

OXFORD AREA SEWER AUTHORITY

SPECIAL BOARD MEETING

July 8, 2009

Chairman, Bob Yeatman, called the meeting to order at 7:30 pm. The Chairman asked for the Pledge of Allegiance and a Moment of Silence. The following Authority Members were in attendance: Larry Bonam, Robert Cantarera, Frank Lobb, Neil Pagano, Percy Reynolds, Joe Scheese, Bob Yeatman and Philip Brenner. Also in attendance were Edward Lennex, Executive Director, Kathleen Gray, Solicitor, Michele Braas, Consulting Engineer, Marcella Peyre-Ferry, Blair Fleischmann, Teri Dignazio, Spence Andress, Joel Brown, Brian Campbell and Randy Teal.

The Chairman noted that no one in attendance had signed up to comment on the Agenda items. He also noted that there were no appearances scheduled. With that being duly noted, the Chairman moved on to the Executive Director's report.

The Executive Director opened his presentation by pointing out to the Board that there were a number of opportunities available for stimulus funding and recommends that the Authority position itself to take full advantage. Therefore the presentation and purpose of the meeting tonight was for the Board to give direction to the Executive Director on the path the Authority wants to follow to meet the future growth demands of the service area. Specifically as it applies to expanding treatment capacity and disposal options.

The Executive Director made a Power Point presentation detailing the options that were available. The Power Point presentation is hereby made an attachment to these minutes. The presentation consisted of an update on the Short Term Capacity Plan that consists of the Osborne Lagoon; the equipping 48.2 acres of the Ross tract for spray disposal; and the rerating of the current treatment lagoon. Mr. Scheese asked for verification that new available capacity would be 265,000 upon completion of the projects and the Executive Director confirmed this. Next followed a brief history and explanation of the two agreements that are currently contained in the Act 537 Plan with area Developers, and what they agreed to provide (construction of Osborne Lagoon and construction of a new 1.72 MGD treatment facility). The Executive Director then presented what an amended agreement might provide by way of new capacity. There was also a brief presentation of the pros and cons of this direction.

The remainder of the presentation dealt with a proposal from FOP Development to provide the Authority a new 1.0 MGD treatment facility and the three options that were available for disposal that being, 100% stream discharge; 50% stream and 50% spray disposal; and 100%

spray disposal. Each option was further broken down and presented. Finally, the Executive Director presented a table showing the total construction cost of each option and the cost per gallon for each. At the end of the presentation, the Executive Director asked the Board to consider which of the options presented they wished to pursue or if there were other options they would like to explore.

Mr. Reynolds raised a question regarding the availability of nutrient credits needed for a stream discharge. Mr. Lennex replied that FOP had available for the Authority credits at \$6.00 per pound for a ten year contract. Mr. Lobb then asked what the Authority does in ten years if there are no credits available or they are cost prohibitive, and we can then no longer stream discharge. Mr. Lennex agreed with Mr. Lobb that this is a major concern to consider as these credits are a commodity and as such we would be held captive to the market place. Additional discussion took place among the Board members regarding further speculation on the availability of credits in the future and what the lack of them would mean to the Authority.

There were also questions raised regarding how does the plan to build a plant coincide with the Act 537 Plan and how can you build the plant without an approved Act 537 Plan. Mr. Lennex pointed out that DEP had already stated they would grant a permit in their May 19, 2009 letter with the Preliminary Treatment Requirements for a stream discharge. What DEP will not do is give you the full 1.0 MGD rating until the Act 537 Plan is approved, what DEP will do is limit the capacity to the 771,000 GPD that would be granted under the Short Term Capacity Plan. The Act 537 Plan and the municipal reimbursements would be protected simply because DEP would stipulate as part of the permit it issued. Mr. Lobb questioned the availability of public discussion on the treatment plant and both Mr. Lennex and Ms. Braas pointed out that would be available during the planning module review process at the township level, the county level and at DEP.

Mr. Scheese requested a vote by the Board for those in favor of building the FOP plant and after discussion and the deletion of FOP and substitution of the term mechanical treatment plant, there was a majority show of hands in support. The Board then began discussion of effluent disposal methods. A majority of the Board were concerned about the future availability and cost of nutrient credits to insure after ten (10) years the system would still be able to stream discharge.

The Executive Director then asked the Board if the consensus was to pursue Alternative C, 100% spray disposal. There was a general response of yes from a few of the Board members. At this point the discussion turned to the financial aspects of Alternative C and how do we fund it. Questions were raised concerning just what type of funding the United States Department of Agriculture has available and would the Authority still pursue the applications currently pending. The Executive Director explained that the USDA had both grants and low interest loans available and that the Authority would apply for a low interest loan which enabled the Authority to not only finance the construction project(s) but to also consolidate our existing debt into one larger

loan and since Alternative C included the Short Term Capacity Plan, the existing applications with Pennvest and H2O PA would remain submitted.

The Chairman called for a motion and Mr. Scheese made a motion to instruct the Executive Director to pursue an FOP treatment plant and Alternative C and to apply for the appropriate grants and loans and to continue moving forward with the Short Term Capacity Plan. Prior to a second of the motion, Mr. Lobb asked for consideration that the motion be amended to delete reference to FOP and instead reference a mechanical treatment plant. Mr. Scheese agreed to amend his motion accordingly. The Chairman asked for a second and Mr. Philip Brenner seconded the motion as amended. The Chairman acknowledged the second and asked if there were any questions on the motion and after a brief discussion called for a vote. The Board unanimously approved the motion.

There then was a discussion regarding the legal documents sent by FOP. All were in agreement after the discussion that the Executive Director, Solicitor and Consulting Engineer should pursue negotiations with FOP to return to the Board with documents that they were satisfied with. There were a number of legal issues as they pertain to that laws that govern Municipal Authorities and bidding requirements that the Board wanted further clarification and validation by its consultants.

The Chairman asked if there was any other discussion of the legal documents, and there being none, moved on to Old Business. Mr. Cantarera brought up the topic of the available EDUs and if the Board or a committee had met to discuss the issue further since the last regular Board meeting. The Executive Director stated that there had not been further discussion of the topic and that he and the staff were working on a response to Mr. Scheese' question regarding how many buildings were vacant in the Borough Business District prior to April 2004 and that it would be available for discussion and next week's regular Board meeting.

The Chairman noting that there were no further comments under Old Business, moved on to New Business, and there being none, moved on to Public Comment. Mr. Randy Teal voiced his support for the continued use of spray disposal and its support of maintaining the ground water levels. Mr. Brian Campbell requested that he be placed on the Agenda for the regular July Board meeting regarding the release of EDUs. The Chairman replied that he would.

Being no further business to come before the Board the Chairman requested a motion to adjourn, Mr. Scheese made the motion, Mr. Brenner seconded and the meeting was adjourned at 8:45 pm.