

**BETHEL TOWNSHIP, DELAWARE COUNTY
SEWER AUTHORITY**

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RECORD OF MINUTES

**Minutes of the Regular Meeting of the BETHEL TOWNSHIP DELAWARE
COUNTY SEWER AUTHORITY, DECEMBER 1, 2011**

The regular meeting was called to order by Felicia Kendus, Chairman at 7:00 p.m.. Those present were Paul Ware, Vice Chairman, Donna Vickers, Board Member, Patricia Petrosky, Secretary-Treasurer, Walter Fazler, Engineer, Laurence L. Smith, Solicitor. There being a quorum present, the Chairman declared that the meeting was ready to proceed with business. Pledge of Allegiance given at this time.

Felicia Kendus announced there was an Executive Session prior to this meeting to discuss matters of potential litigation.

At this time the Chairman announced that the Authority will reorganize for the year 2012.

Election of Officers for 2012

Chairman: Motion by Paul Ware to retain Felicia Kendus for Chairman for 2012.
Seconded by Donna Vickers. Unanimous.

Vice Chairman: Motion by Felicia Kendus to retain Paul Ware for Vice Chairman for 2012.
Seconded by Donna Vance. Unanimous.

Secretary/Treasurer: Motion by Felicia Kendus to retain Patricia Petrosky as Secretary/Treasurer for 2012.
Seconded by Donna Vickers. Unanimous.

Professional Services:

Legal: Motion by Felicia Kendus to retain Simon & Smith P.C., under the direction of Laurence L. Smith, Esquire, as Solicitor for the Authority for 2012.
Seconded by Paul Ware. Unanimous.

Engineering: Motion by Felicia Kendus to retain Bradford Engineering Associates, Inc., under the direction of Walter Fazler, as Engineer for the Authority for 2012.
Seconded by Donna Vance. Unanimous.

Accounting: Motion by Felicia Kendus to retain Hanna, McGlone & Company, under the direction of Justin Nepo, as Accountants for the Authority for 2012.
Seconded by Donna Vickers. Unanimous.

Auditors: Motion by Felicia Kendus to retain Leitzell & Economidis, PC, under the direction of Cynthia F. Leitzell, as Auditor for the Authority for 2012.
Seconded by Paul Ware. Unanimous.

Financial Institutions:

TD Bank & Sovereign Bank for Authority General Account, Capital Account and CD Investments

Motion by Felicia Kendus to retain TD Bank & Sovereign Bank for the Authority's General Account, Capital Account and CD Investments, for 2012.
Seconded by Paul Ware. Unanimous.

The Bank of New York Mellon for all Bond Accounts

Motion by Donna Vickers to retain Bank of New York Mellon for all Bond Accounts for the Authority for 2012.
Seconded by Paul Ware. Unanimous.

Treasurer's Bond: Arthur J. Gallagher Risk Management Services, Inc. as Bonding Agent for Treasurer's Bond in the amount of \$50,000.00.

Motion by Paul Ware to retain Arthur J. Gallagher Risk Management Services, Inc. as Bonding Agent for Treasurer's Bond in the amount of \$50,000.
Seconded by Donna Vickers. Unanimous.

Meeting Day and Time: First Thursday of each month at 7:00 p.m. in the Authority's Office

Motion by Donna Vance for the Authority's monthly meeting to be held the first Thursday of each month at 7:00 p.m. in the Authority's office.
Seconded by Felicia Kendus. Unanimous.

Committees for 2012

Financial Committee

Felicia Kendus and Paul Ware

Maintenance/Construction

Motion by Felicia Kendus to retain Donna Vance and Rob Sykes
on the Maintenance Committee.
Seconded by Donna Vickers. Unanimous.

The regular monthly meeting continued at this time.

Paul Ware made a motion to approve the Authority's Budget for the year 2012. Seconded by Donna Vickers. Unanimous.

At this time Justin Nepo from Hanna McGlone & Company gave a brief overview of the 2012 Budget.

Justin indicated the Authority had been working on their budget for several months. As a result, there will be an increase in sewer rents on the residential side. There will be a \$40.00 increase in the annual sewer rent. They will go from \$460.00 on an annual basis to \$500.00 per year. Commercial rents will also change. There will be a change over from EDU billing to a consumption billing. There will be a base consumption amount for commercial users. Commercial accounts that go over the base consumption will be billed on a per 1,000 gallon user rate. Sewage treatment fees represent the majority of the Authority's budget. In the past the percentage of the budget has increased. The Authority, for many years, had not increased rates and the sewage treatment spent was about 65% of the budget and slowly increased, primarily to New Castle County as well as the arrangement with Southern. It had increased up to approximately 88% of the budget a few years ago. Therefore, the Authority needed to increase the rates, most importantly to meet the rate covenant requirement. The majority of the money the Authority receives goes to sewage treatment expense. The next bulk amount the Authority spends is on maintenance of the sewer system. The sewer system is beginning to age and the Authority has now decided to do a proactive measure and begin budgeting for preventative capital repair maintenance. As the system is ageing, there have been cracks and breaks in the pipes, which are more costly to repair when they are an emergency as opposed to catching it in advance and being more proactive. The professional fees are pretty much in line, as they have been for the past few years, with no major increases, as well as general administrative expenses. General administrative expenses have been fairly consistent over the past ten years with no major increases proposed for 2012. Based on the projection for revenue, expenses, 100% of Debt Service, the Authority is expected to pass the rate covenant as outline in the Trust Indenture.

Ed Miles, questioned if the residential users were going to be on a water usage basis? Justin replied no. Only the Commercial users are based on consumption.

Larry explained a letter will be going out to the residents with their January 1, 2012 bill, for the fourth quarter of 2011, explaining the rate increase, which will take effect the first quarter of 2012. The Authority bills in the arrears, therefore, the April 1, 2012 billing will reflect the increase.

Felicia asked for a motion to authorize the Solicitor to draft a Rate Resolution for our residential and commercial users. Motion by Donna Vickers authorizing the Solicitor to draft a Resolution for our rate change in January 2012. Seconded by Paul Ware. Unanimous.

MONTHLY ACTIVITY REPORTS

Motion by Donna Vance to approve minutes of regular meeting held November 3, 2011. Seconded by Paul Ware. Unanimous.

Motion by Paul Ware to approve Financial Statement for October 2011. Seconded by Donna Vickers. Unanimous.

ADMINISTRATION COMMITTEE

Chairman - Vice Chairman - Secretary/Treasurer

Paul Ware read our Financial Report for November 2011- **Receipts** - Sewer Rents & Other - \$64,199 - Month to Date - \$1,564,048 - Year to Date - Tapping Fees - \$-0- - Month to Date - \$17,500 - Year to Date -- Interest - \$413 - Month to Date - Year to Date -- \$5,561 - **Total Receipts** - \$64,612 - Month to Date -- \$1,587,109 - Year to Date -- **Disbursements** - (\$324,902) Month to Date - (\$1,684,009) Year to Date **Net Cash Receipts (Disbursements)** (\$260,290) Month to Date -- \$(96,900) - Year to Date -- **Cash at Beginning of Month** \$713,913 - Month to Date -- \$550,523 - Year to Date -- **Cash at End of Month** - \$453,623 - Month to Date - \$453,623 - Year to Date -- **Operating Cash Account** - \$239,619 - **CD Bank Account** - \$214,004 - **Total** \$453,623 **Sewer Rents Receivable 11/30/11** - \$161,830 -- **Accounts Payable 11/30/11** - \$46,555

Motion by Donna Vickers to approve the Financial Report. Seconded by Donna Vance. Unanimous.

MAINTENANCE /CONSTRUCTION COMMITTEE

Rob Sykes & Donna Vance

Donna indicated there were a couple of issues that Walt will report on. Walt reported the Garnet Hills Subdivision. A number of deficiencies were found in the sewer line. There are three laterals that need to be repaired, 3115, 3169 and 3175 William Road. They are owned by the Authority and need to be repaired by the Authority. Walt recommends that this work be done to prevent. Donna Vance made a motion to have the three laterals repaired in the Garnet Hills Subdivision, not to exceed \$15,000. Seconded by Paul Ware. Unanimous.

SOLICITOR'S REPORT

Foxfield - The Developer is moving forward with dedication of sanitary sewer improvements and rights of way. The developer will be submitting legal descriptions of easements and rights-of-way for facilities in private properties (in addition to those already submitted for facilities located in or near the streets of the community), as well as homeowners association governing documents granting access to the association for such facilities with an assignment of that access to the Authority. Before dedication is accepted, verification will be required that the developer has complied with the latest engineering review and that all necessary easements and rights-of-way and title insurance for same have been provided.

Hurricane Irene Emergency Expenses – Mr. Fazler and I attended a kick-off meeting with FEMA officials on November 7, 2011 and information and documentation is being gathered for applications for reimbursement of extra expenses caused by hurricane Irene and tropical storm Lee. As part of the submission that is required, there is a Resolution for each weather event. Motion by Donna Vickers to approve FEMA Resolution 2011-07 for Hurricane Irene. Seconded by Paul Ware. Unanimous. Motion by Donna Vickers to approve FEMA Resolution 2011-08 for Tropical Storm Lee. Seconded by Donna Vance. Unanimous.

New Pretreatment Regulations – Once the Township adopts the new pretreatment regulations, the Authority Board will have for its consideration a resolution enacting the new regulations as its rules and regulations. Ed Miles reported the Township has taken action on this. Larry will get the documents from the Township Solicitor.

Connection Compliance – The Township has consented to the Authority giving written warnings to properties that are supposed to be connected to the sanitary sewer system but have not been connected. However, since only the Township has the legal power to actually physically connect a property, it will ultimately be up to the Township to make the connection and then lien for the cost of the connection. Separately, the Authority (which has the legal power to lien and sue for overdue tapping fees) has been, as previously reported, already pursuing tapping fees owed to the Authority. Larry has had contact from both the notification as to tapping fees and letters to connect. We have had calls from half of the properties. They are going to send letters to the Authority, explaining their difficulties.

ENGINEER'S REPORT

Garnet Hills Subdivision – Walt reported on this subdivision earlier under Maintenance and Construction.

4 Creek View Road, Dino Carbone - Received a call from the homeowner indicating the Township Zoning Officer is in the process of reviewing a permit for work on a retaining wall already started. The wall directly impacts the sanitary sewer in the rear yard of the home. Resident is asking for permission to continue building the wall. Mr. Carbone was present at the meeting. Walt has been out to the property to review the situation. It restricts our access. In the future, if it had to be excavated in the future, we would no longer be excavating a lawn, it would be excavating a very nice patio configuration in order to make the repair. A brief discussion followed between the Board and Mr. Carbone. It was agreed by Mr. Carbone and the Board to the following: there would be a blanket easement across Mr. Carbone's property, in the event we would have to excavate, the Authority would not be responsible for replacement or repair of the retaining wall and/or the pavers, the line would have to be televised now, at the homeowner's expense, before it is put together. Once the document for these three items

is in place, there would be no objection for Mr. Carbone to proceed. A review fee in the amount of \$2,500 will be posted by Mr. Carbone, which would cover legal and engineering fees for the Authority. Motion by Paul Ware to have our engineer and solicitor handle the documents addressing the three items of concern. Seconded by Donna Vickers. Unanimous. Mr. Carbone will stop by the Authority's office on Monday morning to fill out a review application and post the review fee.

Foxfield – A punch list inspection is being completed for the project. We will update the Board once all dedication requirements have been met. Walt feels this probably will not happen until spring or summer of next year.

PennDot Naamans Creek Road – Met with representatives of PennDOT concerning punch list items for the first phase of construction. Very minor items need to be corrected. All work should be completed shortly. No word on when the second phase in Bethel will begin. Most likely spring of next year.

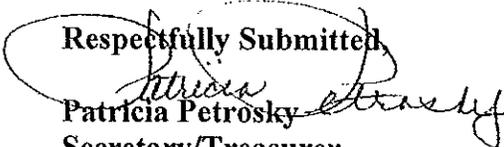
PennDot Reimbursement – Naamans Creek Road – The additional paperwork was filed with PennDot for reimbursement of all expenses incurred. Still waiting to hear back from them.

BOARD MEMBERS REPORT

NEW BUSINESS/UNFINISHED BUSINESS

There being no further business, the meeting was adjourned at 7:40 p.m. on a motion by Felicia Kendus. Seconded by Paul Ware. Unanimous.

Respectfully Submitted,


Patricia Petrosky
Secretary/Treasurer