



Board of Supervisors Minutes

October 6, 2021 | 7:02 | Remote Meeting Via Zoom

Present: Dr. Richard L. Leff, Chairman, Whitney S. Hoffman, Vice Chair; Scudder G. Stevens, Supervisor; Eden R. Ratliff, Township Manager; Amy Heinrich, Finance & HR Director; Diane Hicks, Planning & Zoning Director; Roger Lysle, Public Works Director; Matt Gordon, Chief of Police; Dave Sander, Solicitor

1. Call to Order

Chairman Leff called the meeting to order at 7:02 p.m., explained the hybrid meeting format and thanked those present in person for wearing their masks.

2. Township Investigation and Resolution Update

Leff read the following statement:

On Monday afternoon, October 4, former Kennett Township manager Lisa Moore admitted she stole \$3.249 million from township residents. She admitted her crimes in public during her sentencing hearing before Chester County Common Pleas Judge David Bortner.

Monday was Moore's day of public reckoning. The township's once trusted manager admitted to all that she had violated the trust placed in her. Her judicial presumption of innocence was removed by her guilty plea to five criminal counts, theft by deception, dealing in unlawful proceeds, forgery, tampering with public records and access device fraud.

At the conclusion of the hearing, felon Lisa Moore was placed in handcuffs and led away by members of the county's Sheriff's office to begin her 3-to-10 year prison sentence and five years of probation. There were other conditions placed upon her, including forfeiting her pension, never again being able to ever hold a fiduciary position for a government or non-profit entity, and having to reveal her conviction to any future employers.

Importantly, Moore was ordered to repay the full \$3.249 million amount she stole from the township. On Monday, she submitted her first payment of \$1.27 million.

The Board of Supervisors and members of our staff attended the proceedings in West Chester. Judge Bortner approved the guilty plea and restitution plan.

Vice Chair Whitney Hoffman read a statement approved by all three members of the Board of Supervisors at the hearing. In part, our statement read, "This betrayal by Moore plunged the township government into a crisis of trust and uncertainty. Lisa Moore's embezzlement and deceptions did not merely steal taxpayer money – her crimes upended lives and careers, destroyed trust in our local government and smeared the good names of innocent volunteers, public officials and service providers.

"Since the day the embezzlement was first discovered, we, as public officials, have all felt betrayed, angry and devastated. Nearly three years later, we still do. Regaining the public's confidence will take decades, if it ever happens. Once betrayed, trust returns slowly"

"We once believed that Lisa Moore was reliable and honest. She was not."

At the conclusion of Moore's sentencing, Judge Bortner made an important statement. He expressed his hope that the sentencing of Moore would free Kennett Township to pursue its bright future. I'm sure everyone connected with the township fervently agrees with Judge Bortner's wish. The Supervisors certainly do.

Monday's proceeding in Chester County Court closed the criminal investigation and sentencing phases of this terrible tragedy. However, this matter is not over. We are still in the midst of rebuilding the township's management team, systems, processes and financial security. We are also hard at work on recovering the remainder of the funds that were stolen.

As you may recall, last year we hired a team of attorneys from the Philadelphia law firm of Blank Rome who specialize in the recover of stolen funds. They are working diligently to track down and recover every dollar possible related to what Lisa Moore stole, plus the costs that have been incurred by the township in the investigation and recovery process. We will have more to report as this work progresses. We will be asking for your patience at times as this process unfolds now that sentencing and partial restitution has been made. As you can imagine, it would be inadvisable to discuss negotiations as they are underway.

So what is next for Kennett Township? First, once again the supervisors will continue to update everyone on the status of the recovery as funds are received and as negotiations are completed.

In addition, we are planning a second public meeting. This meeting is tentatively planned for the middle of November. More details will follow. We are choosing the date of this meeting to fall after the 30-day waiting period that Lisa Moore has to appeal her sentence or change her guilty plea.

Between now and our meeting next month, we will be assembling information that will help everyone better understand what took place and what has been done about it.

On behalf of the Supervisors and all our staff, I want to express our great appreciation for the patience and support of everyone in Kennett Township. There were many times when we were unable to discuss aspects of the investigation, as well as many times you gave us the benefit of the doubt when we said that we would eventually get to a conclusion.

On Monday, the conclusion of the criminal phase arrived, and we believe that justice was done.

Thank you to all of you.

Discussion:

- Geoff Gamble (560 Chandler Mill Road) asked if the funds from the check for \$1.2 million dollars that Moore paid at her proceeding were validated after stating that he would wonder where that kind of money would come from after that person had been unemployed for two years. He also asked if the bonding insurance company that paid the \$1 million for the bond insurance would get this money off the top or bottom. Ratliff said that the District Attorney's office did verify the source of funds and they were legitimate, not from a source of illegal means. The Township is unaware of that source, as the DA's office was not permitted to share that information, but the funds have already been deposited into Kennett Township funds. To answer his second question, Ratliff said that the Township has not agreed to any subrogation of funds, so Harford who held the bond does not have the right to the first million dollars. The Township is not required to make them whole in the restitution agreement. This means they will get it from the bottom.
- Richard Gaw (Chester County Press) asked how much in restitution is remaining. Leff answered that out of the \$3.249 million stolen, \$1.27 million was paid in check at Moore's proceeding and \$82,000 in escrow has been released to the Township. So, in terms of restitution she owes a little under \$2.2 million.

3. Executive Session Announcements

Solicitor Sander announced that the Board of Supervisors met in Executive Session on September 17, September 24, September 27, October 1, and October 4, 2021 to discuss matters of litigation.

MOTION TO AMEND AGENDA

Ratliff asked if the Supervisors would consider an amendment to the 2021 adopted budget to allow for an expenditure out of the general fund of \$65,000 to go to the Kennett Area Park Authority that will be transferred from the Open Space Fund. It was currently budgeted in the Open Space Fund and this change is reflected on the current Bill Voucher. Ratliff then explained the new procedures for changing an agenda because of recent amendments to the Sunshine Law. Ratliff said that the Supervisors were in conceptual agreement for this budget amendment and that it not being included in the original agenda tonight was an error on his part and he believes this should not wait until the next Board of Supervisors meeting.

Motion presented by Stevens to amend the agenda to allow for the consideration of a budget amendment later in this meeting. Seconded by Hoffman. Motion passed 3-0.

Discussion:

- Leff commented that all of the information was made available through the Bill Voucher, and this was simply for the record showing that the budgeted expense would come from the General Fund as opposed to the Open Space Fund.
- Stevens commented that since its inception in 1989, the Township has always agreed to pay KAPA a certain amount, and that it was unfortunate that the money was in the wrong fund. He would like to see this motion follow through.

4. Old Business

There is no old business.

5. New Business

a. Consider October 6th Bill Voucher

(www.kennett.pa.us/DocumentCenter/View/4968)

Motion presented by Hoffman to approve the October 6th Bill Voucher in the amount of \$335,175.87 and to approve transfers in the amount of \$18,424.27. Stevens seconded. Hoffman amended the motion to include total bills in the amount of \$543,786.71 with transfers of \$18,424.27. Stevens seconded the amended motion. Motion passed 3-0.

Discussion:

- There was discussion about the amount in the initial motion not reflecting the most current Bill Voucher.
- Hoffman thanked Heinrich and Serino for kindly answering her questions on this earlier today regarding the Foreign Fire Tax. Heinrich elaborated that the exact amount comes in from the state and then is passed through the Township to the two fire companies.
- Leff asked if the KAPA payment just discussed was still listed on the Bill Voucher and Hoffman said yes.

b. Consider Biohabitats Change Order to Task Order No. 9

(www.kennett.pa.us/DocumentCenter/View/4969)

Ratliff read from the submitted proposal, available in the above link, that summarized the need for this Change Order. Work thus far has uncovered four species of vegetation that are either rare, threatened, or endangered and as such the Pennsylvania Department of Conservation and Natural Resources is requiring a botanical survey to be submitted.

Motion presented by Hoffman to consider Biohabitat's Scope of Work and Fee for Change Order – Vegetative Survey to “Chandler Mill Road – Task Order #09 – Full Design Services Chandler Mill Road Greenway Segment” in the amount of \$4,547.50. Stevens seconded. Motion passed 3-0.

Discussion:

- Leff said that being a wetland area there is no great surprise in finding some rare species and added that this speaks to the need to try to preserve this area.
- Ratliff said that the Trails and Sidewalks Committed reviewed this Scope of Work and recommended it be approved.

c. Consider Proposed Resolution 2021-16 – Waywood Road Dedication

(www.kennett.pa.us/DocumentCenter/View/4967)

Motion presented by Hoffman to consider Resolution 2021-16 accepting a dedication of a portion of the ultimate right-of-way of Waywood Road. Stevens seconded. Motion passed 3-0.

Discussion:

- Hicks explained that this was a clean-up item, that when Exelon originally came in years ago this was supposed to have been performed during that original approved land development. Recently, Exelon came in again to make some adjustments and improvements to their development and that was when this was realized.
- Stevens commented that this was a mistake and an oversight and that the record needs to be clarified so it is appropriate that the Supervisors act on it now.

d. Consider Authorizing the Contribution of \$65,000 from the General Fund to Kennett Area Park Authority

Ratliff again explained that this was an added agenda item per the earlier motion and gave a brief overview. He detailed how the ongoing budget request for KAPA was placed in the 2021 Open Space Fund during the budget process in 2020. He then explained some of the complexities of the Open Space Land and Preservation Act which governs how Open Space Funds can be spent. In this case, the relationship between KAPA and Kennett Township would have to be altered via a legal agreement to use the funds in the Open Space Fund – something both sides could not agree to at this point. Due to this impasse, transferring the funds to the General Fund so that KAPA can receive their contributions was determined to be the solution.

Motion presented by Stevens to amend the 2021 budget to reduce the \$65,000 expense from the Open Space Fund and increase the expenditures from the General Fund by \$65,000 to the Kennett Area Park Authority. Hoffman seconded. Motion passed 2-0.

Discussion

- Leff asked if this changes the overall budget. Ratliff said that if you look at the total of all budgets including all of the funds, the amount will not change but said again, the amounts will change for the Open Space Fund and General Fund by \$65,000 which will have to be looked at as the 2022 budget is navigated.

6. 2022 Budget Discussion

www.kennett.pa.us/DocumentCenter/View/4974

Heinrich outlined the process for and the upcoming meetings to discuss the 2022 Budget process. The link above contains full details for tonight’s discussion plus the slides presented during the meeting.

REVENUE: General Fund Revenue Overview, Income Tax, Real Estate Tax, Real Estate Transfer Tax, Local Service Tax, and non-tax revenue

Discussion:

- Hoffman asked a question about how telecommuting affects the Local Service Tax and how it would be reflected on tax returns. Heinrich stated that this was collected based on where employers declare their employees are working and that the Local Service Tax is not part of local earned income filing tax. The discussion continued.
- Stevens asked for clarification on the waterfall graph (page seven of the above link) and Heinrich explained that this is a cumulative visual representation of the \$1.36M variance in revenue with the intention to help identify the drivers of the variance.

EXPENSES: Administration Department request of \$394K, up \$44K or 12% from 2021 Budget. Finance/HR request of \$376K, up \$72K or 24% from 2021 Budget. Non-uniform Employee Benefits estimate of \$636K, up from \$84K or 15% from 2021. Insurance estimate of \$127K, down\$7.5K or 6% from 2021. Planning & Zoning request of \$389K, up from \$52K or 15% from 2021 Budget.

Discussion:

- Hoffman asked about the 2020 Audit report and Heinrich said is still needs to be finalized and hopes to present it in November before the end of the year.
- Leff asked if Heinrich could comment on cyber insurance. She said we currently have it but that she plans to look into it to make sure the levels of coverage are sufficient given how common cyber attacks are now. Discussion continued with the Supervisors and Heinrich on how this specific insurance works and hypothetical situations concerning ransomware. Leff stated that it is the position of the Township to not pay ransom in those situations.
- Geoff Gamble (560 Chandler Mill Road) asked regarding insurance what the current level of bonding is for anyone handling money in the Township. Heinrich answered that as the treasurer, she has the highest level of \$4 million in bonds, Ratliff is bonded for \$1 million, and all the Supervisors and other staff are covered under the

general insurance policy. She added that there is one additional rider she is considering that would be an added layer of protection for all the employees.

7. Public Comment

- There were no public comments.

8. Adjournment

Motion presented by Stevens to adjourn. Hoffman seconded. Motion passed 3-0.

The meeting adjourned at 8:12 p.m.

Respectfully submitted,
Eden R. Ratliff
Township Secretary

Meeting was advertised January 6, 2021. The agenda was posted online October 1, 2021, and posted physically October 5, 2021. Amended agenda was posted October 7, 2021. Copies of the agenda were made available for public in attendance.