

**MINUTES OF THE
EASTON AREA JOINT SEWER AUTHORITY BOARD
May 19, 2025 Meeting**

- ❖ The regular monthly meeting of the Easton Area Joint Sewer Authority Board was held at 5:00 p.m. on Monday, May 19, 2025, at the EAJSA Administration Building, 50 South Delaware Drive, Easton, Pennsylvania 18042, with Zoom Meeting option. The meeting was open to the public.
- ❖ The meeting was called to order by Chairman, Mr. Robert Lammi. Mr. Lammi ordered the roll to be called at 5:00 p.m. Board Members were present in-person and via video conference option. Board members present at the call to order were as follows:

#	Member	Municipality	Term Expires	Present	Absent	Time Entered
1	Robert Blanchfield Treasurer	Palmer Township	12/31/2025	X		*
2	Jeffrey Bracken	Wilson Borough	12/31/2029		X	*
3	Luis Campos	City of Easton	12/31/2025	X		*
4	Patrick Caubel	City of Easton	12/31/2028	X		*
4	James Frank	Forks Township	12/31/2029	X		*
5	David Hopkins Vice-Chairman	City of Easton	12/31/2028	X		*
6	Paul James	West Easton Borough	12/31/2029	X		*
7	Robert Lammi Chairman	Palmer Township	12/31/2029	X		*
8	Joseph Mauro Jr	City of Easton	12/31/2025	X		*
9	Stephen Riegel Secretary	Tatamy Borough	12/31/2029	X		*
11	Robert Werner	City of Easton	12/31/2025	X		*
12	VACANT	City of Easton	12/31/2029			

*Beginning of Meeting

**Adjournment of Meeting

Board members attending via Zoom Meeting could hear each meeting attendee and be heard by each attendee.

❖ **The following personnel were in attendance:**

Mike Gaul (King Spry law firm, Authority Solicitor), Jeff Morgan (SC Engineers, Authority Engineer), John Schimmel (Authority Accountant), Chuck Wilson (City of Easton Operations Manager of WWTP), Alexandria Hoffman (City of Easton Assistant Operations Manager of WWTP, and Authority IPP Manager), Yuslenny Zorrilla (City of Easton Office Manager of WWTP, and Authority Administrative Assistant), Ryan Hottenstein (FSL Public Finance, Authority Financial Advisor), and Kevin Reid ((King Spry law firm, Bond Counsel).

Agenda and any Amendment Approval:

A motion was made by Mr. Mauro and seconded by Mr. James, to approve the posted agenda without any amendments. **Motion Carried (10-0).**

❖ **Minutes Approval:**

A motion was made by Mr. James, and seconded by Mr. Riegel, to approve the minutes of the Board's April 21, 2025, regular meeting, as presented. **Motion Carried (10-0).**

❖ **Courtesy of the floor:**

Ms. Hoffinan confirmed that the Authority had not received any correspondence through phone, email, or mail for public comment at the meeting. No members of the public attended the meeting.

SOLICITOR'S REPORT

Attorney Gaul stated he did not have a report.

ACCOUNTANT'S REPORT

Mr. John Schimmel, EAJSA Accountant, had no report.

Mr. Blanchfield began discussion on the Future Funding Mechanisms agenda item. He stated that the Authority's Financial Advisor Ryan Hottenstein from FSL Public Finance and Bond Counsel Kevin Reid were in attendance to present the Board information on funding options.

Mr. Blanchfield stated the Finance Committee met on April 23, 2025 with Mr. Hottenstein and Mr. Reid. Mr. Blanchfield stated Mr. Morgan prepared comparison charts of our ongoing project costs versus available funding sources and a summary of 2025 -2029 capital projects and potential funding. Mr. Blanchfield stated this was a polite conversation that opens doors to the possibility of establishing a line of credit or issuing debt.

Mr. Morgan presented topics to be elaborated on by Mr. Hottenstein and Mr. Reid.

Mr. Hottenstein will cover potential new funding, and Mr. Reid will go over some steps to utilize funds from the Bond Redemption and Improvement Fund. Mr. Morgan stated Mr. Hottenstein had sent him the latest information with updated numbers. Mr. Morgan stated part of the discussion concerned the Authority taking out a short-term loan or a line of credit for some projects with the ability to draw down proceeds from the loan every six months and later issuing Bonds to finance the debt long term.

Mr. Hottenstein went over the four-page power point he had sent over earlier in the day. Mr. Hottenstein went over the Authority's current debt portfolio and the impact of opening a line of credit from a bank to cover projects if needed. Mr. Hottenstein presented a summary chart of the three outstanding current debts the Authority has, 2015 Bond, 2021 Bond, and 2024 Bond, all three series are tax exempt fix interest rate, no change. Mr. Hottenstein stated the original borrowing amount was about 40 million dollars, of which 24.3 million dollars was still outstanding.

Mr. Hottenstein proceeded to explain the maturity of each of these bonds' outstanding balance, information located on chart 1. Mr. Hottenstein stated the current interest rate on this outstanding balance is about 3.204%. Mr. Hottenstein stated 2015 Bond, if necessary, could be refinanced at an interest rate of 3.14%. In addition, 2021 Bond has a called date of June 1, 2026, and can be refinanced without penalty. The 2024 Bond are not callable. Mr. Hottenstein stated the average life remaining from a lending perspective on these bonds is 9 years.

Mr. Hottenstein continued with the chart on page 2, where it reflects how these debt service rates look like on an annual basis. Mr. Hottenstein stated that even with an outstanding debt of 1.9 million dollars, a cushion of 10% is required to be in place.

Mr. Hottenstein stated the Authority has several projects currently outstanding and the number of funds available

at this time from various sources. Mr. Hottenstein stated there are also projects coming down the line, 2026, 2027, 2028, but he is not certain how these will be covered or how much these will cost.

Mr. Hottenstein stated that most clients in situations like this are looking for a line of credit which could be either tax exempt, which is more reasonable, but some rules will apply such as the amount of funds allowed to use and for how long it can be outstanding. In addition, even if the full amount is paid, the full amount will not be available to use. Mr. Hottenstein added the second option would be taxable where you can pay off and reuse the full amount. Mr. Hottenstein proceeded to page 3 where he presented a scenario where if in 2026 the Authority would need about five hundred thousand dollars every six months, the Authority will only have to pay the interest payments until its final maturity date. Mr. Hottenstein presented how the interest rate will start declining every year after.

Mr. Hottenstein proceeded to page 4 where he presented the current debt service and the current debt service plus the 10% and another line that projected debt service assuming we have that line of credit. Mr. Hottenstein explained that if the line of credit has been established by the end of 2025 the interest rate will reflect a debt service increase of about twelve thousand five hundred. Mr. Hottenstein stated once the line of credit gets to its maturity the remaining balance must be taken out.

Mr. Morgan stated the Authority's current construction Bond funds will be depleted by the Authority's current projects, which means the Authority will need to use funds from the Bond Redemption and Improvement Fund to complete the projects. Mr. Morgan added in case of an emergency we should be prepared. Mr. Morgan added that the Authority also has four expected projects that are unfunded at this time: the Lehigh Drive Sewer System Repair which is in design, the Methane Gas and Boiler System Study, Generator works that needs to be done, evaluation of the generator, and Second Street Pump Station evaluation of the pump control upgrades.

Mr. Wilson added a study on the canopy is also required but that one is under the current capital project funds.

Mr. Hottenstein stated a draw of five hundred thousand dollars every six months would total three and a half million dollars projected on these charts, through the line of credit.

Mr. Morgan stated once these studies are done, a better idea of total cost would be available.

Mr. Hottenstein said interest will be minimal if funds are not used.

Mr. Morgan stated this was presented at the Engineering Committee meeting as an initial discussion to bring up the Board up to speed. Mr. Morgan stated a formal discussion will be presented at the end of the current year.

Mr. Reid explained the two distinct types of credit lines could be available, tax exempt and taxable. Mr. Reid stated each one has its own requirements. Mr. Reid used the example of a 3.5 million dollars tax exempt line of credit which it is not revolving, if a million dollars is draw, only 2.5 million dollars will be left to draw for that particular instrument, whereas with a taxable line of credit that is revolving if you draw one million dollars and it is paid back in full, the 3.5 million dollars will become available again.

Mr. Reid stated interest is higher with a taxable line of credit and lower interest rate with a tax-exempt line of credit. Mr. Reid added IRS has regulations with tax exempt regarding spending and its proceeds which all can be managed.

Mr. Reid stated that if the debt service and 10% cushion are maintained, the Bond Redemption and Improvement Fund funds can be utilized for capital improvements.

Mr. Morgan stated half of the available money can be utilized to pay for projects already approved but for future projects it will not be enough.

Mr. Reid stated if the Authority is interested in spending the Bond Redemption Improvement Funds, the Bond Trust Indenture must be followed. Mr. Reid explained two steps must be taken, first, funds cannot be depleted. In addition, the Board needs to adopt a resolution and an Officer Certificate will need to be signed indicating the Board's intent to utilize those funds for projects, outlining what those projects are, how the funds will be used and direction to the Trustee as of how that will be distributed and disposed of.

Mr. Morgan stated these documents should be ready for the June or July Board meeting for Board action and requested Attorney Reid to prepare the necessary documents.

Mr. Hopkins questioned if these are for projects that are under construction now. Mr. Morgan stayed for the Force Main, Digester, and the MCC Project.

Mr. Hottenstein and Attorney Reid were then excused from the Board meeting and left the meeting.

Mr. Riegel made a motion, seconded by Mr. Caubel, to approve the April 2025 bills for payment in total amount of \$ 191,947.75. **Motion Carried (10-0).**

Mr. Blanchfield made a motion, seconded by Mr. James, to approve the Bond Funds Requisition 25-C2025-05 in the amount of \$ 79,306.30 in accordance with the Authority Engineer's recommendation.
Motion Carried (10-0).

ENGINEERING COMMITTEE REPORT

Mr. Hopkins stated the Engineering Committee met on May 6, 2025. Mr. Hopkins stated many topics were discussed. Mr. Hopkins gave the floor to Mr. Morgan to continue with the report.

Mr. Morgan presented Item# 05-01:

Mr. Morgan presented Approval of an Updated High Strength Waste Surcharge Formula

Mr. Morgan stated there has been an update on the Authority's high strength waste surcharge (surcharge) formula which includes a derivation of the treatment costs for the surchargeable parameters Biochemical Oxygen Demand (BOD5), Total Suspended Solids (TSS) and Ammonia-Nitrogen (NH3-N) and a summary of the treatment costs per thousand pounds for these parameters.

Mr. Morgan stated this method is based on guidance found in the USEPA's Manual for POTW Pretreatment Program Development (1983), the Water Environment Federation's Manual of Practice No. 27-Financing and Charges for Wastewater Systems (2004) and standard wastewater engineering practices. This method was originally implemented by Acer Engineering & Consultants, Inc. and has been used in prior years.

The data used to update the formula is from the Authority's 2023 Audit, Chapter 94 Report and additional cost City of Easton cost data related to the Sewage Treatment Expense line item in the Authority's budget. In this year's update, costs from 2023 ongoing or completed financed capital projects were added, and a 25-year financing rate of 5.5 percent was utilized. The overall capital and operational costs for 2023 were higher than 2022. When comparing annual average plant influent loadings for 2023 to 2022, the BOD5, influent loading was lower in 2023 than 2022, the TSS influent loading was higher in 2023 than 2022 and the NH3-N influent loading

for 2023 was slightly higher than 2022. In turn, these factors generated changes to the Authority's surcharge rates as contained in the Tables Mr. Morgan submitted to the Board. Mr. Morgan stated that the Board has historically approved the updated surcharge formula through a Resolution.

RESOLUTION 2025-05-19A: RESOLUTION APPROVING AN UPDATED HIGH STRENGTH WASTE SURCHARGE FEE

Attorney Gaul presented proposed written Resolution 2025-5-19A titled, "Resolution Approving an Updated High Strength Waste Surcharge Fee", copies of which were part of the meeting packet. Attorney Gaul stated the form of the Resolution was the same as prior years, but with the new updated surcharge tables.

A Motion was made by Mr. Hopkins and seconded by Mr. Mauro to adopt proposed Resolution **2025-05-19A. Motion carried (10-0).**

Mr. Morgan stated a memo with the updated surcharge will be uploaded to the EAJSA website.

Ms. Hoffman stated a cover letter, and a copy of the resolution will be forwarded to all board members with all complimentary documents and uploaded onto the website.

Mr. Morgan stated the next item for presentation was the Force Main Replacement Project for which he was happy to announce the Easements were completed and recorded with Riverstar Properties, which property is needed for the project and the adjacent 91 Larry Holmes Drive as well. Mr. Morgan stated a notice of the award was issued to Wexcon, the contractor. Mr. Morgan stated that he had contract documents that Authority officers needed to sign after the meeting. Mr. Morgan stated the next step would be a pre-construction meeting and the job will be on its way.

Mr. Morgan reported the drilling in the parking lot will start over the summer months. Mr. Morgan stated that as long as the drilling gets done by August, the parking lot restoration and the other connection piping needs to be done will be done by November 30th as agreed on the Easement documents.

Mr. Morgan stated he invited the parking lot owner, Mr. Haver, to the pre-construction meeting. He is also welcome to attend the weekly project meetings with the Contractor.

PRETREATMENT COMMITTEE REPORT

Mr. Mauro reported the IPP committee met on May 8, 2025.

Ms. Hoffman reported all members will be receiving an email with all information regarding the updated surcharge and it will also be posted on the EAJSA website.

Ms. Hoffman stated the inspection date for Bakerly Barn LLC, had been moved from May 15th and a new date is not available due to her contact been on medical leave treating a back injury.

Ms. Hoffman stated inspections are getting done, which is providing Ms. Skibicki with a great deal of experience in the field.

FINANCE COMMITTEE REPORT

Mr. Blanchfield commented on the report provided by Mr. Hottenstein and Mr. Reid.

Mr. Blanchfield shared with the Board a Certificate of Excellence presented to EAJSA by DAC Bond for ten years of outstanding commitment to continuing disclosure reporting for municipal bonds.

Mr. Blanchfield stated the Finance committee had expressed to Fulton Bank our desire to receive electronic payments. Mr. Blanchfield stated a meeting had been scheduled for further discussion.

Ms. Hoffman stated that, if, after this meeting, no positive outcome is reached, the Authority's next steps will have to be discussed.

Mr. Lammi asked when the Audit is expected to be completed. Mr. Schimmel stated it should not be too far but will investigate it.

INSURANCE REVIEW COMMITTEE REPORT

Mr. Lammi stated there is no report.

OPERATIONS REPORT

Mr. Wilson reported plant busbar, part of the MCC Replacement Project for the Oxidation Ditch, needed an inspection but should be back later this week. Mr. Wilson stated they need to reconnect a main transformer coming in from MetEd and then tie everything back together.

Mr. Wilson stated B2 Aerator is back for upper lip seal, oil pump problem. Mr. Wilson stated Philly mixers will be coming in mid-June, they ordered a new oil pump to make sure if something happens, it can be caught on time.

Mr. Lammi asked about the unusual increase in all parameters at the end of the month. Mr. Wilson stated he did 90% of the Clarifiers, so treatment was lost. He waited too long to turn the Aerator up a little bit. Mr. Wilson stated the corrected measures were taken and were back in a day. Mr. Wilson stated parameters went up at the end of April and in early May. While no violation occurred, the Plant had high Ammonias and couple of days of higher solids.

Mr. Wilson stated he contacted Mr. Hadik and agree that turning up an Aerator would be ok.

Ms. Hoffman stated it was due to a multifactor situation, not an electrical issue.

ADDITIONAL REPORT

❖ **Old Business:** N/A

❖ **New Business:** N/A

Mr. Lammi asked Mr. Gaul if there was a reason for an Executive Session. Mr. Gaul responded, there was not.

The meeting was adjourned on a motion by Mr. James and seconded by Mr. Mauro, and unanimously carried, at 6:03 pm.

Respectfully submitted,

Yuslenny Zorrilla
EAJSA Board Recording Secretary