



# Board of Directors | Meeting Minutes

**DATE:** November 17, 2023

**TIME:** 7:30 a.m.

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## Attendance

**BOARD OF DIRECTORS:** Becker, Blowers, Deerin, Gordon, Rettew, Ulrich, and Weibel.

**STAFF:** Adams, Barnett, Cutarelli, D. Brown, Fetterolf, W. Graham, Gross, Henderson (Legal Counsel), Kimmey, Kohr, Manning, Marsh, Morris, Plasterer, Roy, Sultzbaugh, Youngs, and Zorbaugh.

**BOARD OF DIRECTORS ABSENT:** Brubaker, Dzurik.

**ALSO PRESENT:** Dave Sharp from Covanta, Scott Snyder from Samaritan Consulting, and Dr. Leslie Osborne.

**NOTE:** This meeting of the Board of Directors was held in person and virtually. All individuals attending the meeting could hear, and be heard by, all other attendees.

## Opening

Chairperson Rettew requested a moment of silence followed by the pledge to the flag.

## Approval of Meeting Minutes | 2024 BOD Schedule

### Action Items

**1. BOARD ACTION NO. 1: APPROVAL OF MINUTES OF OCTOBER 20, 2023**

Chairperson Rettew asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of October 20, 2023, as distributed.

**Motion:** J. Deerin

**Seconded:** J. Blowers

**Adopted:** Unanimously

**2. BOARD ACTION NO. 2: APPROVAL OF 2024 BOARD OF DIRECTORS MEETING SCHEDULE**

Chairperson Rettew asked for any questions or comments. Being none, a motion was requested to approve the 2024 Board of Directors meeting schedule, as distributed.

**Motion:** G. Rettew

**Seconded:** K. Weibel

**Adopted:** Unanimously

## Nominating Committee Appointments

**3. CHAIR APPOINTS NOMINATING COMMITTEE**

Chairperson Rettew asked for Board volunteers to serve on the Nominating Committee for the purpose of recommending Officers to the Board of Directors for 2024, including Chair, Vice Chair, Secretary, and Treasurer. Chairperson Rettew called on Ms. Weibel, Mr. Ulrich, and Mr. Becker to serve on the Nominating Committee. Ms. Weibel, Mr. Ulrich, and Mr. Becker agreed to serve in this capacity.

## Public Comment

None.

## Chief Executive Officer

Mr. Zorbaugh opened with a debrief on the annual Manor Township residents' meeting. Mr. Zorbaugh mentioned that Mr. Gordon attended, as well as all Executive Team members and 17 residents. The

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meeting reviewed 2023 landfill activity, highlighting capital projects, environmental performance and traffic safety initiatives, as well as a review of the text amendment schedule and other information on Creswell Landfill reuse in continuing effort on transparency.

In addition, the ET met with Dave Sharp and the corporate management group from Covanta to discuss long-term plans and relationships. Conversations were beneficial to both parties, particularly with LCSWMA support with legislative efforts, as well as agreements between LCSWMA and Covanta.

Next, Mr. Zorbaugh offered details on regulatory activity on House Bill 233 regarding raising the per ton recycling tax. PROP (Professional Recyclers of Pennsylvania) has been monitoring the legislation, as well as the use of funds for other budgetary needs. LCSWMA will continue to follow this and share updates.

Mr. Zorbaugh commended the receipt of the bronze level acknowledgement from RAFFLES Insurance, Ltd. for performance on risk control.

Mr. Zorbaugh wrapped up his report sharing that October was a sound financial month before answering questions from the Board around the agreement between LCSWMA and Covanta.

In conclusion, Mr. Zorbaugh introduced an action item for Board consideration and approval, as well as a few key items on a Consent Agenda which he walked through individually prior to the Board action.

**4. BOARD ACTION NO. 3: MOTION TO APPROVE 2024 OPERATING AND CAPITAL BUDGET/2024 LCSWMA RULES & REGULATIONS.:**

Chairperson Rettew asked for a motion to approve the Capital Budget and 2024 LCSWMA Rules & Regulations, as submitted. A copy of the Board action is attached.

**Motion:** J. Blowers

**Seconded:** S. Ulrich

**Adopted:** Unanimously

## **Consent Agenda**

**5. BOARD ACTION NO. 4: MOTION TO APPROVE/ADOPT:**

1. Motion to Approve October 2023 Disbursements
2. 2024 Employee Handbook Modifications
3. 2023 RKL Audit Engagement Letter

Chairperson Rettew opened the floor to the Board for a motion to approve the actions set forth on the Consent Agenda. Copies of the Board actions are attached.

**Motion:** J. Blowers

**Seconded:** E. Gordon

**Adopted:** Unanimously

## **Chief Financial Officer**

Mr. Youngs began by providing an overview of LCSWMA's financials for the month of October, including tonnage, revenues, expenses, net income and EBITDA, as distributed in his report.

Mr. Youngs deferred to Mr. Zorbaugh for a review of their successful NYC and London meetings with Artex, including information on things that impact the markets (e.g., fires) and feedback from the various insurance market meetings.

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Mr. Youngs concluded with a property insurance update, including the current program structure, highlights from underwriter discussions, anticipated capacity changes, areas of focus in 2024 (particularly risk mitigation efforts), as well as business continuity and anticipated premium increases on property insurance in the new year.

### Chief Operating Officer

Mr. Adams opened with details on items from his report, including a waste business update, as well as a review of the list of current and upcoming capital projects.

Lastly, Mr. Adams fielded questions from the Board before presenting details on two action items for Board consideration and approval, including an update on the Vertical Expansion Phases. In addition, Mr. Adams recognized Mr. Kohr and his team for taking a new approach that brought fresh bids to the table. Copies of the board actions are attached.

- 6. BOARD ACTION NO. 5: MOTION TO AUTHORIZE AND APPROVE THE PURCHASE OF THE EQUIPMENT AS PRESENTED, FOR A TOTAL GROSS COST OF \$3,168,057 AND AN ESTIMATED \$1,412,300 OF TRADE IN/AUCTION VALUE, FOR THE ESTIMATED TOTAL NET COST OF \$1,755,757.** Chairperson Rettew asked for a motion to authorize and approve the board action.

**Motion:** K. Weibel

**Seconded:** J. Blowers

**Adopted:** Unanimously

- 7. BOARD ACTION NO. 6: MOTION TO AUTHORIZE AND APPROVE THE AWARD OF THE CONTRACT FOR THE FREY FARM LANDFILL VERTICAL EXPANSION STAGE 3 CONSTRUCTION AND STAGE 1 CAP PROJECT TO KINSLEY CONSTRUCTION, INC. OF YORK, PA IN THE AMOUNT OF \$12,400,000.** Chairperson Rettew asked for a motion to authorize and approve the board action.

**Motion:** J. Deerin

**Seconded:** K. Weibel

**Adopted:** Unanimously

### Chief Business & Compliance Officer

Ms. Marsh opened by deferring to her executive report as submitted and asked if there were questions from the Board. Being none, Ms. Marsh provided background details on an action item for Board consideration and approval.

- 8. BOARD ACTION NO. 7: MOTION TO AUTHORIZE AND APPROVE ENTERING INTO A THREE-YEAR AGREEMENT, AS PRESENTED, WITH LASA FOR LEACHATE TREATMENT AT AN ESTIMATED COST OF \$276,000.00.**

Chairperson Rettew asked for a motion to authorize and approve the board action.

The Board discussed the Agreement. Ms. Marsh mentioned potential regulatory changes regarding leachate parameters. She noted that the changes might have a possible impact on treatment requirements. Mr. Becker requested that staff continue modeling the cost of internalizing the cost of leachate treatment in comparison to outsourcing as more information becomes available.

**Motion:** D. Becker

**Seconded:** E. Gordon

**Adopted:** Unanimously

Ms. Marsh concluded by introducing a focus topic on the refresh of LCSWMA's Environmental Management System (EMS) objectives and deferred to Mr. Daniel Brown, Environmental Compliance Manager, to present the details of this initiative, which he spearheaded to keep the objectives aligned and meaningfully correlated with the strategic direction of the organization.



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### **Focus Topic: Revised EMS Objectives**

Mr. Brown opened the presentation comparing details on the prior objectives of the EMS vs. the revised objectives. Mr. Brown explained that the four prior objectives have been in place for over a decade, and were very broad and difficult to relate with staff members. Additionally, Mr. Brown iterated that the refreshed objectives must be consistent with our environmental policy and be measurable.

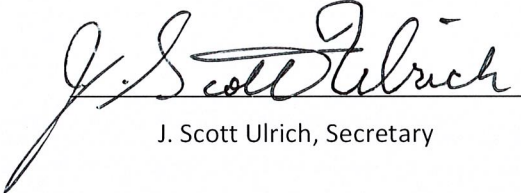
Further, Mr. Brown shared that each objective encompasses an environmental aspect of either air, land, waste, or water, and provided details for each objective, including reducing carbon emissions, managing the current landfill footprint, ensuring zero permit violations, and protecting water quality.

In conclusion, Mr. Brown and the Executive Team fielded questions from the Board.

### **Adjournment**

Mr. Henderson, General Counsel, stated that an Executive Session would be held to discuss personnel matters, but no actions will be taken during or after the Executive Session. At the conclusion of the Executive Session, the Board Meeting adjourned at 10:24 a.m.

**APPROVED THE 15<sup>th</sup> DAY OF DECEMBER 2023.**



J. Scott Ulrich, Secretary

## 2024 BOARD MEETING SCHEDULE

**January 19**

**February 16**

**March 15**

**April 19**

**May 17**

**June 21**

**July 19**

**August 16**

**September 20**

**October 18**

**November 22**

**December 20**



## 2024 Operating Budget

|                                      | Lancaster System  | Harrisburg System  | Consolidated       |
|--------------------------------------|-------------------|--------------------|--------------------|
| <b>Tonnage</b>                       |                   |                    |                    |
| Refuse                               | 342,398           | 212,413            | 554,812            |
| Spot Waste                           | -                 | 2,201              | 2,201              |
| Const/Demo                           | 101,030           | 36,133             | 137,163            |
| Residual                             | 175,567           | 18,224             | 193,791            |
| Recycling                            | 25,939            | -                  | 25,939             |
| <b>Total Tonnage</b>                 | <b>644,934</b>    | <b>268,971</b>     | <b>913,905</b>     |
| <b>Tipping Revenue</b>               |                   |                    |                    |
| Refuse                               | 33,212,620        | 27,145,535         | 60,358,156         |
| Spot Waste                           | -                 | 50,618             | 50,618             |
| Const/Demo                           | 8,082,426         | 3,793,933          | 11,876,359         |
| Residual                             | 10,934,809        | 1,097,136          | 12,031,945         |
| Recycling                            | 1,810,854         | 18,492             | 1,829,346          |
| Transportation/Other Fees            | 4,945,968         | 36,000             | 4,981,968          |
| <b>Gross Tipping Revenue</b>         | <b>58,986,677</b> | <b>32,141,714</b>  | <b>91,128,391</b>  |
| Prepaid/Hauler Rebates               | (4,111,251)       | -                  | (4,111,251)        |
| <b>Net Tipping Revenue</b>           | <b>54,875,426</b> | <b>32,141,714</b>  | <b>87,017,140</b>  |
| <b>Energy Revenue</b>                |                   |                    |                    |
| Electric Generation                  | 6,219,620         | 5,028,325          | 11,247,945         |
| Steam Sales                          | 3,203,173         | -                  | 3,203,173          |
| Capacity Sales                       | 412,233           | 124,069            | 536,302            |
| Renewable Energy Credits             | 4,145,934         | 2,405,231          | 6,551,165          |
| Gas & Wind Revenue                   | 117,590           | -                  | 117,590            |
| Reactive Power                       | 237,996           | 102,000            | 339,996            |
| <b>Total Energy Revenue</b>          | <b>14,336,546</b> | <b>7,659,625</b>   | <b>21,996,171</b>  |
| <b>Other Operating Revenue</b>       |                   |                    |                    |
| Metal Sales                          | 446,515           | 415,657            | 862,173            |
| Recyclable Sales                     | 148,800           | 85,680             | 234,480            |
| Retail CNG Sales                     | 42,000            | -                  | 42,000             |
| Inashco Metal Recovery               | -                 | -                  | -                  |
| Quarry Revenue                       | 136,744           | -                  | 136,744            |
| DC Ash Disposal Fee                  | 1,038,042         | 708,131            | 1,746,173          |
| <b>Total Other Operating Revenue</b> | <b>1,812,102</b>  | <b>1,209,468</b>   | <b>3,021,570</b>   |
| <b>Total Operating Revenue</b>       | <b>71,024,074</b> | <b>41,010,807</b>  | <b>112,034,881</b> |
| <b>Operating Expenses</b>            |                   |                    |                    |
| Covanta Service Fee                  | 17,616,408        | 14,660,508         | 32,276,916         |
| Wages/Burden                         | 7,536,537         | 1,129,860          | 8,666,397          |
| Other Facility Costs                 | 14,966,955        | 7,563,425          | 22,530,380         |
| Host/DEP Fees                        | 4,439,495         | 954,413            | 5,393,908          |
| Depreciation - Ops                   | 14,462,700        | 6,357,200          | 20,819,900         |
| Transportation Allocation            | (3,008,558)       | 3,008,558          | -                  |
| <b>Total Operating Expenses</b>      | <b>56,013,537</b> | <b>33,673,964</b>  | <b>89,687,501</b>  |
| <b>G&amp;A Expense</b>               |                   |                    |                    |
| Wages/Burden                         | 4,962,610         | -                  | 4,962,610          |
| Other Admin Costs                    | 2,926,104         | -                  | 2,926,104          |
| Depreciation - Admin                 | 325,000           | -                  | 325,000            |
| Admin Allocation                     | (2,198,099)       | 2,198,099          | -                  |
| <b>Total G&amp;A Expenses</b>        | <b>6,015,615</b>  | <b>2,198,099</b>   | <b>8,213,714</b>   |
| <b>Operating Income (Loss)</b>       | <b>8,994,922</b>  | <b>5,138,744</b>   | <b>14,133,666</b>  |
| <b>Non-Operating Rev (Exp)</b>       |                   |                    |                    |
| Miscellaneous Rev (Exp)              | (79,635)          | -                  | (79,635)           |
| Investment Income                    | 2,404,008         | -                  | 2,404,008          |
| Grant Income                         | 203,748           | -                  | 203,748            |
| OIP Amortization                     | -                 | 33,241             | 33,241             |
| Interest Expense                     | -                 | (1,959,305)        | (1,959,305)        |
| <b>Total Non-Op Rev (Exp)</b>        | <b>2,528,121</b>  | <b>(1,926,064)</b> | <b>602,057</b>     |
| <b>Net Income (Loss)</b>             | <b>11,523,043</b> | <b>3,212,680</b>   | <b>14,735,723</b>  |
| <b>Net Income (Loss)%</b>            | <b>16.2%</b>      | <b>7.8%</b>        | <b>13.2%</b>       |
| <b>EBITDA</b>                        | <b>23,782,622</b> | <b>11,495,944</b>  | <b>35,278,566</b>  |
| <b>EBITDA%</b>                       | <b>33.5%</b>      | <b>28.0%</b>       | <b>31.5%</b>       |
| Debt/Lease Service                   | -                 | 3,114,297          | 3,114,297          |
| <b>Operating Surplus</b>             | <b>23,782,622</b> | <b>8,381,648</b>   | <b>32,164,270</b>  |

## 2024 Capital Budget

### FFLF

|              |           |                   |
|--------------|-----------|-------------------|
| Site         | \$        | 12,782,500        |
| Equipment    | \$        | 1,117,000         |
| <b>Total</b> | <b>\$</b> | <b>13,899,500</b> |

### WTE

|              |           |                  |
|--------------|-----------|------------------|
| Site         | \$        | 7,751,250        |
| Equipment    | \$        | 25,000           |
| <b>Total</b> | <b>\$</b> | <b>7,776,250</b> |

### TSC

|              |           |                  |
|--------------|-----------|------------------|
| Site         | \$        | 690,000          |
| Equipment    | \$        | 1,428,250        |
| <b>Total</b> | <b>\$</b> | <b>2,118,250</b> |

### Transportation

|                  |           |                  |
|------------------|-----------|------------------|
| <b>Equipment</b> | <b>\$</b> | <b>1,090,000</b> |
|------------------|-----------|------------------|

### SRMC

|              |           |                  |
|--------------|-----------|------------------|
| Site         | \$        | 3,576,300        |
| Equipment    | \$        | 391,250          |
| <b>Total</b> | <b>\$</b> | <b>3,967,550</b> |

### Strategic & Real Estate

|  |    |         |
|--|----|---------|
|  | \$ | 500,000 |
|--|----|---------|

|                             |           |                   |
|-----------------------------|-----------|-------------------|
| <b>Total Capital Budget</b> | <b>\$</b> | <b>29,351,550</b> |
|-----------------------------|-----------|-------------------|

## MEMORANDUM

**To:** Board of Directors  
**From:** Daniel G Youngs, Chief Financial Officer  
**Date:** November 10, 2023  
**Subject:** LCSWMA Employee Handbook Revisions for 2024

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This memo outlines a summary of updates and revisions to the LCSWMA Employee Handbook for consideration and, as necessary, approval, from the Board of Directors at the November 20<sup>th</sup> meeting. All revisions will be effective January 1, 2024, and new handbooks will be distributed to staff by this date. Policy changes pertaining to employee benefits and total compensation have been reviewed and recommended by the Personnel Committee. Policies that have been significantly revised will be thoroughly communicated and trained by Human Resources staff to managers, and subsequently all staff, prior to January 1, 2024.

The updates and revisions are as follows (in order of the Handbook):

- Increment Weather/Business Interruptions revised to address compensation during closures and work from home expectations for exempt employees.
- Added breastfeeding and lactation policy into the working rules section. This policy was added to the 2023 handbook as an amendment in August 2023 when legislation made this policy law.
- Holiday, Personal Holidays, Leave Time, and Banked Leave policies were revised, combined, and adjusted to accommodate changes to accrual reporting as required per GASB.
  - Holiday policy – eliminated language around additional Personal Holidays for Holidays that fall on a Saturday due to no longer having Personal Holidays.
  - Personal Holidays policy – policy is removed in entirety and the bulk hours for the time off are moved into the accrual of annual “Leave Time”.
  - Leave Time policy – is now referred to as Paid Time Off and accrues annually on January 1<sup>st</sup> for all employees. Hours formerly given to employees as Personal Holiday hours are now included in the annual amount, increasing previous Leave Time hours per year of service. Paid Time Off hours will be earned per pay period as an actual accrual process.
  - Banked Leave policy – the maximum banked hours limit is now 200 hours, increased from the previous 160 hours.
- Re-organized the former Leaves of Absence section to add clarity around the different types of time off (i.e.: jury duty or bereavement) versus a formal Leave of Absence (i.e.: FMLA or Disability Leave)
- Revised education policy to include language for seminars, conferences, etc. Also created a formal procedure to complement the policy.
- Adjusted retiree age to 60, with at least 20 years of service, in all retiree benefit scenarios.



October 25, 2023

Board of Directors  
Lancaster County Solid Waste Management Authority  
1299 Harrisburg Pike  
Lancaster, PA 17603

Attention: Daniel G. Youngs  
Chief Financial Officer

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that RKL LLP ("RKL", "we", "us", or "our"), audit Lancaster County Solid Waste Management Authority's (LCSWMA or the Authority, "you", "your") business-type activities, aggregate remaining fund information, as applicable and supplementary information as of and for the year ended December 31, 2023, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter ("Arrangement Letter").

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with GAAS. Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the entity and its environment, the applicable reporting framework, and the entity's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

We will also communicate to the board of directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants (AICPA).

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Management is responsible for:

- 1) Identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
- 2) The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
- 3) Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicate that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledges and understands that they have responsibility:

- 1) For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP);
- 2) To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
- 3) For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- 4) To provide us with:
  - a) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, including information relevant to disclosures;
  - b) Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
  - c) Additional information that we may request from management for the purpose of the audit; and
  - d) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management, and when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit including among other items:

- 1) That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and
- 2) That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Reporting**

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of Directors of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the Authority's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

### **Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the Authority's books and records. The Authority will determine that all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Daniel G. Youngs, Chief Financial Officer. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Accounting and Tax Services**

In connection with our audit, you have requested us to perform the following accounting services:

- 1) Drafting the financial statements
- 2) Assistance with the adoption of GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*
- 3) Human resources consulting
- 4) Other, as requested

Daniel G. Youngs, Chief Financial Officer, will oversee the services, make all significant judgments that are the proper responsibility of management, evaluate the adequacy of the services, make an informed judgment about the results of the services, and accept responsibility for them. You also agree to establish and maintain internal control over these services, including ongoing monitoring activities. At the conclusion of our audit, we will ask you to provide written representations to that effect.

Our services under this Arrangement Letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions shall not be used as the basis for proceeding with any transaction or any tax return reporting.

Separate arrangements, including fee arrangements, are required for tax preparation, tax advice or tax representation services.

RKL will keep abreast of conflict of interest rules and advise client if any of the consulting or other non-audit services RKL provides might be deemed to endanger RKL's independence for audit purposes.

#### **Parties' Understandings Concerning Situation Around COVID-19**

To the extent any of the services described herein require a party to visit ("Visiting Party") the other party's facilities ("Host Party") in person, the Visiting Party agrees to comply with the Host Party's rules and regulations regarding COVID-19 safety protocols while on the Host Party's premises, provided the Visiting Party is made aware of such rules and regulations. Further, in the event any of the services described herein need to be suspended and/or rescheduled by a party due to the ongoing situation surrounding COVID-19, the party requesting the suspension or rescheduling of the services will provide the other party with prompt written notice of the foregoing. To the extent such suspension and/or rescheduling of the services impacts either the cost of the services or the ability of the Authority or RKL to meet any deadlines or timeframes set forth herein, or both, the parties will document this in a written agreement mutually agreed upon and executed by both parties.

#### **Fees and Costs**

Our fee for the services described in this letter will not exceed \$28,875. Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus directly billed expenses. Our fee estimate and completion of our work is based upon the following criteria:

- 1) Anticipated cooperation from Authority personnel
- 2) Timely responses to our inquiries
- 3) Timely completion and delivery of client assistance requests
- 4) Timely communication of all significant accounting and financial reporting matters

- 5) The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. A service charge of 1-1/4% per month (15% per annum) will be charged on all invoices not paid within 30 days from the date of the invoice.

In accordance with our firm policies, we reserve the right to suspend our work if your account becomes 90 days or more overdue. Our work will commence upon payment of all outstanding invoices, including service charges.

### **Use of Subcontractors and Third-Party Products**

We may, in our sole discretion, use qualified third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. We may share your information, including Confidential Information, with these third-party service providers; provided that such recipients are bound by written obligations of confidentiality. You acknowledge and agree that our use of a third-party service provider may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure. We will be responsible to you for the performance of our third-party service providers, solely as related to the services performed under this Arrangement Letter, subject to all limitations and disclaimers set forth herein.

We also may provide services to you using certain third-party hardware, software, equipment, or products (collectively, "Third-Party Products" and each, individually, a "Third-Party Product"). You acknowledge that the use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by or on behalf of you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours. You further acknowledge that the terms of use and service including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement for such Third-Party Product (collectively, "EULA(s)") will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

To the extent RKL gives the Authority access to a Third-Party Product in connection with the services contemplated herein, the Authority agrees to comply with the terms of any applicable EULA for such Third-Party Product, and the Authority shall be solely responsible for the improper use of a Third-Party Product or a violation of the applicable EULA for such Third-Party Product, by the Authority, or any user to whom the Authority grants access to such Third-Party Product. The Authority agrees to indemnify and hold RKL harmless from and against any claims, actions, lawsuits, proceedings, judgments, liens, losses, damages, costs, expenses, fees (including reasonable legal fees, expenses, and costs) and other liabilities relating to, or arising from or out of, the improper use of a Third-Party Product, or a violation of the terms of the applicable EULA for such Third-Party Product, by the Authority, or any user to whom the Authority grants access to such Third-Party Product.

You acknowledge that the use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

#### **Use and Ownership; Access to Audit Documentation**

The Audit Documentation for this engagement is the property of RKL. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of RKL's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by RKL for the Authority under this Arrangement Letter, or any documents belonging to the Authority or furnished to RKL by the Authority.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable RKL policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in RKL's form. RKL reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

#### **Indemnification, Limitation of Liability, and Claim Resolution**

Because RKL will rely on the Authority and its management and Board of Directors to discharge the foregoing responsibilities, the Authority agrees to indemnify, hold harmless and release RKL and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, Subcontractors, agents, representatives, successors, or assigns from all third-party claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Authority's management.

THE AUTHORITY AND RKL AGREE THAT NO CLAIM ARISING OUT, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ARRANGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AUDIT REPORT ISSUED BY RKL OR THE DATE OF THIS ARRANGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL RKL OR THE AUTHORITY, OR ANY OF THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE "COVERED PARTIES" AND EACH INDIVIDUALLY, A "COVERED PARTY"), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR A COVERED PARTY'S INDEMNIFICATION OBLIGATIONS UNDER THIS ARRANGEMENT LETTER, TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ARRANGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY THE AUTHORITY TO RKL UNDER THIS ARRANGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE THE COMPA OF ITS PAYMENT OBLIGATIONS TO RKL UNDER THIS ARRANGEMENT LETTER.

### **Confidentiality**

RKL and the Authority may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, RKL and the Authority agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, RKL is permitted to disclose the Authority's Confidential Information to RKL's personnel, agents, and representatives to provide the services or exercise its rights under this Arrangement Letter or for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.



As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding anything stated to the contrary in this Arrangement Letter, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

#### **Preexisting Nondisclosure Agreements**

In the event that the parties have executed a separate nondisclosure agreement, such agreement shall be terminated as of the effective date of this Arrangement Letter and the terms of this Arrangement Letter shall apply to the treatment of information shared by the parties hereto.

#### **Personal Information**

As used herein, the term "Personal Information" means any personal information, as may be defined by applicable privacy, data protection, or cybersecurity laws, that directly or indirectly identifies a natural person, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, and health information.

Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Arrangement Letter.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

Upon your written request, we will enter into a mutually agreed upon agreement relating to the lawful cross-border transfer and processing of Personal Information.

Where we are acting as a service provider under the California Consumer Privacy Act and the California Privacy Rights Act, including as amended or replaced, and the associated regulations ("CCPA"), we (i) will not Sell or Share (as those terms are defined by the CCPA) any Personal Information received from the Authority; (ii) will not retain, use, or disclose Personal Information to another business, person, or third party, except for the purpose of maintaining or providing the services or exercising our rights as specified in this Arrangement Letter, including to provide Personal Information to advisers or sub-contractors to maintain or provide the services under this Arrangement Letter, or to the extent such disclosure is required by law. At your written request, and at your cost, we shall reasonably assist you in addressing your obligations under the CCPA with regard to privacy rights requests related to your Personal Information held by us, directly resulting from our business relationship with you. We reserve the right to decline such a request where, as determined in our sole discretion, the request for our assistance could violate or impair a Consumer's (as that term is defined by the CCPA) rights under the CCPA or another applicable law, regulation, or professional or ethical standard. We certify that we understand and will comply with the requirements enumerated in (i) and (ii). For the avoidance of doubt, all permitted uses of Personal Information by service providers that are enumerated in the CCPA are understood to apply to the Personal Information processed by us.

We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws. If we become aware of an unauthorized acquisition or use of Authority-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

### **Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards or to exercise our rights under this Arrangement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

### **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

Either party may terminate this Arrangement Letter upon written notice if: (i) circumstances arise that in its judgment would cause its continued performance to result in a violation of law, a regulatory requirement, applicable professional or ethical standards, or, in the case of RKL, our client acceptance or retention standards; or (ii) if the other party is placed on a Sanctioned List (as defined herein), or if any director or executive of, or other person closely associated with such other party or its affiliate, is placed on a Sanctioned List.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

### **Miscellaneous**

We may mention your name and provide a general description of the engagement in our client lists and marketing materials. Notwithstanding anything stated to the contrary in this Arrangement Letter, the Authority acknowledges and consents that we also may utilize Confidential Information and Personal Information to (i) improve the quality of our services and offerings and/or (ii) develop or perform internal data analysis or other insight generation. Information developed in connection with these purposes may be used by us to provide services or offerings. We will not use your Confidential Information or Personal Information in a way that would permit the Authority or an individual to be identified by third parties without your prior written consent.

The Authority agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our written permission. Any such request is also a matter for which separate arrangements may be necessary. After obtaining our permission, the Authority also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. If, based on our review, we identify no material inconsistencies with our audit, or other misstatements of fact, we will promptly communicate in writing to the Authority that we do not object to the inclusion of our report in the offering documents. In the event our auditor/client relationship has been terminated when the Authority seeks such consent, we will be under no obligation to grant such consent or approval.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our partners, principals or employees.

Each party hereto affirms it has not been placed on a Sanctioned List (as defined below) and will promptly notify the other party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Arrangement Letter. The Authority shall not, and shall not permit third parties to, access or use any of the deliverables provided for hereunder, or Third-Party Products provided hereunder, in violation of any applicable sanctions laws or regulations, including, but not limited to, accessing or using the deliverables provided for hereunder or any Third-Party Products from any territory under embargo by the United States or Canada. The Authority shall not knowingly cause RKL to violate any sanctions applicable to RKL. As used herein "Sanctioned List" means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, and United Kingdom.

Any term of this Arrangement Letter that would be prohibited by or impair our independence under applicable law or regulation shall not apply, to the extent necessary only to avoid such prohibition or impairment.

### **Notices**

Unless otherwise expressly agreed upon by the parties in this Arrangement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Arrangement Letter, or such other address as such party may indicate by a notice delivered to the other party. A copy of any legal notice (e.g. any claimed breach or termination of this Arrangement Letter) sent by the Authority to RKL shall also be sent to the following address: RKL LLP, 1330 Broadcasting Road, Wyomissing, PA 19610. Except as otherwise expressly provided in this Arrangement Letter, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and, (iii) if sent by electronic mail (without indication of delivery failure), at such time as the party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.

### **Governing Law**

This Arrangement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Arrangement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its conflict of law principles, and applicable U.S. federal law.

### **Entire Agreement**

This Arrangement Letter constitutes the complete and exclusive statement of agreement between RKL and the Authority and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

### **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

**Acknowledgement and Acceptance**

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.


**AGREED TO AND ACKNOWLEDGED BY:**

RKL LLP



Timothy D. Kraft, CPA  
Partner

Confirmed on behalf of Lancaster County Solid Waste Management Authority:

  
\_\_\_\_\_  
Signature and Title

11-17-23  
\_\_\_\_\_  
Date



## Board Action No. 5

**ISSUE:** Purchase of Equipment for 2024 Delivery

**BACKGROUND:** LCSWMA utilizes a cyclical equipment replacement schedule, with replacement frequency based on utilization rate, maintenance costs, and residual value of each type of equipment. In the past, staff has presented the following fiscal year budget and capital expenditures plan (including equipment) at the October Board of Directors’ meeting, with Board action on the budget at the November meeting. Specific purchases were then brought to the Board for consideration any time thereafter.

**DISCUSSION:** Due to the long lead time from order to receipt for most of the equipment LCSWMA procures, staff would like to begin ordering 2024 replacement equipment. LCSWMA uses cooperative bidding and purchasing contracts when available to procure new equipment to minimize cost. The chart below details the site, type and model, cost, estimated trade-in or auction value, net cost, 2024 budget amount, variance to this amount, and purchasing contract for each piece of equipment. This is the first of several batch purchases of equipment for 2024.

| Site         | Type of Equipment         | Model                          | Price              | Estimated Trade/Auction Value | Net Cost           | 2024 Budget Amount    | 2024 Budget Variance | Purchasing Contract |
|--------------|---------------------------|--------------------------------|--------------------|-------------------------------|--------------------|-----------------------|----------------------|---------------------|
| SRMC         | Sweeper                   | Stewart-<br>Amos Galaxy<br>R-6 | \$284,145          | \$85,500                      | \$198,645          | \$206,250             | \$7,605              | HGAC                |
| SRMC         | Skid Steer                | Kubota<br>SSV65                | \$50,635           | No Trade                      | \$50,635           | \$75,000              | \$24,365             | Sourcewell          |
| FFLF         | Track Dozer               | John Deere<br>1050P            | \$868,900          | \$295,000                     | \$573,900          | \$604,000             | \$30,100             | COSTARS             |
| FFLF         | Articulated<br>Dump Truck | John Deere<br>410P             | \$623,900          | \$665,000 <sup>1</sup>        | (\$41,100)         | \$61,000              | \$102,100            | COSTARS             |
| FFLF         | Track<br>Loader           | Caterpillar<br>963             | \$440,000          | \$175,000                     | \$265,000          | \$330,000             | \$65,000             | COSTARS             |
| FFLF         | All-Terrain<br>Vehicle    | Kubota<br>RTV-X1100            | \$23,135           | \$6,800                       | \$16,335           | \$32,000              | \$15,665             | Sourcewell          |
| TSC          | Excavator                 | Volvo EC220E                   | \$256,356          | \$35,000                      | \$221,356          | \$206,250             | (\$15,106)           | Sourcewell          |
| TSC          | Dump Truck                | Ford F-550                     | \$101,608          | \$5,000                       | \$96,608           | \$85,000 <sup>2</sup> | (\$11,608)           | COSTARS             |
| TSC          | Wheel<br>Loader           | Volvo L180H                    | \$519,378          | \$145,000                     | \$374,378          | \$372,000             | (\$2,378)            | Sourcewell          |
| <b>Total</b> |                           |                                | <b>\$3,168,057</b> | <b>\$1,412,300</b>            | <b>\$1,755,757</b> | <b>\$1,971,500</b>    | <b>\$215,743</b>     |                     |

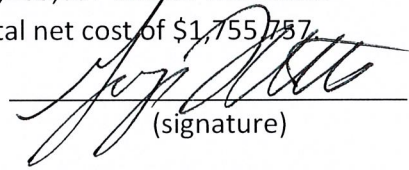
Table Notes:

<sup>1</sup> Due to the INASHCO facility closure and the impact to operations, three articulated dump trucks will be traded or auctioned.

<sup>2</sup>This item was included in the 2023 Capital budget and forecast.

**RECOMMENDATION:** Staff recommends the LCSWMA Board of Directors approve the purchase of the equipment as presented, for a total gross cost of \$3,168,057 and an estimated \$1,412,300 of trade in/auction value, for the estimated total net cost of \$1,755,757.

APPROVED BY THE BOARD OF DIRECTORS:

A handwritten signature in black ink, appearing to be "John D. [unclear]", written over a horizontal line.

(signature)

November 17, 2023

(date)





### Board Action No. 6

**ISSUE:** Award of Contract for the Frey Farm Landfill Vertical Expansion Stage 3 Construction and Stage 1 Cap Project

**BACKGROUND:** The FFVE Stage 3 Construction and Stage 1 Cap Project consists of several major items of work. The primary objective of the project is to construct approximately 1,750 linear feet of mechanically stabilized earthen (MSE) berm around the perimeter of the Frey Farm Landfill (FFLF). The MSE berm will allow for the installation of approximately 2.7 acres of additional liner, expanding the capacity of the FFLF by approximately 3,500,000 cubic yards. The scope of work will also include additional landfill gas infrastructure, modifying the existing leachate collection system, the installation of new access roads, demolition of the existing maintenance building and leachate tanks, installation of approximately 12.5 acres of final cap system in Stage 1, and installation of other ancillary site infrastructure.

**DISCUSSION:** A bid package was developed for the scope of work and bids were received November 2, 2023. The bid results are listed below:

| Company                    | Total Base Bid  |
|----------------------------|-----------------|
| Kinsley Construction, Inc. | \$12,400,000.00 |
| Harnden Group              | \$17,183,264.72 |
| R and L Development        | \$19,989,829.15 |
| Thalle Construction        | \$23,913,790.07 |

Kinsley Construction, Inc.’s bid was the lowest qualified and responsive bid. Kinsley has completed numerous projects satisfactorily for LCSWMA in the past including the previous stages of the Frey Farm Vertical Expansion. Staff is confident in Kinsley’s ability to complete the proposed work. This project was budgeted at \$15.5 million over 2024 and 2025, based on unit pricing from the previous two stages of construction.

**RECOMMENDATION:** Staff recommends the Board of Directors award the contract for the Frey Farm Landfill Vertical Expansion Stage 3 Construction and Stage 1 Cap Project to Kinsley Construction, Inc. of York, PA in the amount of \$12,400,000.

APPROVED BY THE BOARD OF DIRECTORS:

  
(signature)

November 17, 2023

(date)



## Board Action No. 7

**ISSUE:** Leachate Disposal Agreement

**BACKGROUND:** LCSWMA and the Lancaster Area Sewer Authority (LASA) are parties to a Waste Services Agreement that governs LASA's acceptance of leachate from LCSWMA's landfill for treatment. The term of the original agreement was January 2012 through December 31, 2021, with an option to renew the terms for up to an additional 3 years. The parties mutually agreed to a two-year extension in 2021, which is set to expire on December 31, 2023.

**DISCUSSION:** LCSWMA and LASA have discussed the terms of the agreement and both parties desire to enter into a new three-year Leachate Disposal Agreement (through December 31, 2026). At the termination of the three-year term, the parties have the option to renew under the same terms and conditions for up to an additional three years. The estimated cost for leachate treatment based on projected volume and surcharges is summarized on an annualized basis below.

|                   | Annual Estimated Cost |
|-------------------|-----------------------|
| Leachate Disposal | \$276,000             |

**RECOMMENDATION:** Staff recommends the Board of Directors approve entering into a three-year agreement, as presented, with LASA for leachate treatment.

APPROVED BY THE BOARD OF DIRECTORS:

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
November 17, 2023  
(Date)