

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

**Easton, PA
Monday
June 14, 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
Charles W. Churchman
R. Kirkwood Colton
Donald W. Lockard
Michael G. Moorehead
Margaret H. Poswistilo
Theodore J. Veresink
Timothy A. Cain (Chairman)

Absent: Robert J. Bergren

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; Carl Fleming, Palmer & Company; Thomas Walters, Solicitor; Mike Brown, Gannett Fleming, Inc.; Hillary C. Weiss, Recording Secretary

ACTION ON MINUTES

On a motion from Mr. Colton, seconded by Mr. Barefoot, the minutes of May 17, 2010 were approved as presented. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

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 May minutes for review prior to the Board Meeting. Updates were provided and reviewed.

Bid Openings were held on May 25, 2010 for the City of Easton Project. Nine bids were received for Contract 1 Parts A, B, and C, four bids were received for Contract 2, and two bids were received for Contract 3. Mike Brown from Gannett Fleming stated that all bids were reviewed for completeness and correctness. The low bids were verified for bid cost and content and are as follows: Anrich, Inc. for Contract 1A (\$ 2,763,865.05), JOAO & Bradley for Contracts 1B and 1C (\$ 1,978,474.50 and \$ 1,187,516.50), Michael F. Ronca & Sons, Inc. for Contract 2 (\$ 683,000.00), and Ace Electric, Inc. for Contract 3 (\$ 336,575.00).

Mike Brown from Gannett Fleming stated that, based on the review of bidder's qualifications, all four low bidders were found to be capable of performing the work for the corresponding contracts. Gannett Fleming does not find any reason that would prevent awarding the contracts to the low bidders.

Roy White stated that PENNVEST awarded the Authority \$ 5.27 million (50% of project total); however, our total project costs are now \$ 8.4 million. Based on this new estimate, the PENNVEST loan will be cut to \$ 4.2 million. PENNVEST will recognize the mandatory PENNDOT ramp work, and this cost of \$ 400,000 will be a changeover. PENNVEST will not recognize any City of Easton ramps that will need to be installed.

Mike Brown from Gannett Fleming stated that Ace Electric has a "minor defect" in the contract where a signature was needed. Attorney Walters stated that we should still accept the contract and have Ace complete the missing signature.

On a motion from Mr. Barefoot, seconded by Mr. Moorehead, the Authority passed a resolution authorizing Gannett Fleming to issue a notice of intent to award contracts to the four lowest bidders for the City of Easton infrastructure project as set forth above, subject to completion of subsequent bid requirements. Ace Electric, Inc. shall issue a new acknowledgement page in proper form, the Authority having explicitly waived the minor defect contained in the acknowledgement portion of the bid proposal. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

REPORT OF MANAGER

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

Services

- There were a total of three new services and fifteen service changeovers in May.

Main Breaks

- There were a total of two main breaks in May.

Replaced Hydrants

- There were a total of 2 replaced hydrants in May.

Curb Box Maintenance

- There were 3 curb boxes repaired in May.

Water Treatment Plant Project

- SCADA system is being activated and the security system being put on-line.
- Motor Control Center is being completed; however, there are some wiring issues.
- Recycle line is being completed.
- Punch list is being drafted – there are over 200 items on the punch list.

Replacement of Morgan Hill Tanks

- ESWA and Gannett Fleming have provided contractor with a June 30, 2010 deadline to complete all punch list items. If all items are not completed by this date, ESWA will move forward with completing work and back charging the contractor.

City of Easton Infrastructure Improvement Project

- Bids were opened on May 25th, 2010.
- A meeting is scheduled with PENNDOT on June 16th at the Authority office to review the preliminary ADA ramp designs.
- The meeting will hopefully provide Gannett Fleming with preliminary feedback on the design in an effort to reduce the amount of review time for the design submission and potential resubmissions.

St. Luke's Project (Bethlehem Twp.)

- No news on the redundant domestic service to the hospital; however, building construction has begun.

Woodridge Falls III Project (Palmer Twp.)

- The site contractor has begun work on the project; however, we are not aware of when water system work will begin.

Trio Farms Project (Lower Nazareth Twp.)

- ESWA staff met with Ashley Development and builders that are being brought into the project. Work is anticipated to resume in the fall of 2010.

Delaware Terrace Project – City of Easton

- ESWA began installation of approximately 500 feet of 12” water main on Charles Street between Cooper St. and East Kleinhans St. on May 17, 2010.
- The installation for the water main was completed on June 3, 2010.
- Testing of the water main was completed on June 3rd, 2010.
- ESWA will permanently restore the trench in the next few weeks once it has been allowed proper settlement time.
- Final restoration will be performed by the Developer’s contractor at a later date.

Magnolia Drive Water Main Replacement Project

- Water System work, including service lateral changeovers, completed on May 25.
- Trench restoration completed the week of June 7th.
- Final restoration to be performed in either fall of 2010 or Spring of 2011 based upon Township’s approval.

15th Street Tank Project

- Caldwell Tanks has agreed to pay for half of the Authority’s Construction Administration costs incurred while the punch list for the project was being addressed. This payment should be received by ESWA by June 18, 2010.

Flushing

- The Knox Ave. West Flushing Program began on April 20, 2010 and will be completed on June 14, 2010. This includes the areas of Bethlehem and Palmer Townships that are south of Rt. 22 and east of Rt. 33.
- The Knox Ave. North Flushing Program will begin on June 15, 2010 and should be completed in the middle of July. This includes the southwest corner of Forks Township and the area of Palmer Township north of Seip Ave. and Park Ave.
- The Authority ran into some difficulties flushing the Old Orchard area. The Authority will be looking into infrastructure requirements to begin to resolve the issues.

Meters

- New Meter Installations totaled 20, and reinstalled meters totaled 11 in May.
- Meter Changes totaled 86 and MTU Installation totaled 159 in May.

Customer Service

- Turn Off & Removal for Final – 12 Total
- Turn Off for Non– Payment of Sewer – 33 Total
- Turn Off for Non–Payment of Water – 22 Total
- Turn On – 69 Total

Property & Casualty/Workers Compensation Insurance

- Renewal is August 8, 2010

- Brown & Brown is investigating three different proposals

Lead & Copper Sampling

- SDWA Requirements – every third year

Bank Loan Consideration & Approval

- PENNVEST Board approved \$ 5.27 million loan.
- Request for Proposals for Bank Loans have been distributed.

PENNVEST

- Conference Call is scheduled for June 17th, 2010. ESWA will discuss financial, legal, and loan closing details at this meeting.

Electrical Demand Response Program in place

- Revenue will be realized in September.

Water Tank Communication Lease Agreement

- Revenue vs. System Integrity
- City of Easton Law enforcement request being investigated.

Tank Maintenance Contract

- Some of our tanks need to meet new safety requirements and maintenance upgrades.
- The tank painting will cost around \$ 200,000 - \$ 250,000 per tank. ESWA will maintain one to two tanks per year (Authority has a total of 13 tanks and reservoirs), and the monies have already been budgeted for this particular work.
- Our tanks and reservoirs range from 300,000 to 6,000,000 gallons in size.

On a motion from Mr. Barefoot, seconded by Mr. Veresink, the May requisitions (items 3251– 3267, totaling \$630,898.33) were approved. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

Roy White stated that Total Funds on Deposit totaled \$5,793,275.46 on April 30, 2010, and \$4,858,125.29 on May 31, 2010.

REPORT OF COMMITTEES

Executive Committee –

Mr. Cain, Chairperson, stated that the Executive Committee met prior to the Board Meeting to discuss several business items including Concord Public Financial Advisors, Inc. Project Financing and Intent to Award Bids for the City of Easton Project.

Budget & Finance Committee –

Mr. Barefoot stated that the Budget & Finance Committee met on May 27th to discuss the City of Easton Infrastructure Project financing. Lafayette Ambassador Bank seemed to give the Authority the best 7 year fixed and 13 year variable interest rate proposal, and the Finance Committee will recommend this option to the Board.

On a motion from Mr. Barefoot, seconded by Mr. Lockard, the Authority passed a resolution to accept the two loan proposals from Lafayette Ambassador Bank I the amounts not to exceed \$ 5,545,000.00 for Note A and \$ 2,630,000.00 for Note B, selecting the seven year fixed and thirteen year variable loan option term. The Authority further authorized the Chair and Vice-Chair to execute any and all documents necessary to carry out the requirements of the loan proposal dated April 16, 2010 and furthermore, authorized the officers to grant security in the water revenue of the Authority as set forth on the attached resolutions. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

On a motion from Mr. Churchman, seconded by Mr. Colton, the Authority approved the acceptance of the 2009 Financial Audit Report prepared by Palmer & Company. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

At this time, Stephanie Kinsell discussed the June 2010 Project Status Report, 2010 Cash Flow Forecast, and the Debt Obligations (revised 5/31/2010).

At this time, Daryl S. Peck of Concord Public Financial Advisors, Inc. distributed and discussed the Authority's Capital Projects Financing Program – Water Revenue Notes Series A & B for the 2010 Capital Projects Financial Program. Concord Public Financial Advisors, Inc. suggests approving the full amount of the loan with the option of drawing

down from the loan on an “as needed” basis. Mr. Peck stated that there are no fees to keep this loan open.

Pension Committee –

No Report.

Personnel Committee –

No Report.

Risk Management Committee -

No Report.

Building Committee –

No Report.

Security Committee –

No Report.

REPORT OF FINANCIAL ADVISOR

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

REPORT OF SOLICITOR

Mr. Thomas Walters stated that he will discuss legal matters in Unfinished Business.

UNFINISHED BUSINESS

Mr. Veresink discussed the draft and updated copy of the proposed Authority’s Public Comment Policy. Mr. Veresink stated that having a policy in place is simply to maintain order during future Board Meetings.

On a motion from Mr. Veresink, seconded by Mr. Barefoot, the Authority approved the acceptance in adoption of the Public Comment Policy for the Authority. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

NEW BUSINESS

On a motion from Mr. Lockard, seconded by Mr. Colton, the Authority authorized the Executive Director of the Authority to enter into a licensing agreement with the City of Easton to use our 15thStreet water tower for security reasons. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

On a motion from Mr. Barefoot, seconded by Mr. Veresink, the Authority approved the professional contract of services with Carroll Engineering in the amount of \$ 19,690.00 for the purposes of modification and repainting of Palmer Tank. No public comment received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

ADJOURNMENT

On a motion from Mr. Colton seconded by Mr. Veresink, the meeting was adjourned at 4:48 PM. No public comment was received.

Motion adopted by the following vote:

Yeas: Barefoot, Churchman, Colton, Lockard, Moorehead, Poswistilo, Veresink, Cain (Chairman) (8)

Nays: None

Respectfully Submitted

Hillary C. Weiss
Recording Secretary