

**MINUTES OF THE
EASTON AREA JOINT SEWER AUTHORITY BOARD
July 21, 2025 Meeting**

- ❖ The regular monthly meeting of the Easton Area Joint Sewer Authority Board was held at 5:00 p.m. on Monday, July 21, 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), Yuselndy Zorrilla (City of Easton Office Manager of WWTP, and Authority Administrative Assistant). Also in attendance were Ryan Hottenstein, Authority Financial Advisor, and Attorney Kevin Reid, Authority Bond Counsel.

Agenda and any Amendment Approval:

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

❖ **Minutes Approval:**

A motion was made by Mr. Blanchfield, and seconded by Mr. Riegel, to approve the minutes of the Board's June 16, 2025, regular meeting, as presented. **Motion Carried (9-0; Mr. Hopkins abstained).**

Authority Financing, Agenda Item #5

Mr. Blanchfield provided background information about the possible need for the Authority to open a line of credit, which was also discussed back in May. Mr. Blanchfield stated that back at the Engineering Committee on January 3rd, 2025, Mr. Morgan presented some options for Digester refurbishment. Mr. Blanchfield stated initially the goal was to make repairs but after further investigation by the contractors it was determined replacement of major components is the best solution and the cost approaching \$800,000.00. Mr. Blanchfield stated that as per Mr. Chairman Lammi's suggestion, there was a financial discussion on July 10th between Mr. Lammi, Mr. Schimmel, Mr. Morgan, Mr. Reid, Mr. Hottenstein, and himself, where different funding mechanisms were presented and discussed. Mr. Blanchfield stated Mr. Morgan's monthly comparison chart, which focuses on current projects and existing funding sources, was helpful in the discussion.

Mr. Blanchfield stated the discussion also includes two lines of credit, including a short-term loan. Mr. Reid and Mr. Hottenstein are present and will provide an overview of both lines of credit. Mr. Blanchfield stated that a decision will have to be made soon.

Mr. Hottenstein directed everyone's attention to a chart he had sent via email, and which was also provided to all members in paper form as well. Mr. Hottenstein proceeded to explain both funding options, the 3-Year Line of Credit (LOC) and 5-10 Year Short-Term Loan.

Mr. Hottenstein stated the 3-Year Line of Credit is preferable when there is low project certainty, and the need for borrowing is evolving. The LOC avoids overcommitting, but has variable interest rate fee, which can be switched to a fixed rate. If it is issued on a taxable basis, it would carry a higher interest rate. It would have to be refinanced in the future.

The 5-10 Year Small Term loan is preferable when there is a high Project certainty, or desire to lock in rates or to have structured repayment; ideal when scope and timing are known. Furthermore, to be tax exempt, the Authority must have a reasonable expectation to spend the proceeds within 3 years.

Mr. Hottenstein stated both options must comply with the Indenture. Mr. Hottenstein stated that, if the Authority knows how much would be needed and certain it will be spent, the Short-Term Loan is the best option.

On the other hand, if the Authority is not sure when the funds will be needed and it needs a lot of flexibility, then the Line of Credit is the best option.

Mr. Reid stated from the IRS standpoint, tax-exemption is the exception to the rule. Mr. Reid explained that, as a governmental public entity, the Authority can borrow on a tax-exempt basis, if it has reasonable expectations to spend 85% of the loan proceeds within 3 years, but Mr. Reid suggests 100% due to being conservative.

Mr. Reid agrees with Mr. Hottenstein that if the Authority is uncertain in terms of how much or when funds will be utilized; the best option would be the Line of Credit because interest will only be paid on the drawn amount.

Mr. Campos asked Mr. Hottenstein about the interest rate on the Line of Credit. Mr. Hottenstein stated this will depend on two factors, if the line of credit would be tax exempt or taxable. Mr. Hottenstein stated a revolving loan will have to be taxable. Mr. Hottenstein stated the interest rate should be between 4-5% interest rate.

Mr. Campos asked the Board what the actual need for this funds request is. Mr. Blanchfield stated the Digester work will be in motion soon, and I'm not sure where the \$800,000.00 will be acquired from.

Mr. Lammi explained that it was determined at the Engineering Committee that it is best to replace the Mixer tubes instead of trying to repair it because it is unknown how long the repair will last before it breaks down again.

Mr. Hopkins asked Mr. Morgan if the \$500,000.00 on the Capital Line-Item Operating Budget was still Available. Mr. Morgan responded, only \$173,000.00 is remaining.

Mr. Schimmel stated he agrees with the term loan because that will be easier for him to manage at the end of the year because it will be a set amount for the budget and municipalities. With a Line of credit, which is flexible, he is not certain how to manage that at the end of the year.

Mr. Hopkins suggested increasing the Capital Line-Item Operating Budget from \$500,000.00 to \$1,000,000 for which all members will be paying in.

Mr. Campos stated it will be less expensive for the members because no interest will have to be included.

Mr. Morgan directed everyone's attention to his comparison table of ongoing capital projects vs funding sources.

Mr. Morgan stated projects known to the Authority total \$6.6 million dollars, but we only have \$6.8 which includes \$1,000,000 million grant that needs to be paid and then get reimbursed for it.

Mr. Morgan stated at the last meeting there was a discussion about the utilization of \$ 1,000,000 million dollars out of the \$1.562,000 million dollars in the Bond Redemption and Improvement Fund, and H2O grant \$1,000,000 million dollars must be paid upfront and then get reimbursed for it. Mr. Morgan stated that at this moment, the Authority is in a tight budget situation, knowing what needs to be paid, which does not include the Lehigh Drive Design Project and the Boiler Study and Gas Scrubbing System. These two projects are in the study phase. Mr. Morgan is concerned about the \$1,000,000 that the Authority does not currently have and must pay out and get back. Mr. Morgan responded to Mr. Campos by saying he believes the Authority should be going out and trying to get financing sooner rather than later.

Mr. Lammi presented a second option which was to re-evaluate the Rebate system. Mr. Lammi suggested creating a Capital Fund where we will put part of the rebate funds and have it on hold to cover emergencies. Mr. Lammi questioned whether the current Rebate agreement must be changed if this is to be a viable option. Mr. Schimmel stated he would have to investigate it.

Mr. Morgan stated this option should be discussed further because it is not a simple formula considering the operating side of the budget is determined based on the yearly flow data. On the other hand, the capital side is determined based on usage.

Mr. Schimmel confirmed the Debt Service comes out of the Capital Line Item.

Mr. Hopkins suggested taking funds for the Bond Redemption and Improvement Fund to cover the drilling part of the Lehigh Drive Project and then wait to get reimbursed.

Mr. Reid confirmed that according to the Indenture, the Debt Service, which the Authority is responsible

for and then the Debt Service Reserve is 10%. Mr. Reid stated the Authority should always have 100% to always cover for the Debt Service and 10% on the Debt Service Reserve account. Mr. Reid explained that this is different than the Bond Redemption and Improvement Fund, if the Debt Service and Debt Service Reserve are covered, this account can be utilized to redeem bonds or for improvement projects.

Mr. Reid stated his recollection of the last Board meeting's resolution was up to \$1,000,000 but he believes it could have been more. Mr. Reid added no minimum needs to be specified; theoretically it could be drawn in its entirety.

Mr. Hopkins stated the Debt Service grows 10% of the existing Debt Service per year. Mr. Hopkins added the current budget has \$500,000.00 for capital projects to allow the Authority to avoid taking on debt with interest. Mr. Hopkins believes increasing the amount would be ideal. Mr. Hopkins agrees that increasing the budget to \$750,000.00 dollars will alleviate the need for the line of credit.

Mr. Hopkins agrees the \$800,000.00 is an immediate need. Mr. Hopkins stated the current \$800,000.00 from the current Digester project is an overage.

Mr. Blanchfield stated with \$800,000.00 the Force Main Project could get started. Mr. Hopkins suggested getting a term loan for \$800,000,000 and leaving the Bond Redemption Fund intact.

Mr. Hottenstein asked if the Authority would consider borrowing \$800,000.00 plus the amount you were going to use of the Bond Redemption Fund to maintain the Fund Redemption as it is for a rainy day so in the future if anything comes up it is available. Mr. Morgan confirmed that that was going to be his suggestion.

Mr. Campos stated and suggested discussing this topic in the Committee. A decision at this meeting was not required.

Mr. Gaul stated that the matter was not ripe for Board action tonight, as a resolution should be adopted, including terms and conditions; however, the Chairman could instruct the professionals to move forward and put something in place for review at the next Finance Committee or Engineering Committee meeting.

Mr. Morgan added there is a change order approval for the purchase of Two New Vertical Draft Tube Mixers for Digester No. 1. Mr. Morgan broke down the steps before the tubes got delivered to the plant, which takes time. Mr. Morgan stated the project will last between 16-20 weeks.

Mr. Campos stated that after breakdown of time required before the project is completed, a financial decision is not required at this time, and a decision could be made at the following Board meeting next month.

Mr. Morgan stated that regarding the Force Main Replacement Project, if the drilling is done in mid-August as scheduled and completed mid-September, payment for this project will be due that same month.

Mr. Campos stated the Bond Redemption and Improvement Fund has funds available for those payments. Mr. Campos stated his main concern at this time is borrowing and making the right decision.

Mr. Campos stated, as per Mr. Hottenstein, to underwrite a loan would take up to 30 days.

Mr. Lammi directed Mr. Hottenstein to move forward.

Mr. Reid stated that a resolution is required if the Authority would like to accept a Lender's proposal; the resolution has to accept the Lender's proposal and follow certain criteria pertaining to the Indenture, which will also be stated on the resolution as well, and should authorize the Authority's Finance team to put together a set of closing documents, such as loan agreements, etc., to close the transaction.

Mr. Reid stated a resolution is to open a gate to move forward with borrowing. Mr. Reid stated Mr. Hottenstein role is to obtain information for the Authority to decide to borrow.

Mr. Lammi expressed his gratitude to Mr. Reid and Mr. Hottenstein for their attendance and information provided to the Board meeting.

❖ **Courtesy of the floor:**

Ms. Hoffman 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. Schimmel stated he would have a discussion under Finance Committee about the Audit.

Mr. Mauro made a motion, seconded by Mr. Hopkins, to approve June 2025 bills for payment in the total amount of \$ 1,732,439.93. **Motion Carried (10-0).**

Mr. Hopkins made a motion, seconded by Mr. Campos, to approve the Bond Funds Requisition 25-C2025-07 in the amount of \$ 26,753.28 in accordance with the Authority Engineer's recommendation.

Motion Carried (10-0).

ENGINEERING COMMITTEE REPORT

Mr. Hopkins stated the Engineering Committee met on July1, 2025, many items were discussed. Mr. Hopkins gave the floor to Mr. Morgan to continue with the report.

Mr. Morgan presented Item# 07-01:

Mr. Morgan presented Second Street Pumping Station-Approval of Inspection Proposal for the Force Main Replacement Project

Mr. Morgan stated that due to the scope of work and permit requirements associated with the past capital projects at the WWTP and pumping stations, the Authority previously awarded contracts to D'Huy Engineering (DEI) of Bethlehem, PA for construction inspection. The PADEP Water Quality Management/Construction Permit (WQM permit) for the Second Street Pumping Station Force Main Replacement Project (project) requires inspection of the construction of this project. Construction inspection is also a prudent, best management practice for this type of project due to its complexity and associated regulatory requirements.

As discussed with the Engineering Committee, SCE obtained a proposal from CHA Consulting, Inc. (formerly

DEI) for inspection services associated with the Second Street Pumping Station Force Main Replacement Project, a copy of which was included in the Board meeting packet. This proposal is in the amount of \$75,000.00 and is for inspection of the open-cut and extensive restoration work required for this project. Mr. Morgan also reminded the Board that the Authority is also required to have an environmental inspector/geologist on-site for the directional drilling phase of this project.

The Engineering Committee recommends that the Authority Board approve CHA Consulting, Inc.'s proposal. This work will be paid for using funds from the Authority's 2021 Bond Issue.

A motion was made by Mr. Riegel and seconded by Mr. Caubel to approve CHA Consulting, Inc.'s construction inspection proposal in the amount of \$75,000.00 for the Second Street Pumping Station Force Main Replacement Project. **Engineering Memorandum # 07-01. Motion Carried (10-0).**

Mr. Morgan proceeded with Item #07-02:

Mr. Morgan presented WWTP-Digester Gas System Upgrades, Structural Painting and Improvements and Miscellaneous Upgrades Project-Digester No. 1 Mixer Repair/Replacement Change Order

Mr. Morgan stated that as noted at the June Authority Board meeting, the Digester Gas System Upgrades, Structural Painting and Improvements and Miscellaneous Upgrades Project (project) is ongoing. The Work for this project is being completed in and around the WWTP's Digester Nos. 1, 2 and 3, the Heat Exchanger Building, Digester No. 2/3 Building, Boiler Building, the Chlorine Contact Tank, and the Primary Sludge Pump Station. This project generally includes replacement of methane gas detection sensor and controls, installation of automated methane gas shut-off valves, tank painting/coating, cleaning of Digester No. 1 and inspection of the interior of this tank, its mixers and the cover, replacement of two recirculation pumps, replacement of two heat exchangers, miscellaneous building ventilation and lighting upgrades, access door replacements and miscellaneous work.

Mr. Morgan stated that the Board meeting packet included a Memorandum from him detailing the need for approval of change order for two vertical draft tube mixers which were recently removed from Digester No. 1 and inspected by the manufacturer. The Engineering Committee has reviewed this requested change order and recommends that the Authority Board approve a change order for Eastern Environmental Contractor, Inc. in the amount of \$ 768,285.00 for the complete replacement of all components of these two vertical draft tube mixers (excluding the control panel). Mr. Morgan stated that repair of the mixers was not feasible, which was confirmed by an independent shop. He also noted that 83% of the cost of this change of order is for the new equipment and only 17% is the contractor's cost to procure and install this equipment.

In addition, Mr. Morgan stated the following:

- He provided the mixer inspection report to a second, independent repair shop and they stated that they were not interested in trying to repair the mixers.
- He researched other types of mixers, but they were ruled out due to their design which would require digester cover modifications and cause vibration in the digester cover which has an attic space, ceiling plate and insulating concrete as well as their costs.
- He researched digester pump mixing and recirculation systems, but they were ruled out by the fact that Digester No. 1 is a post tension tank which is not designed to have holes for piping drilled in it as well as the cost of these systems.

A motion was made by Mr. Hopkins and seconded by Mr. Campos, to approve a change order for Eastern Environmental Contractor, Inc. in the amount of \$ 768,285.00 for the complete replacement of all components

of two vertical draft tube mixers in the WWTP-Digester Gas System Upgrades, Structural Painting and Improvements and Miscellaneous Upgrades Project. **Engineering Memorandum # 07-02. Motion Carried (10-0).**

PRETREATMENT COMMITTEE REPORT

Mr. Mauro reported that the IPP Committee met on July 10, 2025. Mr. Mauro stated that, during Finance Committee agenda item, Ms. Hoffman will provide details about the electronic bill payment proposal which will allow us to receive IPP payments received on time.

FINANCE COMMITTEE REPORT

Mr. Blanchfield stated that, after some discussion with Fulton Bank, Ms. Hoffman has an update about electronic bill payments feature.

Ms. Hoffman stated Fulton Bank presented three options:

- ❖ EBPP (Electronic Bill Presentment and payment)
- ❖ Govolution
- ❖ Fluidpay

Ms. Hoffman stated Govolution is the best option for the Authority because of its price and has all the requirements needed by the Authority. Ms. Hoffman provided a breakdown of all available features on Govolution's website which are extremely easy to follow by industries to submit their payment.

Ms. Hoffman stated that industries will be able to pay via credit card or ACH. Ms. Hoffman stated the cost for Govolution would be \$200.00, a one-time monthly set up fee, \$ 100.00 monthly fee and \$30.00 monthly fee for the merchant ID which is needed for any credit card establishment. Ms. Hoffman stated all the transactions fees are put on industries, the Authority is not responsible for it. Ms. Hoffman stated the fee for using a credit card would be a percentage of the payment; however, Ms. Hoffman stated she anticipates most industries will use ACH payments, which has a standard fee of approximately \$2.00 per transaction.

Ms. Hoffman stated she did not have a proposal present at this time but would like to request approval to move forward with Govolution and obtain a contract which will be presented at the next Board meeting.

Mr. Gaul asked if any regulation changes would be required to be made. Ms. Hoffman, this would be an option for industries, they will still receive paper invoice and be able to submit a payment via check if desired.

In response to Mr. Gaul's question, Ms. Hoffman confirmed that Govolution also works with other governmental entities.

A Motion was made by Mr. Mauro and seconded by Mr. Caubel to obtain a proposal from Govolution and present it at the next Board meeting for approval. **Motion Carried (10-0).**

Mr. Schimmel provided an update on the Audit. Mr. Schimmel stated that once he receives an Audit draft he will go over it, send it off and it should be ready to be present at the next Board meeting.

INSURANCE REVIEW COMMITTEE REPORT

Mr. Lammi stated no report to present.

OPERATIONS REPORT

Mr. Wilson stated besides his report in the packet, Digester 1 Cleaning Project is in progress. Mr. Wilson stated company called Spectra SERV is doing the work which will take between 2-3 weeks.

Mr. Wilson stated operationally A1 Aerator returned to service. Mr. Wilson stated Gravity Belt Thickener being fed into Digester #2. Mr. Wilson added Centrifuge #2 was sent to Alfa Laval for a rotating assembly rebuilding.

ADDITIONAL REPORT

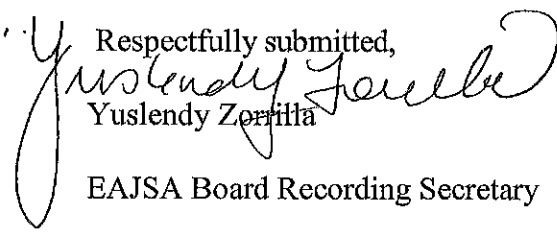
❖ **Old Business:** N/A

❖ **New Business:** PMAA Yearly Conference information was provided by Chairman Mr. Lammi. Mr. Lammi instructed members interested in attending should contact Administrative Assistant Yuslenny to conduct the sign-up process for them.

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. Hopkins and seconded by Mr. Blanchfield, and unanimously carried, at 6:22 pm.

Respectfully submitted,


Yuslenny Zorrilla

EAJSA Board Recording Secretary