

**POTTSTOWN BOROUGH AUTHORITY
WATER**

CALL TO ORDER

Chairman Downie called the meeting to order at 7:00 p.m. Present were Ronald Downie, Don Read, Aram Ecker and Tom Carroll. Also in attendance were Acting Manager Jason Bobst, Solicitor David Garner, Tom Weld, BCM Engineers, Public Works Director Doug Yerger, Bookkeeper Janice Lee, Utilities Coordinator Brent Wagner and Borough Secretary Virginia Takach. Mr. Dilliplane was absent.

PUBLIC COMMENT

None.

CORRESPONDENCE

Chairman Downie referred to a June 30, 2009 letter from Solicitor Garner with an opinion regarding ownership of the Water Plant and Wastewater Plant. The letter stated that the Plants are owned by the Pottstown Borough Authority. Mr. Downie requested that the letter be incorporated as part of the minutes. (See Exhibit A).

FINANCIAL REPORT

FUNDING OPTIONS FOR CAPITAL PROJECTS & AUTHORITY BOND REPORT

Attorney Robert Jones, Saul, Ewing Associates, was present to explain financing and refinancing options for the borrowing of capital water projects.

Also present was Michael Setley, and James Schlesinger, Concord Public Finance, Reading.

Mr. Setley explained that the cost savings in refinancing would be approximately \$316,000 for this year and the debt would be paid off over a 14-year period.

After a detailed discussion and with recommendations from Staff, Mr. Carroll moved to adopt a Resolution for appointing professional advisors in connection with financing and refinancing outstanding bonds. Mr. Read seconded the motion.

RESOLUTION No. 8 - 2009

RESOLUTION AUTHORIZING THE APPROPRIATE OFFICERS AND ADVISORS OF THE AUTHORITY TO TAKE ALL ACTIONS NECESSARY TO PREPARE FOR THE ISSUANCE OF BONDS IN ORDER TO REFUND CERTAIN OF THE AUTHORITY'S OUTSTANDING WATER REVENUE BONDS, AND TO FINANCE CERTAIN CAPITAL IMPROVEMENTS TO THE WATER SYSTEM;

APPOINTING PROFESSIONAL ADVISORS IN CONNECTION THEREWITH; AND
AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the Authority desires to issue approximately \$16,500,000 principal amount of its Water Revenue Bonds or Notes (the "Bonds") in order to: (i) refund the Authority's Water Revenue Bonds, Series of 2003 and the Authority's Water Revenue Bonds, Series of 2004 in order to realize interest cost savings; and (ii) finance certain capital improvements to the water system to be undertaken by the Authority; and

WHEREAS, it is necessary and desirable that the Authority now authorize its professional advisors to assist with the development and structuring of the financing and to authorize various actions necessary to effectuate the issuance and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Pottstown Borough Authority as follows:

1. The Authority hereby appoints Concord Public Financial Advisors, Inc. as Financial Advisor in connection with the issuance of the Bonds and confirms the appointment of Saul Ewing LLP as Bond Counsel.

2. The Authority hereby authorizes its staff, David Garner as Solicitor, the Financial Advisor and Bond Counsel to proceed with the planning, preparation and structuring of the Bonds including, but not limited to: (i) the establishment of a financing timetable for the Bonds; (ii) the evaluation of various sources of funds for the Bond financing program including a bank loan, a private placement and a public offering of the Bonds; (iii) the preparation of all materials necessary to obtain proposals for the purchase of the Bonds; (iv) the preparation of a Preliminary Official Statement and appropriate disclosure materials; and (v) other matters with respect to the authorization and issuance of the Bonds.

3. The final authorization of the Bonds and the terms thereof shall be subject to approval of the Authority Board by adoption of a further Resolution or Resolutions relating thereto.

4. It is understood that the Authority shall incur no obligation to compensate its professional advisors for their services unless the financing is implemented and a closing occurs on the Bonds.

Motion carried: 4 ayes.

Mr. Carroll moved to adopt a Resolution for the reimbursement of prior expenditures. Mr. Ecker seconded the motion.

RESOLUTION NO. 9 - 2009

RESOLUTION AUTHORIZING THE REIMBURSEMENT OF PRIOR
EXPENDITURES BY THE AUTHORITY FROM THE PROCEEDS OF BONDS OR
NOTES TO BE ISSUED FOR THE FINANCING OF A CAPITAL IMPROVEMENT
PROGRAM

WHEREAS, Pottstown Borough Authority (the "Authority") has determined to undertake various water system improvement projects as described in Exhibit "A" attached hereto and made a part hereof (the "Capital Improvement Program"); and

WHEREAS, the Authority intends to finance certain costs of the Capital Improvement Program with the proceeds of the issuance by the Authority of tax-exempt bonds or notes in one or more series, in a principal amount not to exceed \$5,000,000 (the "Obligations"), which may be issued in combination with additional bonds to refund certain outstanding bonds of the Authority; and

WHEREAS, the Authority intends to use a portion of the proceeds of the Obligations to reimburse itself for expenditures paid for the Capital Improvement Program prior to the issuance of the Obligations; and

WHEREAS, no portion of the Capital Improvement Program to be paid for from proceeds of the Obligations has yet been placed in service; and

WHEREAS, this Resolution is intended to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "Treasury Regulations").

NOW, THEREFORE, BE IT RESOLVED by the Pottstown Borough Authority that:

1. In accordance with the Treasury Regulations, the Authority hereby states its intention that a portion of the proceeds of the Obligations will be used to reimburse itself for expenditures paid with respect to the Capital Improvement Program prior to the date of issuance of the Obligations. All terms used herein and not otherwise defined have the same meaning as ascribed to them in the Treasury Regulations.

All original expenditures to be reimbursed will be "capital expenditures" and other amounts permitted to be reimbursed pursuant to the Treasury Regulations.

The Authority intends to reimburse the original expenditures through the financing to be evidenced by the Obligations.

2. Once the Obligations are issued, the Authority shall allocate proceeds of the Obligations to reimburse a prior expenditure by making the allocation on its books and records maintained with respect to the Obligations; provided that such costs to be reimbursed were paid not more than 60 days prior to the date of adoption of this Resolution or were costs permitted to be reimbursed as "preliminary costs" pursuant to the Treasury Regulations. Such allocation shall specifically identify the actual original expenditure to be reimbursed. Such allocation shall occur not later than 18 months after the later of (i) the date on which the original expenditure is paid, or (ii) the date the portion of the Capital Improvement Program paid for with proceeds of the Obligations is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid. If the Obligations are issued before the expiration of the period described in the preceding sentence, then the reimbursement allocation shall occur not later than the date the Obligations are issued.

3. The proceeds of the Obligations used to reimburse the Authority for original expenditures will not be used within 1 year after the allocation in a manner that results in the creation of "replacement proceeds" for the Obligations or for other bonds or notes.

4. The Authority will not use the proceeds of the Obligations issued for the Capital Improvement Program to reimburse, refinance or refund an original expenditure paid from the proceeds of other obligations (either taxable or tax-exempt).

5. This Resolution is effective immediately.

6. All resolutions heretofore adopted to the extent the same are inconsistent herewith are hereby repealed.

Motion carried: 4 ayes.

CORRESPONDENCE (CONTINUED)

Mr. Read advised that he is continuing meetings with Superior Water and requested additional members of Staff to join the meetings to discuss routine projects.

Mr. Bobst agreed to make Staff members available when the nature of the projects is determined.

Mr. Read also advised that he would not submit a resignation from the Authority as requested by a Borough Councilman. He added that to correct the record, he has sent no threatening correspondence to the Councilor.

Mr. Wagner reported that he will be meeting with J. T. Technology regarding natural gas and wastewater processing and will report the findings at the next meeting.

COMMITTEE REPORTS

MARKETING

Mr. Read referred to his comments regarding Superior Water.

ENERGY

Mr. Wagner requested authorization to proceed with EnerNOC to buy blocks of energy for the future.

It was the consensus of the Board to authorize Mr. Wagner and the Solicitor to proceed with drafting a one-year contract with EnerNOC for energy solutions.

ODOR REPORT

Mr. Wagner noted there were no reports.

RESTRUCTURING

After a brief discussion, it was the consensus of the Board to proceed with appointing a new Authority Manager in light of the absence of the existing Manager.

Mr. Carroll moved to appoint Jason Bobst as Interim Authority Manager retroactive to June 22, 2009. Mr. Read seconded the motion and it passed unanimously.

FINANCE

Mr. Wagner reported that the Pyrz Water – Robo System should be on line in September for control of any chlorine leaks.

Mrs. Lee referred to the handout regarding the Townships' debt status. She reviewed the reports and added that favorable meetings continue.

OLD BUSINESS

MINUTES

Chairman Downie asked for additions or corrections to the minutes of July 21, 2009. Hearing none, the minutes stood approved.

DIRTY WATER

Mr. Weld reported that a meeting was held to discuss the dirty water issue for the Latick residence, Chestnut Street. He recommended that a policy be established to address these issues. He added that a decision should be made for either automatic filters or paper filter cartridges.

Solicitor Garner agreed to provide a draft policy to Staff and the Board for review and discussion at next month's meeting.

ADJOURNMENT

The meeting adjourned at 8:50 p.m. on motion by Mr. Carroll.

Submitted by Virginia Takach, Borough Secretary
for Don Read, Secretary

EXHIBIT A

08-17-09 03:23 RCV3

DAVID G. GARNER

Attorney at Law

1954 East High Street, Suite 3
Pottstown, PA 19464

Phone-484-945-0777 Fax- 610-326-1270
E-mail-dggarner1@comcast.net

Sent via e-mail only

June 30, 2009

Pottstown Borough Authority
100 E. High Street
Pottstown, PA 19464

RE: Opinion of Counsel

Dear Board members:

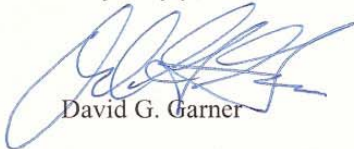
I am responding to formal action that you took at the June 16, 2009 meeting. You requested me to provide a legal opinion as to the owner of the water and sewer facilities associated with the Pottstown Waste Water Treatment Plant and the Pottstown Water Treatment Plant.

Prior to drafting this letter, I have reviewed the organizational documents of the Pottstown Borough Authority (PBA), the Lease Agreement between PBA and the Pottstown Borough dated May 1, 1989, the Management Agreement between PBA and the Pottstown Borough dated November 15, 1990 and Indentures associated with various borrowings by PBA.

Based on my review of the above referenced items, it is my legal opinion that the Waste Water Treatment Plant and the collection system associated with it to the extent that the collection system is located within the geographic boundaries of the Pottstown Borough are owned by the PBA. The Water Treatment Plant and the distribution system associated with it are owned by the PBA.

If you would like more specific details or explanation, please let me know.

Very truly yours,



David G. Garner

DGG/kes

CC: Jason Bobst, Acting Borough Manager
Charles D. Garner, Esquire, Borough Solicitor