes that the portfolio mix at this time is 60/40, He stated in Newtown they took a more aggressive posture; and while there was more risk, they did see greater growth to change that gap.

Mr. Lewis stated Mr. Furman had stated that Lower Makefield has a favorable debt to equity ratio, and Mr. Furman stated that is correct as far as the Government-wide Balance Sheet. Mr. Lewis asked Mr. Furman if he is comfortable with the Balance Sheet and that there is no immediate risk to the long-term safety of the residents in Lower Makefield financially, and Mr. Furman stated there is an overall positive Fund Balance in total. Mr. Furman added looking at the Government-wide total liabilities versus Net Equity there is a positive ratio also. Mr. Lewis stated Mr. Furman took over from a previous auditor from the 2017 Audit, and Mr. Furman had reviewed that Audit; and Mr. Furman agreed. Mr. Lewis asked Mr. Furman if he found any inconsistencies or failures in terms of internal controls, improper misappropriation, or anything bordering on something that was a mistake or “something worse than a mistake;” and Mr. Furman stated he did not adding that he reviewed their work papers. Mr. Furman stated the Township has a strong internal control system. He stated they did have the two adjustments to the accrued vacations/sick time and the Grant

that did not come in. Mr. Lewis stated he understands that Mr. Furman's perspective is that there were some re-classifications which occur every year but that there were no material weaknesses in financial reporting previously, and Mr. Furman agreed. Mr. Lewis stated that is very important as there have been a number of people who have made allegations about that, and he wanted to make sure that was not the case. Mr. Furman stated the net effect of the re-statement was approximately \$500,000; and with a total Balance Sheet of close to \$80 million, that is not a significant amount.

Mr. Lewis stated he saw an evaluation of the Sewer system, and they have a GASB approach to what we value the pipes; and Mr. Furman stated it is an Enterprise Fund so it is recorded at cost less depreciation expense. Mr. Lewis stated if Mr. Furman were to do a discounted cash flow basis to look at the value of the sewer system and were to increase the sewer rates, the increase would also increase the value of the asset; and Mr. Furman agreed.

Mr. Lewis stated he saw on the Website OPEB is new for all Municipalities in terms of Audits and Statements, and Mr. Furman agreed. Mr. Furman added it is mainly a change in the funding levels as far as recording the unfunded liability since you used to be able to spread that liability, but now the requirement is a full recording of the full unfunded liability which resulted in the spike that was seen. Mr. Lewis stated that is therefore entirely normal, and Mr. Furman agreed. Mr. Furman added that he has a couple of Townships where that liability is now over \$100 million, and Lower Makefield's numbers are well below that at \$4 million. Mr. Furman stated this can be seen in the comparative hand-outs which he provided to the Board. Mr. Lewis stated not all of that \$4 million is contractually-obligated to former employees; and Mr. Furman stated the actuary does the calculation on that, and there are a number of variables more so than with the Pension, and they have to assume when the person will retire and what the medical costs would be when they retire. He stated there is some coordination with Medicare as well as far as ending the coverage so it is a complicated calculation for the actuary to do. Mr. Ferguson stated this is now an annual requirement, and in the past they used to do this once every three years. He stated they engaged the actuary, and they will be updating the number, looking at the benefit and the age profile, the health care costs, and the trends; and they will be updating that now every year.

Mr. Lewis stated with regard to the negative Fund Balances, he asked Mr. Furman if he feels that is something that the prior auditor should have disclosed as a significant concern either orally or in the report. Mr. Furman stated he would have mentioned it orally, and the report does state it was a negative balance; and he would have discussed with the Board what is the plan to deal with the negative balances.

Mr. Lewis stated to date, Mr. Furman has nothing that causes him concern that is material or significant in any way that would cause the Township any doubts about the financial position of the Township, and Mr. Furman agreed. Mr. Lewis stated there are no concerns about contingent liabilities, no concerns about unfunded mandates, and no concerns about debt to equity ratio; and Mr. Furman stated what would “jump out” would be the level of the General Fund Balance as being below what would Bond raters look at. Mr. Lewis stated they are at 4% and it should be at 8% to 10%. He asked Mr. Ferguson what they are tracking for the end of the year in terms of the General Fund Balance, and Mr. Ferguson stated it will probably be at least double the current amount. He stated he feels they should be at over \$1 million. Mr. Lewis stated that would put the Township in Safe Harbor, and Mr. Furman agreed. Mr. Ferguson stated he still feels they have work to do. He stated for the Bond Rating they would look at having a more robust number when they are evaluating the Township. Mr. Furman stated the Bond Rating people focus in on the General Fund to see that it is stable and growing.

Mr. Lewis stated he feels the adjustments that were made in this year’s Budget have paid significant dividends in terms of removing any concerns, and Mr. Furman agreed.

Mr. Zachary Rubin noted the Golf Course Fund, and he asked how much was the Dalgewicz Settlement; and Mr. Lewis stated he believes it was \$5.3 million. Ms. Tyler stated it was two parts with the upfront price and then the Settlement. Mr. Truelove stated he believes the total amount was approximately \$9.6 million. Ms. Tyler stated there was then the Settlement in 2013. Mr. Rubin stated the Township borrowed \$5 million to pay that obligation. He stated \$14.670 million is what the Township owes as the Bond obligation on the Golf Course. He stated they initially borrowed \$16 million to build the Golf Course, and there was an additional \$5 million to pay off the Settlement which is \$21 million. Mr. Rubin stated they have paid down principal of approximately \$7 million in fifteen years since the Golf Course has been open as it opened in 2004. Mr. Rubin stated he believes there is “misfeasance and malfeasance of former Boards in this Township that had not had the opportunity to pay down those numbers when the interest rates were very, very low.”

Mr. Ethan Shiller noted the \$2 million which had been “adjusted and removed.” He stated now it has to be recorded over the thirty-five year Lease period. He asked Mr. Furman the actual “usage of the funds that are going to be allowed,” and he asked if it will just be in a Fund that they are only able to access over the time of thirty-five years. Mr. Furman stated the Township has access to the full funds, and

there are no restrictions which is why it is in the General Fund. He stated cash flow wise it is available immediately. Mr. Shiller stated it is now in a fund receiving .6%, and “that is our choice,” and not because it is a restricted fund; and it is available at any point of time “necessary for Budgetary purposes.” Mr. Shiller asked if it is divided by thirty-five or is there another formula, and Mr. Furman stated it is divided by thirty-five. Mr. Ferguson stated it is about \$58,000 a year that they will show on a year-to-year basis. Mr. Shiller stated that does not mean that the Township cannot utilize those funds as necessary or required, and it is only an accounting function; and Mr. Ferguson stated while that is correct, he feels it almost puts more restraints on its use because if they would spend the \$2.4 million, they would have a negative fund balance of potentially \$1.5 million. He stated the Township just went through great lengths to resolve a variety of negative fund balances and other accounts that Mr. Furman has discussed. Mr. Shiller asked if that \$2 million is taken into consideration in the determination of Safe Harbor at this time, and Mr. Furman stated it would not be part of that calculation.

Mr. Shiller asked Mr. Furman if in his report there was any consideration as to future debt for potential projects or do they just consider debt as it is today, and Mr. Furman stated it is as of year-end.

Mr. Shiller asked why the Township could not invest the \$2 million within its own LMT zero coupon bonds which are to mature short term paying at least 4 ½% tax free. Mr. Furman stated there are no preclusions. Mr. Shiller stated our “Township Finance Director is not being forced to only get .6% and could invest it within itself and allow those funds to be included as Revenue on our statements.” Mr. Furman stated it would be the interest income.

Mr. Shiller asked how the Township compares to other Municipalities on the debt level, and Mr. Furman stated it is their experience with other Municipal clients the Township is comparable to what they have seen. Mr. Lewis stated Upper Makefield has a lower debt per capita than Lower Makefield, but Solebury is much higher. He stated Upper Makefield does not have the same level of non-Government/business operations so he feels the Township is okay in this area. Mr. Shiller stated he agrees that our debt at the current level is manageable and not forcing any “side revenue” to cover our debt level at this time or force a millage increase. Mr. Lewis stated he feels a millage increase would be different, and there may be millage increases in the future. Mr. Shiller stated that would not be specifically because of our current debt level.

Mr. Ferguson stated he does not feel that is correct. Mr. Ferguson stated there are a variety of things that Mr. Furman looks at, but there are also a variety of other factors that he feels make the debt complicated regarding a comparison with Upper Makefield,

Newtown, or Northampton that has to do with funding that provides restrictions on the Township that obligates the taxpayers that the Township has to account for. Mr. Ferguson specifically noted the Golf Course; and he stated that if the Golf Course cannot meet its debt, the taxpayers are ultimately responsible for bridging that gap. He noted that was one of the transfers they took care of last year in the amount of \$875,000. Mr. Ferguson stated if the Golf Course cannot generate enough revenue to deal with the increasing payments, it will go back to the taxpayers in some form to pay for that. Mr. Shiller agreed.

Mr. Shiller asked if there are any planned Bond Issues for any projects expected in the next one to three years. Mr. Grenier stated what could happen would be the construction of a new sewer facility. Mr. Lewis stated that would be MMA borrowing, and that would be their liability for a Plant, although the Township would be paying that over time if they continue to use MMA. Mr. Lewis stated at this point the Township has not expressed a desire to go to the Bond Market. He stated the recently-enacted Tax Bill has changed the dynamics in terms of public financing and making Bond Issues less appealing for Municipalities. Mr. Lewis stated they should expect that the Township may pursue additional liabilities like bank loans for short-term means. Mr. Ferguson stated that is how they purchased equipment under the Road Machinery Fund which was three and five-year short-term financing. Mr. Lewis stated he feels they should expect more of that.

Mr. Shiller stated with regard to the Moody's rating, the impact of any modifications even if they went from AA1 to AA2 would only impact the Township if they were planning to issue new debt which would make it more expensive on the coupon rate, and Mr. Furman agreed it would only relate to future debt and the current debt is fixed. Mr. Shiller stated there is therefore no impact currently of Moody's re-rating the Township. Mr. Furman agreed that is correct unless the Township goes into the market. Mr. Shiller stated they have just discussed that there is no intention to increase the debt level.

Mr. Shiller asked with regard to the timeframe of the "Inter-Transfer Fund" of the \$2 million which he has been able to track, when did those "Inter-Transfer Funds" occur. Mr. Furman stated he would have to look at the work papers to answer that. Mr. Shiller asked if it would have occurred before 2019 or by the year end 12/31/18. Mr. Furman stated they occurred in 2018, although he cannot say exactly when. Mr. Ferguson stated there will be one tonight which will reconcile the final 2018 numbers that have been presented.

Mr. Shiller noted the Capital Reserve Fund which had a negative balance of \$1.8 million that was due to the fact that we had “booked prior to receiving the \$1 million Grant that did not occur.” He asked if that negative balance that was shown was built up over prior years or was it from a one-time project. Mr. Furman stated he does not know what year the \$800,000 was from. Mr. Shiller stated the \$800,000 was prior, and the \$1 million was because of the Grant; and Mr. Furman agreed. Mr. Shiller asked since we have received the \$1 million Grant within the past month, does that mean that \$1 million will now go to the General Fund to “replace what projects might have been taken off the table.” Mr. Furman stated he does not know the details of the Grant since he has not seen the Grant document as far as restrictions go. Mr. Shiller stated that will occur as an adjustment to the 2019 Budget next year when he gives his report of “a \$1 million income,” and Mr. Furman agreed.

Ms. Tyler left the meeting at this time due to a family emergency.

Mr. Shiller stated there is now approximately \$3.5 million as a Cash Balance, \$2 million that is set aside that they do not want to spend all at once, we now have the \$1 million Grant, and based upon the Audit Report there is a half million in the General Fund. Mr. Shiller stated they have the \$3.5 million for emergency purposes if necessary; and Mr. Furman stated for cash flow that is correct, but not a Fund Balance.

Mr. Bryan McNamara asked about the Other Post-Employment Benefits of \$4.8 million, and he asked if that is a “one time or a yearly charge;” and Mr. Furman stated that is the cumulative unfunded liability of the workforce of what they would be entitled to receive upon their retirement. Mr. McNamara asked if they have medical for life; and Mr. Furman stated it is not, and there is coordination with Medicare. Mr. McNamara asked if Medicare B and D get paid by the Township; and Mr. Ferguson stated that has to do with Collective Bargaining Agreements, and the Police are entitled to a certain level of retirement health care at full Pension age which could be in their 50s. He stated that would be the current Plan that we have for a period that could go up to five years. He stated there are also Public Works employees, and their full retirement age is 65; and they are entitled to health care coverage which would be the Medigap coverage, and under the current Contract, they are entitled to 30 months of that coverage. He stated if a Police Officer were to retire at 64 years of age, it would convert from the Health Care Plan to when he/she went to Medicare where it would then go to the Medigap coverage. Mr. McNamara asked the average age of retirement; and Mr. Ferguson stated Public Works tends to be full retirement age, and the retirement age for the Police Officer is approximately fifty-five years old although he feels the average retirement age would be higher. Mr. McNamara stated if they retired earlier than age sixty-five, would they pick up the Medicare B and D or does the Township pick up that; and Mr. Ferguson stated they are entitled to five years so once

they went to Medicare, if they had two years left in that five years or six months, the Township would pick it up for whatever the remaining time period was to get them the five years.

Mr. Furman stated once they have the final Financial Statements, there are three or four pages describing the benefits of each group.

Mr. McNamara asked how much is in the Pension Fund. Mr. Furman stated the Police Pension has about \$10.2 million, and non-Uniform about \$7.3 million. Mr. McNamara stated it was noted they lost \$1.3 million, and he asked if that was the loss between the two of them, and Mr. Shiller agreed.

Mr. Ferguson stated for non-Uniform at this point all exempt employees and non-Police in the Union who are new hires now go to a defined-contribution Plan and are no longer in the defined-benefit Plan. Mr. McNamara asked how much they match, and Mr. Ferguson stated it is 6%. Mr. Ferguson stated a typical Public Works employee makes \$60,000 a year, and 6% would be \$3,600; and because the Township gets one unit of State Aid for that, the Township would get \$3,800 back for a \$3,600 average contribution for a non-Uniform employee so it works out well for the Township.

Mr. Robert Abrams stated the number he has on the thirty-five years on the \$2 million is \$57,142. Mr. Abrams stated he sees a cash decrease of 28.476% which is of concern. Mr. Abrams stated he is happy to hear that the financial position of the Township is acceptable, and therefore the discussion to sell the sewer system does not make any sense. Mr. Abrams stated with regard to the \$1 million that was accounted for in 2017 that increased the negative balance to \$1.8 million, he now understands there will be a \$900,000 debit to that so that the negative balance will be \$900,000. He asked if there is an outstanding project going on for that money or was the money late coming in and the Township paid for it up front. Mr. Ferguson stated there are several projects going on, and it was “plugged in to offset.” Mr. Ferguson noted this was placed on Page 3 of the 2019 Budget that shows \$911,000. He stated that is not necessarily tied to a specific project; however, in the Budget, they contemplated having a year-end Fund Balance of \$1,390 million apart from the re-assignment of that money. He stated of that amount \$911,000 is in that number. Mr. Abrams stated the Township received that Grant for a reason, and Mr. Ferguson stated that Grant was for the Community Center.

Mr. Ferguson stated they are doing Capital purchases for Public Works equipment out of the Road Machinery Fund with its own millage, and the paving is in the Liquid Fuels Fund. He stated the projects they have that were approved were projects that had significant matching components such as the multi-use trail; and

while there are projects, they are being funded primarily through Grants for 2019. Mr. Abrams stated the point was that the money was for a project that has already been completed which means that that taxpayers paid for it and they were just reimbursed for what they paid for at the Community Center, and Mr. Ferguson agreed.

APPROVAL OF WARRANT LISTS FROM AUGUST 5, 2019 AND AUGUST 19, 2019

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to approve the Warrant Lists from August 5, 2019 and August 19, 2019 in the amount of \$1,990,730.42 as attached to the Minutes.

APPROVAL OF JULY INTERFUND TRANSFERS

Ms. Blundi. moved, Dr. Weiss seconded and it was unanimously carried to approve the July Interfund Transfers as attached to the Minutes.

APPROVAL OF 2018 END OF YEAR INTERFUND TRANSFERS AND ADJUSTING ENTRIES

Mr. Ferguson stated as noted every month they do the Interfund Transfers, and as Mr. Furman just discussed they reconciled everything. He stated there were a few negative balances, and he specifically noted the Capital Reserve Balance; and at the end of the year they would be reconciled so that at worst they would be neutral, and hopefully positive. He stated this Motion would be to approve the Interfund Transfers and Adjusting Entries that are listed in the amount of \$895,705.21. Mr. Ferguson noted that amount is not a cash transfer, and some of that is reclassification of fixed assets which are listed as well.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to approve the 2018 End of Year Interfund Transfers and Adjusting Entries as noted by Mr. Ferguson.

ENGINEER'S REPORT

Mr. Pockl stated he has submitted the Engineer's Report in the Board's packet.

Approve Change Order #1 for the Dog Park which Includes All of the Revisions Made to the Dog Park

Mr. Pockl stated they have reviewed all of the revisions that were made to the design, all of the revisions made during construction, met with Township staff as well observing the completed product, and met with the contractor on site to accurately document the costs for all of the revisions that were made. Mr. Pockl stated the Change Order is in the amount of \$44,271.60.

Mr. Grenier asked if this is in full compliance and no more changes will be needed. Mr. Pockl stated it has been some time since he was at the Dog Park, and he is not sure what work the Township staff has done. He stated there was a fence within the floodplain and a shed within the front yard setback; and the Township staff did remove the fence, and his office had established a line as to where they were to move it to. He stated he is not sure if that has been done, and Mr. Ferguson stated everything is done. Mr. Ferguson stated part of the discussions also involved the Conflict Counsel that was involved meeting with the contractor and going over work that he believed he was authorized to do. Mr. Ferguson stated he feels the \$44,271.60 is a very accurate depiction of what they have concluded the contractor actually did in the final phase that the Township had not paid them for.

Mr. Ferguson stated typically there would be a Maintenance Bond for eighteen months that would be posted with this project; but at this point they are recommending that not be posted and that would be a separate discussion with the contractor who would “fight that issue.” Mr. Ferguson stated this work has been done for more than eighteen months so the carrying of that Maintenance Bond would not be part of this project moving forward.

Mr. Grenier asked the total that the contractor is getting, and Mr. Pockl stated the original Contract amount was \$211,723.05, and this Change Order is \$44,271.60 so the final Contract amount is \$255,994.65. Mr. Lewis stated that does not include the engineering costs from the other engineer, and Mr. Pockl agreed. Mr. Grenier stated he believes the engineering costs were \$125,000. Mr. Ferguson stated he believes the final cost will be in the \$400,000s. Mr. Lewis asked the amount that was raised by the Dog Park Committee since they have not seen anything in a year and a half. Mr. Grenier stated he would like to see the “all-in” number for the Dog Park, and Mr. Ferguson stated he will provide that. Mr. Grenier asked if they have “checked off all the boxes they are required to check off;” and Mr. Ferguson stated he believes that is the conclusion of Mr. Pockl and Township staff that was on site including the Park & Rec Director and the Planning & Zoning Director.

Dr. Weiss moved, and Ms. Blundi seconded to approve Change Order #1 for the Dog Park in the amount of \$44,271.60.

Ms. Blundi thanked the volunteers who worked to get the Dog Park which she knows the community wanted; however, she does not feel this was a “shining moment in terms of how we managed this project.” She stated she hopes that we have learned from this. Mr. Lewis stated that is why he voted “no” on accepting the Bid when it came in over Budget, and he wanted it to go out for a re-Bid; however, he was voted down.

Motion carried unanimously.

Approve Final Pay Application for Dog Park

Mr. Pockl stated they have already paid the contractor a significant amount toward the final amount, and the amount remaining is \$25,343.93.

Dr. Weiss moved and Ms. Blundi seconded to release the \$25,343.93. Motion carried with Mr. Lewis opposed.

Approve 5-Year Maintenance Plan Agreement for Pool Project

Mr. Pockl stated there were liquidated damages that the Township could pursue for the delay to the Pool project, and those liquidated damages were in the amount of \$9,500. He stated he has had discussions with the Township staff and the Township solicitor, and they have drafted an Agreement for a five-year Maintenance Plan for the Pool project. He stated the current Maintenance Bond covers eighteen months after the completion of the project; and in addition to that the top grates for the drainage perimeter gutter have a one-year Warranty. Mr. Pockl stated they reached out to the contractor to have them provide a five-year Maintenance Plan which would include providing annual inspections of the Pool and the immediately-surrounding area around the Pool in the Township’s Pool Complex no later than September 30 of each year during the term, repairing and/or replacing as needed and as directed by the Township at its sole and absolute discretion any and all expansion joints within or around the Pool in the concrete deck which was installed by the provider pursuant to the renovation Contract, repairing and/or sealing as appropriate any and all cracks or other imperfections within the concrete wall located within the Pool, repairing and/or replacing Pool depth tiles, repainting any and all signs or markers in and around the concrete deck as needed and as determined by the Township, and supplying approximately 100 linear feet of

spare gutter grates for the newly-installed gutter, and any other repairs or maintenance in or around the Pool related to or arising in connection with any work services or materials provided in connection with the renovation Contract.

Mr. Pockl stated this essentially extends the maintenance period from eighteen months to five years, and in addition they get 100 linear feet of gutter which if they were going to buy outright, would cost approximately \$6,500. He stated they would get that and be able to store it so that as the grates break or deteriorate, they could replace them as needed; and he feels, there is value there. Mr. Pockl stated they are asking the Board to authorize them to proceed with the five-year Maintenance Plan. Mr. Grenier asked where they would have storage area for that, and Mr. Pockl stated he would have to check with Public Works to see if they have a storage area or whether it can be stored at the Pool. He stated he feels it would be two pallets.

Mr. Grenier stated Mr. Ferguson had prepared an analysis when they did the Warranty on the slides, and he asked if he did a similar analysis for this Warranty on the Pool itself; and Mr. Ferguson stated he feels the value of this over time will exceed the initial value. He stated there is value in the fact that the Board will know for the next five years that they will have this as well as the slide inspection so that there is value in that beyond just the economics.

Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to allow the Township engineer to pursue the extended Warranty.

Approve Change Order #4 for Contract No. 2 in 2018 Road Program (Credit for Crosswalk)

Mr. Pockl stated this and the next item involve the 2018 Road Program and the final completion of that Contract; however, he did not receive the paperwork signed by the contractor in advance of the meeting. He stated if the Board wishes, they could authorize him to pursue these items contingent upon receiving the necessary signatures and approval from the Contractor; and Mr. Truelove agreed.

Mr. Pockl stated Change Order #4 is the credit for the contractor not installing the decorative crosswalk, and that would be a credit to the Township of \$5,400.

Ms. Blundi asked Chief Coluzzi if he and his staff could look into whether there are additional opportunities to do traffic calming along the front of the School now that the final end product has been installed to see if there is anything else they could do to slow the traffic and make the area safe, and Chief Coluzzi agreed he would and would provide a report by the next meeting.

Mr. Grenier asked if the School District made any comments as to how this is working out, and Chief Coluzzi stated he has not heard anything.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to approve the Township engineer pursuing the credit in the amount of \$5,400 in connection with Change Order #4 for Contact No. 2 in the 2018 Road Program subject to receipt of the necessary signatures and appropriate documents from the contractor.

Approve Final Payment to James D. Mossissey for Contract No. 2 in 2018 Road Program

Mr. Pockl stated this would be to consider the final payment to the contractor, James D. Morrissey for Contract No. 2 in the 2018 Road Program in the amount of \$3,163.92.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to approve Final Payment for Contract #2 to James D. Morrissey for the 2018 Road Program in the amount of \$3,163.92 contingent upon obtaining the necessary signatures.

Approve Escrow Release #6 for Yardley Woods Development f/k/a Big Oak Partner, L.P./ Matrix

Mr. Pockl stated this Development is off of Big Oak Road, and the Release is in the amount of \$356,297.96. Mr. Pockl stated they observed the work that has been completed and checked with the sewer engineer to make sure that the sewer improvements have been made, and he feels this is a reasonable release of Escrow funds.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to approve Escrow Release #6 for Yardley Woods Development in the amount of \$356,297.96.

Approve Change Order #1 for 2019 Road Program for Concrete Bridge Deck Repairs

Mr. Pockl stated this and the next item are Change Orders for the 2019 Road Program. He stated the first is for concrete bridge deck repairs. He reminded the Board that when they were milling out Quarry Road, they discovered a seriously deteriorated bridge deck on the bridge that goes over Core Creek along Quarry Road. He stated they structured this Change Order as a net credit to the Township. He stated the overall amount of the bridge deck repairs was \$51,771.38; however, as they have completed a considerable portion of the 2019 Road Program, they have not requested a payment yet, and the

Township has not paid anything, and he has a very good idea of the quantities and the amounts that are remaining within the Budget. He stated they have adjusted the quantity for asphalt tonnage and reduced that to make this a net Change Order credit in the amount of \$20.22.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to approve Change Order #1 for the 2019 Road Program for concrete bridge deck repairs in the amount of a credit to the Township of \$20.22.

Consider Change Order #2 for 2019 Road Program for Creamery Road Repairs

Mr. Pockl stated this Change Order involves some emergency repairs for Creamery Road. He stated once they had milled out Creamery Road, they received a large storm that washed away portions of the base of the roadway, and the Contractor was asking for \$2,500 to stop what they were doing and go to Creamery to repair that before there was any further damage to the roadway and also to provide a safe passage on the roadway until they completed the work. Mr. Pockl stated they have adjusted quantities for inlet repairs which they no longer need, and therefore, they would like the Board to consider this Change Order in the amount of a credit to the Township of \$380.00.

Ms. Blundi moved and Dr. Weiss seconded to approve Change Order #2 for the 2019 Road Program for Creamery Road repairs in the amount of a credit to the Township of \$380.00.

Mr. Grenier stated work on Creamery is still underway, and Mr. Pockl agreed. Mr. Grenier asked if it is appropriate that this be approved now, or should they wait until the road is done; and Mr. Pockl stated this is for the portion of the work that was completed so he feels it is appropriate now. He reviewed the work that they have done and what they still have left to do. Mr. Grenier asked when the work is scheduled to be done, and Mr. Pockl stated he believes it is scheduled to be done the end of next week.

Motion carried unanimously.

PROJECT UPDATES

Memorial Park Project

Mr. Ferguson stated Mr. Pockl was authorized to go forward, and that project is now out for Bid. Mr. Pockl stated it is on PennBid now and will be advertised on Friday and next Tuesday. Mr. Pockl stated they are looking at a five-week bidding schedule, and the Bid opening will be the middle of October so that the Board could consider this at their second meeting in October. Mr. Pockl stated the contractors they have talked to believe that the longer construction time period that has been allowed for in this re-Bid will be favorable. He stated this could be the first project in 2020 for the contractors as opposed to trying to get it in as the last project in 2019, and he feels there will be a lot more interest in it.

ACCEPTANCE OF BUCKS COUNTY CONSORTIUM SALT BID

Mr. Ferguson stated the low bidder was Morton Salt with the low Bid of \$48.50 per ton which is a 1.25% increase over last year, but it is still below the rate from three winters ago of \$48.82. Mr. Ferguson stated in 2018 they spent \$96,000 on rock salt which comes out of the Liquid Fuels allocation which is a State allocation and not paid directly by local taxpayers. He stated approximately 1,900 tons of rock salt is used in a given year.

Mr. Grenier asked if they are over or under the estimate at this point, and Mr. Ferguson stated they are under.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to accept the Bucks County Consortium Salt Bid in the amount of \$48.50 per ton.

COMMENTS BY THE TOWNSHIP MANAGER

Mr. Ferguson stated as he has noted previously, he cannot speak highly enough about the Township staff. He stated the Audit presentation is a demonstration of the controls that have been put in this past year and what the staff has been asked to do which is in the interest of the taxpayers. He stated Ms. Tierney, the Park & Rec Director, has also taken on a variety of IT responsibilities, and she also oversees the Community Center, and she oversaw Community Day. He stated there were Pool expenses they had this year that ran over because of slide issues and a variety of other repairs that had to be done

because of age. He stated Ms. Tierney worked with him to actively manage the hires and they offset over \$40,000 of that expense by managing when people were hired and controlling the overtime. He stated he appreciates all the hard work that the Township staff does, adding that oftentimes the staff has to deal with people who are “quite aggravated,” and he feels it is important to say what a tremendous job all the Township staff are doing.

Mr. Truelove stated that the Board met in Executive Session beginning at 6:50 p.m. and items related to Real Estate, personnel, litigation, and informational items were discussed.

ZONING HEARING BOARD MATTERS

With regard to the Charles and Elizabeth White Variance request for the property at 942 Weber Drive in order to permit removal of concrete patio and construct paver patio with pergola resulting in greater than the permitted impervious surface, it was agreed to leave the matter to the Zoning Hearing Board.

With regard to the Gwendolyn & Jason Soden Variance request for the property at 1089 Drew Drive in order to construct a detached garage in an area other than the fourth of the lot furthest from the road, Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried that the Township participate.

APPROVE CERTIFICATE OF APPROPRIATENESS FOR CODE NINJAS SIGN – 678 STONY HILL ROAD

A copy of the proposed sign was shown.

Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to approve the Certificate of Appropriateness for the Code Ninjas Sign at 678 Stony Hill Road.

DISCUSSION ITEMS

Special Event Permit

Mr. Grenier stated they had previously discussed this item and since that time he reviewed the Township Code in more detail and found that we do have several Special Event-type Permit requirements; however, he had never heard of the

Township issuing a Permit for these events. Chief Coluzzi stated with regard to the different kinds of events, particularly those at Shady Brook Farm, the Police Department does review their requests and he signs off on all the fireworks Permits. He stated the Police Department was also involved when they had the event at McCaffrey's. He added that there was no actual formal Permit that they signed off on and issued; but before any Event, they would contact the Township and the Police Department would go out and make sure there was fire protection, rescue protection, and Police protection.

Mr. Ferguson stated probably not everything would need a Special Event Permit, but those that have a public safety component the Police Department is looking at. He stated he still feels the formalization of an actual Permitting process and requirements is relevant; however, it is important for people to understand that the Police are signing off on safety issues.

Mr. Grenier stated since there are Permit requirements in the Code for a variety of items, he asked that those be reviewed to see if changes need to be made and to make sure that it is clear and is being followed.

Mr. Lewis stated he would want to make sure that the Township is not incurring any liability as there have been Special Events over the years that have cost the Township significant money in terms of Police protection and follow up. He stated if they are going to consider revisions to the Code, they should ask that a Bond be posted or there should be up-front money provided for those expenses, adding there is an organization in Washington that still owes the Township money. Chief Coluzzi stated there is in the Fee Schedule a rate for Police services, fire protection, and rescue protection.

Short Term Lodging Ordinance Discussion and Motion

Mr. Grenier stated they passed an Ordinance approximately one year ago, and they have had some time for it to be implemented and reviewed. Mr. Truelove stated they have also had some time to enforce it. Mr. Grenier stated there have also been some related Pennsylvania Supreme Court cases that could effect this. He stated he feels they should consider if there should be any changes in the future.

Mr. Truelove stated the Supreme Court of Pennsylvania Decision dealt with a Zoning Ordinance whereas the Township's is a Regulatory Ordinance, and the Township had decided not to pass a Zoning Ordinance at the time which he still feels was appropriate since there still may be some challenges with having a Zoning Ordinance; although we would be in a better position now to do that based upon the Supreme Court Decision

than we were before. He stated he feels the Regulatory Ordinance so far has worked out well. He stated they did have a Hearing before the Appeals Board last week, and the Board voted to enforce it; and there may be some other issues that they need to follow up on. Mr. Truelove stated they have been working with Mr. Majewski and Mr. Kirk who have done a great job of overseeing this; and he would recommend speaking with them and with Ms. Barbara Kirk from his Office about some of the changes that might be necessary from an enforcement perspective.

Ms. Blundi stated she has had the opportunity to work with a group of residents who were experiencing a very difficult situation and she was at the Hearing, and she feels that there is an opportunity to fine tune what the Township has done. She stated the opportunity given to the Township by the Courts in Pennsylvania is helpful, and she feels that even working within the confines, they can do some clarification.

Mr. Lewis stated they had a situation with a property owner that was creating a “party house” with a lot of negative externalities for the neighbors. He stated the Short-Term Rental Ordinance was aggressively attacked on many fronts. He stated it was not felt that we could pass something that was Constitutional, and it was proven that we could; and it was felt that we could not enforce it and that we were infringing on people’s property rights, but we demonstrated we could enforce it. He noted the one particular property is no longer a problem for that community. He stated he feels that the Ordinance has worked, but he would be open to “tweaks” as has been done in the past with regard to other Ordinances. Mr. Lewis stated there had been very difficult experiences for neighbors, and the Township needs the enforcement tools to make sure that property owners are held accountable for their impact on the community. He stated he is pleased with what has been accomplished in the first year with this Ordinance, and would be open to making sure that appropriate adjustments are made going forward.

Mr. Ferguson stated one of the things they found with the Ordinance is that there is a provision that states if you are owner/occupied you can only Lease out two of the bedrooms, and he feels the recommendation would be, provided it passes legal review, that they make it enforceable if we find that they are actively advertising more than two bedrooms. He stated they also need something related to occupancy in those rooms in that while you could rent two bedrooms, you could not rent them out to twenty-five people. He stated there may be things that outline this in the Building Code, and a reference to that would be appropriate. He stated he feels they need to review this to give the Township more tools to serve the residents who are dealing with difficult circumstances.

Ms. Blundi moved, Dr. Weiss seconded and it was unanimously carried to direct the Township solicitor, Township Manager, and the staff to look at the current Ordinance that we have in place and make any necessary revisions to that to encompass the new situations that we understand are going on now as well as to incorporate any additional powers that may have been granted to us by more recent rulings in Pennsylvania.

SUPERVISORS REPORTS

Dr. Weiss stated the Zoning Hearing Board met and considered a Zoning Variance for Marrazzo. He stated this has been Continued so that the Board of Supervisors can make comment if they so desire. Dr. Weiss stated the Disability Advisory Board did not meet; however, the Chair of that Board asked that he report that the Roll and Stroll will not take place this year due to conflicts with the date, but there are plans to hold it next year. He stated there are vacancies on that Board and he asked those interested in serving to send their resume to the Township Manager.

Mr. Grenier stated the Sewer Authority has a vacancy as well since Mr. Richard Gauck recently resigned. Mr. Grenier stated Mr. Gauck has been on the Sewer Authority for many years and played a great role on that Authority, and he thanked Mr. Gauck for his service to the community.

Ms. Blundi thanked the Township staff for the great work they did on Community Pride Day. She stated the EAC had a booth there and distributed bags that had been donated by Shop Rite and McCaffrey's to residents who took the pledge to use reusable shopping bags rather than disposable, single-use plastic bags when they went shopping. Ms. Blundi stated the EAC was also looking for volunteers as they get closer to the fall tree planting, and they will be meeting with Township staff to finalize that.

Mr. Lewis thanked everyone for the work done on Community Pride Day. Mr. Lewis reminded everyone that Monday, September 9 is the Planning Commission meeting at 7:30 p.m. at the Pennwood Middle School. Mr. Lewis stated Farmland Preservation has drafted a revised Lease Agreement which is under review by the Township legal staff and hopefully will be resolved shortly.

APPOINTMENTS TO BOARDS AND COMMISSIONS

Dr. Weiss moved and Ms. Blundi seconded to appoint Jim Bray as a full member to the Environmental Advisory Council.

Mr. Grenier noted Mr. Bray is currently an Alternate on the EAC, but there are openings so they are moving him from an Alternate member to a full member.

Motion carried unanimously.

Dr. Weiss moved, and Ms. Blundi seconded to appoint Alan Dresser as an alternate member of the EAC.

Mr. Lewis stated he is happy with this appointment as Mr. Dresser has been a “tremendous asset” to the community, has saved taxpayers over six figures, and has been wonderful to work with.

Motion carried unanimously.

Dr. Weiss stated there are two openings on the Planning Commission, and he feels they need a full Board for the meeting on Monday.

Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to appoint Adrian Costello to the Planning Commission.

Mr. Lewis moved and Dr. Weiss seconded to appoint Tony Bush to the Planning Commission.

Ms. Blundi stated she was very happy that they had such qualified candidates to interview.

Motion carried unanimously.

There being no further business, Mr. Lewis moved, Ms. Blundi seconded and it was unanimously carried to adjourn the meeting at 10:35 p.m.

Respectfully Submitted,

Kristin Tyler, Secretary

