

COPLAY WHITEHALL SEWER AUTHORITY

THE REGULAR MEETING of the Coplay-Whitehall Sewer Authority was called to order by Chairman James Hahn at 7:00 p.m. on the 18th day of April 2024.

BOARD MEMBERS present were:

**Paul F. Geissinger
James Hahn
Dennis Wehr, Jr**

**Paul D. Boyle
Joseph J. Marx**

**Joseph Bonshak
James Roth**

MANAGER: Matthew Harleman

BUSINESS MANAGER: Anita Smith

AUTHORITY SOLICITOR: Andrew Schantz, Davison & McCarthy P C

ENGINEER: Mark Buckvalt, T & M Associates

LIAISONS: NONE

PRESS: Jim Weber, Times News

**CITIZENS present: Mike Melosky, Operations Manager
Chris Betley, Buckno, Lisicky and Company
Paul Pugielli, Brown & Brown Insurance
Lou Bodish, President of Coplay Borough
Susan Geissinger, Whitehall Resident (wife of Paul)**

CHAIRMAN: James Hahn called the meeting to order.

Mr. Hahn called for the Pledge of Allegiance to the Flag.

Mr. Hahn called for the reading of the minutes of the Regular Meeting of March 21, 2024.

MOTION WAS MADE BY MR. MARX, SECOND BY MR. WEHR, APPROVING THE MINUTES OF THE REGULAR MEETING MARCH 21, 2024 WITH ANY AND ALL ADDITIONS /DELETIONS AS NOTED, DISPENSING WITH READING OF SAME. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

Mr. Hahn asked if anyone would like to address the board. No one stepped forward.

1. Written –

MOTION MADE BY MR. BOYLE, SECOND BY MR. ROTH, TO ACCEPT THE MARCH 2024 MANAGER'S FIELD REPORT AS PRESENTED AND TO MAKE THE WRITTEN REPORT PART OF THE OFFICIAL MINUTES. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

2. Verbal-

Mr. Matthew Harleman said that he placed three draft estimates for additional storage at either the office or at the Quarry Station site. Please review and refer any questions to the Operations Committee and Mr. Melosky.

B. ADMINISTRATIVE REPORTS - Monthly Financial Report presented for Board review after general review:

MOTION MADE BY MR. WEHR, SECOND BY MR. BONSHAK, TO APPROVE THE MARCH 2024 FINANCIAL REPORT AS PRESENTED BY THE TREASURER. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

See attached listings for the invoices listed to be paid.

MOTION MADE BY MR. GEISSINGER, SECOND BY MR. BONSHAK, TO APPROVE THE MARCH 2024 INVOICES FROM THE 1ST NORTHERN BANK ACCOUNT AS PRESENTED BY THE TREASURER. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

C. CORRESPONDENCE AND OTHER MISCELLANEOUS DATA

1. Financial Report of CWSA dated December 31, 2023 from Buckno, Lisicky & Co.

MOTION MADE BY MR. WEHR, SECOND BY MR. ROTH, TO APPROVE THE FINANCIAL REPORT DATED DECEMBER 31, 2023. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

2. Kline's Island DEP Meeting objectives & notes 3/21/24
3. Kline's Island Signatory Meeting 4/4/24
4. Authority Magazine, April 2024

Operations Committee – Mr. Roth reported normal operations. As Mr. Harleman mentioned earlier in the meeting about the three estimate for the extra storage space, please review and discuss so we can make the best decision on one of the options.

Administrative Committee – Mr. Marx reported normal operations. We have interviewed several candidates for the Business Manager position. So far, no decision has been made.

Financial Committee-- Mr. Wehr reported normal operations.

Clear Water Committee—Mr. Geissinger reported normal operations.

Safety Committee—Mr. Bonshak reported normal operations.

OLD BUSINESS –

NEW BUSINESS—

Mr. Hahn said we will now start with our annual review. Mr. Pugielli, you will be first to give your report.

Mr. Pugielli from Brown and Brown Insurance, a copy of the 2023 review statement dated April 18, 2024 (Exhibit A).

Mr. Hahn said does anyone have any questions? No one responded. Thank you, Mr. Pugielli. Next, we have Mr. Betley from Buckno, Lisicky and Company about the financial review.

Mr. Betley said good evening and it is a pleasure being here tonight. Copy of 2023 Audit Summary (Exhibit B).

Mr. Hahn said does anyone have any questions? No one responded. Thank you, Mr. Betley. Attorney Schantz, it is your turn.

Attorney Schantz introduced himself as the solicitor for CWSA and I am with the firm Davison & McCarthy. Copy of 2023 review Memo dated April 18, 2024 (Exhibit C)

Mr. Hahn said Thank you Attorney Schantz.

Mr. Buchvalt from T & M Associates Memorandum dated April 18, 2024 Annual report for 2023 (Exhibit D).

Mr. Buchvalt said thank you for your continued relationship with T & M Associates. Are there any questions? No one responded.

Mr. Hahn said thank you Mr. Buchvalt.

ADJOURNMENT –

MOTION MADE BY MR. WEHR, SECOND BY MR. ROTH, TO ADJOURN THE MEETING. 7 AYES, 0 NAYES, 0 ABSENT. MOTION CARRIED.

The meeting was adjourned at 7:17 PM.



**Respectfully submitted,
Paul Geissinger, Secretary**



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Toll Free (800) 634-8237
www.bbinslv.com

LEHIGH VALLEY
April 18, 2024

Coplay-Whitehall Sewer Authority
3213 MacArthur Road
Whitehall, Pa 18052

Dear Boardmembers;

Thank you for the opportunity to be your advocate for the insurance policies placed through our office. The information below and attached will provide you with the annual update and overview of the insurance program in place for the authority. The insurance environment remains somewhat difficult although there are signs we may have turned the corner and better terms and conditions may be on the horizon. The primary factors responsible for current conditions continue to be:

- Inflationary pressures on the cost to replace damaged property, including automobiles
- A reduction in the number of companies offering insurance for authorities
- Continued incidences of destructive weather patterns: hurricanes, tornadoes, wildfires, etc
- Social inflation causing ever increasing court verdicts

A recent insurance Industry market report (see attached) indicates the average rate increase for accounts the size of CWSA was 5.6% in the 4th quarter of 2023. This average increase is down slightly from last year, although auto insurance and property insurance rates were at 6.7% and 6.3% respectively.

Having said that, CWSA has **again** experienced **better than average** outcomes for its policies

Recap of the renewal of the policies:

- The package premium increased from \$73,838 to \$75,869(2.75%) primarily due to an increase in property values and higher property and auto insurance rates
- Work comp **Decreased** from \$ 11,885 to \$11,241(-5.5%)
- Over the last 3 years, work comp has **decreased** by \$4,672 or 34%
- Overall premiums went from \$85,723 to \$87,110, or a combined increase of 1.6%. This is once again, significantly below the current market averages.
- Property values are slightly higher, all other coverages, deductibles, etc remain the same.

We did seek alternate proposals for the 1/1/24 renewal. We went to 3 additional insurance companies besides Selective. Of the 3 other companies, we did receive an optional quote that was significantly less than the Selective, but there were significant coverage differences, the most notable was in that they did not offer "no fault" sewer backup coverage. Considering that that is a significant issue for the authority, the decision was made to stay with Selective.

There has been only 1 new claim since last year: a sewer backup claim reserved at \$4,500. The slip lining done over the years has helped to reduce the number of sewer backup claims that were particularly bad in previous years. Work comp claims remain excellent.

We will continue to be your advocate, searching for the best coverage at the least expensive price.

Thank you for your continued relationship with us, and we hope you will take advantage of the many safety and informational webinars we offer.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul Pugielli".

Paul Pugielli, Director, Municipal Insurance Services

Proposal Premium Summary

Line of Business	2023-2024 Selective Premium	2023-2024 Exposures/Limits	2024-2025 Selective Premium	2024-2025 Exposures/Limits	2024-2025 McKee/RPS Cyber Premium	2024-2025 McKee/RPS Cyber
Property	\$8,777	Bldg \$4,711,071 BPP \$1,261,698 BI Incl Rental - ALS	\$9,485	Bldg \$4,899,512 BPP \$1,312,166 BI Incl Rental - ALS	\$19,189	Blanket Building & BPP: \$12,302,749 (includes Pipeline Distr) Coinsurance waived Blanket BI Limit: \$2,000,000 *Includes Flood & Earthquake — see note below
Crime	\$50	\$25,000; \$500 deductible Scheduled: \$172,429	\$65	\$25,000; \$500 deductible Scheduled: \$134,272	\$250	\$25,000; \$500 deductible
Inland Marine	\$15,630	Unscheduled: \$132,726 Pipeline Distr: \$6,330,000 Valuable papers: \$75,000 Deductible \$500 IM Primary Pac Included	\$16,254	Unscheduled: \$132,726 Pipeline Distr: \$6,330,000 \$5K ded Valuable papers: \$75,000 Deductible \$500 IM Premier Pac Included Flood included at loc/Bldg1		Scheduled: \$134,272 Unscheduled: \$132,726 \$1,000 deductible Valuable Papers \$500K limit included
General	\$20,892	\$1,000,000/\$2,000,000	\$21,130	\$1,000,000/\$2,000,000		\$1,000,000/\$3,000,000

This proposal is based upon the exposures made known to the Agency by you and contains only a general description of the coverage(s) and does not constitute a policy/contract. For complete policy information, including exclusions, limitations, and conditions, please refer to your policy. In the event of differences, the policy will prevail.

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Liability		Sewer Backup: \$50,000/\$100,000		Sewer Backup: \$50,000/\$500,000	\$14,373	Sewer Backup: coverage provided up to policy limits but does not provide no fault coverage
		\$1,000,000/\$2,000,000 Deductible: \$5,000		\$1,000,000/\$2,000,000 Deductible: \$5,000 Public Official Nonmonetary Defense \$10K/\$50K	\$3,938	\$1,000,000/\$3,000,000 Deductible: \$5,000 Public Official Nonmonetary Defense \$25K Limit
Public Officials	\$4,383		\$4,383			
Auto	\$15,784	11 Vehicles	\$15,991	11 Vehicles \$250 Comp/\$500 Coll deductibles	\$11,983	11 Vehicles \$500 Comp/\$500 Coll deductibles
Umbrella	\$8,249	\$3,000,000/\$3,000,000	\$8,488	\$3,000,000/\$3,000,000	\$4,388	\$3,000,000/\$3,000,000
Cyber	\$73	\$100,000 Limit; \$2,500 Deductible	\$73	\$100,000 Limit; \$2,500 Deductible	\$2,757 RPS Broker Fee \$100	\$1M Limit with \$2,500 deductible
Total Package	\$73,838		\$75,869		\$56,978	

This quote is valid for (30) days or until the proposed effective date, whichever is first.

*McKee would provide flood coverage limit of \$1,000,000 for C & Unshaded X at \$50,000 deductible and Earthquake limit of \$1,000,000 with \$50,000 deductible.
RPS Cyber Option is subject to favorable answers to underwriting questions and implementing proper controls.

This proposal is based upon the exposures made known to the Agency by you and contains only a general description of the coverage(s) and does not constitute a policy/contract. For complete policy information, including exclusions, limitations, and conditions, please refer to your policy. In the event of differences, the policy will prevail.

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Proposal Premium Summary

Line of Business	2022-2023 Expiring Premium	Expiring Exposures	2023-2024 Renewal Premium	Renewal Exposures
Workers Compensation	\$11,575	Total Payroll: \$606,683 Exp Mod 0.856	\$10,925	Total Payroll: \$643,653 Exp Mod 0.864
State Assessment	\$310		\$316	
Total	\$11,885		\$11,241	

This quote is valid for (30) days or until the proposed effective date, whichever is first.

Payment Plan

PAYMENT INSTALLMENT SCHEDULE

Quote

10172711 Workers Compensation

Installments	Invoice Date	Due Date	Premium	Surcharge	Amount
Downpayment	10/11/2023	11/8/2023	\$1,088.00	\$316.00	\$1,404.00
Installment 1 of 9	11/17/2023	12/8/2023	\$1,093.00	\$0.00	\$1,093.00
Installment 2 of 9	12/19/2023	1/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 3 of 9	1/19/2024	2/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 4 of 9	2/16/2024	3/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 5 of 9	3/19/2024	4/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 6 of 9	4/18/2024	5/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 7 of 9	5/17/2024	6/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 8 of 9	6/18/2024	7/8/2024	\$1,093.00	\$0.00	\$1,093.00
Installment 9 of 9	7/19/2024	8/8/2024	\$1,093.00	\$0.00	\$1,093.00

Subjectivities:

Signed ACORD applications



This proposal is based upon the exposures made known to the Agency by you and contains only a general description of the coverage(s) and does not constitute a policy/contract. For complete policy information, including exclusions, limitations, and conditions, please refer to your policy. In the event of differences, the policy will prevail.

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Commercial Rates in US Up 3.9% on all Property and Casualty Placements

MarketScout's Market Barometer is a quarter of the industry's composite rate index for property/casualty and personal insurance. For access to future barometers pricing data please complete the survey.

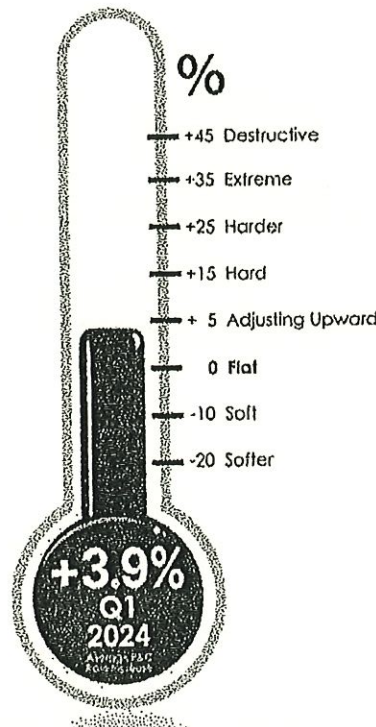
Property CAT and pending liability developments still worry insurers

In the United States, the composite rate for commercial insurance in the first quarter of 2024 was up 3.9%, a notable decline from the fourth quarter of 2023, which was plus 5.6%. Richard Kerr, CEO of Novatae Risk Group noted, "January and February posted very modest rate increases; however, rates were trending upward more aggressively in March. Property insurers are nervous about the 2024 catastrophe season. Liability insurers are more calm but economic conditions and incurred, but not yet reported, claim estimates may impact rates later in 2024."

Auto and property insurance rates remain the highest among all coverages at plus 6.7% and plus 6.3% respectively. By industry group, transportation risks are being assessed with the highest rate increases at plus 6.7%.

The National Alliance for Insurance Education and Research conducted pricing surveys used in MarketScout's analysis of market conditions. These surveys help to further corroborate MarketScout's actual findings, mathematically driven by new and renewal placements across the United States.

A summary of the first quarter 2024 rates by coverage, cyber liability, industry class and account size is set forth below.



Take The Market Barometer Survey

For more granular data contact Vilma Scott.
vscott@marketscout.com
Phone #: 972 934 4224

Market Barometer Average P&C Rate Increase

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TO READ THE FULL REPORT



My firm, Buckno Lisicky & Company once again performed the annual audit of the Authority's financial statements for the year ended December 31, 2023.

One page 1 of the audit report is call the "Independent Auditor's Report". First paragraph explains what we are giving an opinion on. The balance sheet, income statement, cash flows and notes to financial statements and certain other supplemental information included in the financial statements. There are certain pension schedules that are required to be included in the financial statements. We do not audit or issue and opinion on those schedules.

The second paragraph explains what that opinion is. Organizations can receive one of three audit opinions for their financial statements 1) Unmodified; 2) Modified; or 3) Adverse. Once again, I am pleased to report the financial statements contain an unmodified audit opinion, the same audit opinion the Authority has continued to receive for many years. What that means is you have received the highest audit opinion available that an organization can receive for an audited financial statement. This means your financial statements are prepared in accordance with General Accepted Auditing Principles and that they are fairly stated in accordance with those principles.

The rest of the "Independent Auditor Report" goes over what management's responsibilities are and what the auditors responsibilities when performing an audit. Management is required to prepare the financial statements in accordance with GAAP or Generally Accepting Accounting Principles. We as the auditors are required to perform audits in accordance with GAAS or Generally Accepted Auditing Standards. These procedures are very extensive and result in our firm being able to conclude and provide an opinion that your financial statements are prepared in accordance with General Accepted Accounting Principles.

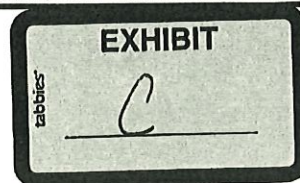
Just to go over a couple financial highlights:

- If you turn to page 5 – the Authority's balance sheet
 - The Authority had \$29.96 million in Assets at the end of the year. This was about the same as the prior year
 - The Authority total liabilities decreased slightly from the prior year to \$7.33 million
- If you turn to page 6 – the Authority's income statement
 - The Authority's operating income decrease by \$280k from the prior year to about 187k
 - When you add in the nonoperating income and expenses, the total net position increased by 452k compared to a 241k decrease in 2022. The main reason for the increase from the prior year was mainly due to the 715k LCA debt service reserve pay off we made in 2022.
 - Total Net Position at 12.31.23 was \$23,200,917

The audit went very smoothly again this year. I am happy to say we had no disagreements with management or issues in dealing with management. Everything we asked for we received and we received timely. I would like to thank Matt, Anita and the rest of their staff for their cooperation.

MEMO

To: Coplay Whitehall Sewer Authority
From: Andrew V. Schantz
Date: April 18, 2024
Subject: Coplay Whitehall Sewer Authority



The following serves my annual report to the Coplay Whitehall Sewer Authority Board.

As Solicitor, my year has been relatively quiet. The issues that I have been involved in and that I feel warrant mentioning are as follows:

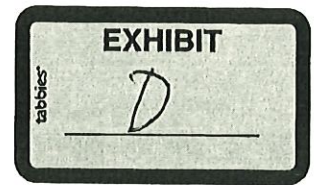
- Since last April, the Township's lawsuit against the Authority, its engineer and contractor for damage to a storm water pipe settle and be which the Authority was released without paying out any money.
- The Authority and the union cooperated and successfully negotiated a new contract which is not in place.
- Regarding the Easements, there have been numerous meetings. I just was notified that the South Easements may not have been conveyed to the City of Allentown which would make things easier. The parties are in agreement and hopefully this will be resolved within a couple of weeks and I won't be mentioning it next year.
- Most recently Matt and I participated in a meeting with the attorney the LCA has retained to re-write and re-negotiate the 1981 Agreements. We expressed and relayed the Boards concerns. As this was really an introductory meeting, nothing was resolved but I think he understood the concerns of the Authority. What is apparently being proposed is a huge undertaking costing a lot of money and having a lot of parties and interests involved. So the negotiations of the Agreements are important. Expect to hear a lot more and be subject to a lot of discussions and negotiations in the upcoming 12-18 months.

We continue to file liens.

We filed 2 liens and satisfied 2 liens in 2023. At the end of 2023 there are 13 open liens

If anyone has questions, please feel free to ask.

Thank you again and I look forward to continuing to work with each and every one of you.



MEMORANDUM

TO: COPLAY WHITEHALL SEWER AUTHORITY – BOARD OF DIRECTORS

FROM: Mark J Buchvalt, PE

RE: ANNUAL REPORT

DATE: April 18, 2024

T&M actually had a fairly quiet year with CWSA in 2023. By 2023 the CWSA roof repair work was completed. T&M performed some close out work in January 2023 for the roof, and the Cementon Bridge project design work was done and PennDOT had started construction with no work planned in 2023 for the sewer re-location.

At the tail end of 2023 T&M had an initial meeting about the new Riverside Project. However, those discussions didn't really ramp up until early 2024.