

**MINUTES OF
EASTON SUBURBAN WATER AUTHORITY
NORTHAMPTON COUNTY, PENNSYLVANIA**

**Easton, PA
Monday
April 12, 2010
3:00 PM**

The members of the Board of the Easton Suburban Water Authority met in stated session at the above hour at the Authority office building, 3700 Hartley Avenue, Easton, PA, for the transaction of general business.

ROLL CALL

Present: Wayne Barefoot
Robert J. Bergren
Charles W. Churchman
R. Kirkwood Colton
Donald W. Lockard
Michael G. Moorehead
Margaret H. Poswistilo
Theodore J. Veresink
Timothy A. Cain (Chairman)

Absent: None

Guest: Daryl S. Peck, Concord Public Financial Advisors, Inc.

Also in attendance were Roy A. White, Executive Director; Craig Swinsburg, Assistant Executive Director; Stephanie Kinsell, Business Manager, Erin Rapp, Customer Relations Manager; Tim Ryan, IT Specialist; Chuck Wilson, Miller Environmental; Carl Fleming, Palmer & Company; Thomas Walters, Solicitor; Mike Brown, Gannett Fleming, Inc.; Hillary C. Weiss, Recording Secretary

Mr. Bergren, Chairman of the Finance Committee, stated that the Finance Committee met prior to the Board Meeting to discuss financing for the City of Easton Infrastructure Project. Mr. Bergren stated that PENNVEST has awarded \$ 5.27 million of the requested \$ 10.54 million to the Authority. PENNVEST has required the Authority to pass a resolution that we will increase our rate structure, and the Board has agreed to do so in September of 2010. The Finance and Executive Committees are recommending that the Authority Board approve retaining Concord Public Finance to provide financing acquisition services as outlined in their proposal. The Authority is considering two separate loans: funds to match the PENNVEST loan, and a secondary loan to address the possible construction of the yet to be determined number of ADA ramps. Concord Public

Finance stated that the proposal will cost the Authority \$ 22,000. Tom Walters, Solicitor of the Authority, stated that he has drafted resolutions for both bank loans and for revenue bonds depending on which financing scenario is chosen by the Board.

At this time, Mr. Cain, Chairman of the Authority Board, introduced Daryl S. Peck of Concord Public Financial Advisors, Inc. Daryl S. Peck submitted and discussed details of the Capital Projects Financing Program which included Concord's understanding of the Authority's capital financing requirements, Concord's scope of financing services for the Project, and cost proposal.

On a motion from Mr. Bergren, seconded by Mr. Churchman, the Authority authorized the engagement of Concord Public Financial Advisors, Inc. pursuant to a written proposal provided to the Authority dated April 7, 2010, to provide professional services to the Authority encompassing financial advisory services in connection with the Authority's expected plan to improve and upgrade the water system. (Resolution Attached). No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

At this time, Stephanie Kinsell discussed the April 2010 Project Status Report, 2010 Cash Flow Forecast, Debt Obligations (revised 3/31/2010), and the February 2010 Income Statement.

ACTION ON MINUTES

On Page 4194, New Business should read: "On a motion from Mr. Moorehead, seconded by Mr. Veresink, and with the recommendation of the Executive Committee the Board adopted a resolution authorizing the Authority to accept the proposal of March 2, 2010 of Lafayette Ambassador Bank to provide the Authority with a line of credit up to three million dollars under the terms and conditions as more specifically set forth in said proposal including the providing of security in the form of a pledge of anticipated revenues, accounts receivable by the Authority to secure such financing. (Resolution Attached). No public comment received."

On a motion from Mr. Colton, seconded by Mr. Veresink the minutes of March 8, 2010 were approved as presented. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

COURTESY OF THE FLOOR

There was no comment from the floor at this time.

REPORT OF ENGINEER

Copies of the Engineer's Report were enclosed with the mailing of the March minutes for review prior to the Board Meeting. Updates were provided and reviewed.

Mr. Mike Brown from Gannett Fleming stated that the final pay estimate for the 15th Street Tank has been submitted for a total of \$153,350.84. Mr. Craig Swinsburg stated that the Authority is satisfied with the work at the tank; however, the Authority was considering recouping some construction management costs associated with the project.

On a question raised by the Board regarding the qualifications for contractors that may Bid on the Infrastructure Project, Mr. Roy White stated that because we are a Municipal Authority, the Authority is required by State law to accept the bid of the lowest responsible bidder. As long as a construction company has the equipment required for the project, has previous experience with projects similar to the one we are bidding, can meet the required financial parameters and are qualified by Gannett Fleming, they can submit a bid on the Authority's projects.

Regarding the City of Easton Water System Improvements Project, the Authority will have a full time Authority inspectors with each of the contractors' crews to ensure that work is being done in accordance with Authority installation standards, project design specifications and that the work areas are being kept as clean as possible.

REPORT OF MANAGER

The Management Summary was displayed on the overhead projector and reviewed.

Services

- There were a total of 8 new services, 3 service replacements, and 3 service changeovers in March.
- The 8 new services are from the Delaware Terrace Project in City of Easton.

Main Breaks

- There were a total of five main breaks in March (1 in City of Easton, 4 in Palmer).

Replaced Hydrants

- There were a total of 4 replaced hydrants in the City of Easton in March.

Curb Box Maintenance

- Repaired 4 curb boxes (1 in City of Easton, 3 in Suburban).

Water Treatment Plant Project

- All chemical feed systems are close to or being activated.
- The high service pump issue has been resolved, and the manufacturing company has given the Authority an additional warranty on the pumps.
- Security cameras are in place at the plant, and there are some stationary cameras that have to be properly set.
- Final work is being done on the recycle line.
- The punch list is being drafted by Gannett Fleming; however, no final punch list has been given to the Authority as of April 12.
- The new motor control centers have been exercised. This new equipment controls the pumps and chemical feeders. The control centers are in climate control rooms.
- ESWA had a meeting with Gannett Fleming on March 16th, 2010 to discuss cost issues.

Replacement of Morgan Hill Tanks

- East Tank:
 - Placed into service on November 11, 2008.
- West Tank:
 - Tank was put into service on December 10, 2009.
- There are a few items to be completed at the site, such as landscaping and stairs.

City of Easton Infrastructure Improvement Project

- ADA Ramps
 - In accordance with requirements of PennDot highway occupancy permits, ESWA will be required to install 34 ADA ramps in intersections within State right-of-way. The remaining 24 will be installed by the City.
 - ADA ramp requirements within City right-of-way is still under discussion.
- ESWA will be responsible for the repair/replacement of any damaged decorative crosswalks on Cattell Street as part of the project. ESWA may be required to install crosswalks on some portions of North 3rd Street.
- The land development plans and mylars for the Davis Street Pumping Station have been submitted to the City of Easton for signatures and will be recorded after they are returned.
- The Authority has a tentative agreement with the state that we can start the construction of the project prior to the submittal of ADA ramp design.

St. Luke's – Bethlehem Township

- Secondary 12" water main installed across Freemansburg Avenue. The entire water system for Phase I has been installed and tested.

- By building code, the hospital must have a redundant domestic service. St. Luke's proposed installing two domestic services on the west side of the facility. ESWA suggested installing a domestic service from the water main on the east and west side of the facility to allow for better operational flexibility and to minimize potential for service interruptions.
 - ESWA has not received a response on how St. Luke's wishes to proceed.

Delaware Terrace Project – City of Easton

- The water system work on the streets surrounding the project has been completed and contractor has begun working within the site on infrastructure, with waterline likely to start in the next month or so.
- ESWA is waiting on payment of the construction deposit for the offsite water main improvement on Charles Street. Once the payment is received, ESWA will schedule the installation of the water main on Charles Street.

Flushing

- Flushing is scheduled to begin in the area of Bethlehem Township, west of Route 33 and south of Route 22, on April 5, 2010.

Meters

- New Meter Installations totaled 14, and reinstalled meters totaled 9 in March.
- Meters Changes totaled 66 in March.

Customer Service

- Turn Off & Removal for Final – 10 City of Easton, 4 Suburban
- Turn Off for Insufficient Funds – 1 City of Easton, 1 Suburban
- Turn Off for Non – Payment of Sewer – 7 Suburban
- Turn Off for Non – Payment of Water – 45 City of Easton, 32 Suburban
- Turn Off for Violations (Meter Changes) – 2 City of Easton, 1 Suburban

COE Infrastructure Project

- PENNVEST Board approved \$ 5.27 million loan.
- Bank loan and/or Revenue Bonds being considered for remaining \$ 5.27 million.
- Requirements for ADA ramps may require additional borrowing.
 - Meeting scheduled with City of Easton on April 19th to discuss extent of ADA ramps.
- Commonwealth Finance Department grants application due on July 1, 2010; awards will take place in November.

Additional Construction Projects

- Trio Farms – Lower Nazareth Township
 - Variance request being discussed for 300 singles/town homes and 120 apartments.
- Lowes – Lower Nazareth Township
 - Initial municipal application process
- Woodridge Falls – Palmer Township - 300 apartments and 100 town homes.

At this time, Erin Rapp, Customer Relations Manager, discussed the addition to the Rules and Regulations regarding Discontinuance of Service.

On a motion from Mr. Colton, seconded by Mr. Barefoot, the Authority approved the Discontinuance of Service added to the Authority's Rules and Regulations to read: "The Authority reserves the right to suspend or terminate water service in the event of non-payment for any account maintained by the same customer, after first giving the customer ten (10) days notice of such proposed actions. Failure to make payments of any Water System charge against the property, or any other property maintained by the same customer. The Authority without prior notice and in its discretion may transfer the balance due on any customer's account to any other account or accounts maintained by that customer on other properties or premises owned or managed by the customer, and said customer acknowledges that said obligations transferred shall maintain the same priority of payment, security and lien status as billing for water as actually supplied to said property or premises." No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

On a motion from Mr. Churchman, seconded by Mr. Lockard, the March requisitions (items 3217– 3229, totaling \$388,429.95) were approved. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

Roy White stated that Total Funds on Deposit totaled \$4,766,583.80 on February 28, 2010, and \$5,717,025.24 on March 31, 2010.

REPORT OF COMMITTEES

Executive Committee –

Mr. Cain, Chairperson, stated that the Executive Committee met prior to the Board Meeting to discuss several financial business items including Concord Public Financial Advisors, Inc.

Budget & Finance Committee –

No Report.

Pension Committee –

No Report.

Personnel Committee –

No Report.

Risk Management Committee -

Mr. Roy White stated that he would like the Risk Management Committee to meet in April to discuss the renewal of our property and casualty insurance.

Building Committee –

No Report.

Security Committee –

No Report.

REPORT OF FINANCIAL ADVISOR

Mr. Carl Fleming discussed the Capital Improvement Fund Sheet for the period March 1, 2010 to March 31, 2010.

REPORT OF SOLICITOR

On a motion from Mr. Veresink, seconded by Mr. Lockard, the Authority authorized the acceptance of a certain funding offer dated March 23, 2010 from the Pennsylvania Infrastructure Investment Authority for borrowing by the Authority in the Aggregate principal amount of up to five million two hundred seventy thousand dollars (\$5,270,000.00) for the purpose of providing funds to finance the improvements and upgrade to the City of Easton Water Distribution System and reconstruction and improvement to the Davis Street Pumping Station; and to pay costs and expenses of securing such loan; Authorizing the execution and delivery of pledges as more specifically defined in said offer; pledges as more specifically defined in said offer; approving the forms, terms and conditions of a certain funding offer issued by the Pennsylvania Infrastructure Investment Authority; Authorizing the execution of loan

documents and providing for the authentication of delivery thereof; and all such other matters consistent with funding offer. (Resolution Attached). No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

Mr. Thomas Walters distributed and discussed a draft copy of proposed Authority's public comment policy. Mr. Ted Veresink stated that he recommended this policy be in place for future Board Meetings. Mr. Tim Cain stated that the Board will review the proposal, and will put this on the agenda for next month.

UNFINISHED BUSINESS

On a motion from Mr. Churchman, seconded by Mr. Barefoot, the Authority authorized the advertising of bids for the City of Easton Infrastructure Project. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

On a motion from Mr. Barefoot, seconded by Mr. Bergren, the Authority authorized Concord Public Financial Advisors, Inc. to issue RFP's for proposed financing for the City of Easton Infrastructure Project. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

NEW BUSINESS

Mrs. Erin Rapp, Customer Relations Manager, discussed that the 2009 Consumer Confidence Report is being mailed to our customers. DEP has reviewed and acknowledged this Water Quality Report.

ADJOURNMENT

On a motion from Mr. Veresink seconded by Mr. Colton, the meeting was adjourned at 4:37 PM. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Bergren, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (9)

Nays: None

Respectfully Submitted

Hillary C. Weiss
Recording Secretary