

JACKSON TWP WATER AUTHORITY

December 14, 2010

WALTER DITCHCREEK, CHAIRMAN OPENED THE SPECIAL MEETING at 8:00 a.m. Other board members in attendance were Robb Piper, Vice Chairman; Ray Dodson, Treasurer. CJ Webb, JTWA Solicitor, Rich Wray, Engineer, and Karl Smith, Foreman, were also present.

The Solicitor inquired of the Engineer if DT Construction had responded to the Water Authority's invitation to attend the meeting. Mr. Wray stated that DT Construction contacted him on December 13, 2010, and indicated that it would not be attending the meeting. Mr. Wray indicated that the subcontractor was planning to attend until DT Construction cancelled.

Mr. Wray updated the board on the status of the situation between DT Construction and the subcontractors. The Engineer has made repeated attempts to resolve this matter with DT Construction, including scheduling a special meeting with DT Construction for December 14, 2010, which DT Construction has failed to attend. The improper conduct by DT Construction includes not paying for the package water booster station that was ordered and USEMCO supplied for this project in the amount of \$78,255.00. The Engineer indicated that DT construction has submitted on, and been paid for, equipment, which DT Construction has failed to pay to subcontractors. Those subcontractors are now refusing to perform which jeopardizes the health, safety and welfare of customers of the JTWA. The Engineer anticipates that DT Construction's failure to perform and failure to make payment will result in additional claims being presented to JTWA. USEMCO has already filed a claim with DT Construction's bonding company.

The Engineer also explained that the Pennsylvania Department of Transportation has made a claim against JTWA for two unpaid invoices in the amount of \$1,646.31 and \$395.84, related to inspection services, as set forth in two letters dated November 30, 2010, from the Commonwealth of Pennsylvania, Governor's Office of General Counsel. The payments were made by JTWA to DT Construction; however, DT Construction failed to make the required payment to the Commonwealth. Despite the fact that DT Construction has submitted documentation to JTWA that all vendors have been paid, the Engineer's investigation has revealed that this representation by DT Construction is not correct. The Solicitor inquired whether DT Construction has supplied any explanation for not paying the subcontractors and Commonwealth. The Engineer indicated that, despite his repeated requests, DT Construction has not provided any explanation to him.

The Board went into executive session at approximately 8:10 a.m., to discuss potential litigation related to DT Construction failing to perform on the contract and failing to make payment to subcontractors. The Board reconvened at approximately 8:50 a.m., and indicated that no action was taken or decisions made, during the executive session.

The Solicitor inquired how the Board would like to proceed. MOTION BY ROBB, SECOND BY RAY, AND APPROVED BY ALL, TO NOTIFY THE BONDING COMPANY OF THE CLAIMS AGAINST DT CONSTRUCTION, RELATING TO THE \$78,255.00, OWED TO THE SUBCONTRACTOR AND THE TWO UNPAID INVOICES IN THE AMOUNT OF \$1,646.31 AND \$395.84, RELATED TO THE PENNDOT INSPECTION SERVICES.

The Engineer presented the two letters from the Commonwealth related to the two unpaid invoices in the amount of \$1,646.31 and \$395.84, related to inspection services by PENNDOT. (See file copies). The Engineer informed the Board that despite the fact that DT Construction was previously paid for the inspection charges, and was obligated to pay the Commonwealth, the Commonwealth was not willing to wait for a resolution of the DT Construction situation. The Commonwealth contends that it is JTWA's responsibility to seek reimbursement from DT Construction. The Commonwealth has threatened to revoke the permit for the project. MOTION BY RAY, SECOND BY WALT, AND APPROVED BY ALL, TO PAY THE COMMONWEALTH RELATED TO THE TWO UNPAID INVOICES IN THE AMOUNT OF \$1,646.31 AND \$395.84, RELATED TO INSPECTION SERVICES BY PENNDOT. The secretary is to check with the CPA regarding which account should be used to make the payments to the Commonwealth.

NEW BUSINESS:

A discussion occurred regarding the FNB paid down loan from the construction account. It was the consensus of the board to maintain the current account in the approximate amount of \$100,000.00 until at least completion of the project.

A discussion occurred regarding mandatory schooling for the operators which will be held on January 11, 2011, at a cost of \$195.00 per person. MOTION BY ROBB, SECOND BY RAY, AND APPROVED BY ALL, TO AUTHORIZE BOTH OPERATORS TO ATTEND THE MANDATORY SCHOOLING AT THE COST OF \$195.00 PER PERSON AND TO PAY ANY REASONABLE EXPENSES OF ATTENDING THE SCHOOLING, CONDITIONED UPON THE OPERATORS SUPPLYING RECEIPTS/DOCUMENTATION TO SUPPORT THE EXPENSES.

OLD BUSINESS:

The foreman provided an update regarding the Snabely waterline extension. The board requested that the workers install the waterline at the earliest convenient time, weather permitting.

A discussion occurred regarding the status of the bids on the old backhoe. Ray suggested using the internet to inform potential bidders.

The Engineer requested reconsideration of the outstanding engineering services invoice. MOTION BY WALT TO APPROVE THE ENGINEER'S INVOICE DISCUSSED AT THE PRIOR MEETING, FAILED FOR LACK OF A SECOND.

MOTION BY ROBB, SECOND BY RAY, AND APPROVED BY ALL, TO ADJOURN THE MEETING AT 9:15 a.m.