

WORKSHOP MEETING MINUTES

August 12, 2013

The Workshop Meeting of the Lehigh County Authority was called to order at 12:20 p.m., on Monday, August 12, 2013, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Tom Muller, Brian Nagle, Richard Bohner and Emrich Stellar. Authority Staff present were: Aurel Arndt, Liesel Adam, Frank Leist, Bradford Landon, Robert Kerchusky, and Kathy Martin.

Members of the public, George Maniatty, Glenn Hunsicker and Lou Hershman were also in attendance.

Agenda Review

Mr. Arndt stated there would be an additional information item following the regular agenda.

Executive Session

Mr. Arndt stated there would be an Executive Session following the regular agenda items to discuss personnel matters.

Public Comments

Mr. Hershman addressed the Board with a series of questions related to the bond financing for the Allentown water and sewer lease including requests for clarification of the approval process for the bond issue, role of Allentown City Council in the approval of the bond issue, and whether the cost of the bond issue could have been reduced by waiting longer than August 7, 2013 to complete the transfer.

Mr. Arndt addressed the questions by explaining that the Authority Board had passed a resolution on July 8, 2013 that set the parameters for the bond sale, including caps on the interest rate and total bond amounts, which the staff could not exceed without additional authorization. The bonds were sold within these parameters, and so no further authorization was required. He also explained that the City Council approval of the Concession Lease Agreement with the Authority established the process for how both entities would be protected from interest rate fluctuations from the time of the bid to the closing date. This was an integral part of the concession agreement that was fully investigated and approved by the City as well as the Authority.

Mr. Hunsicker addressed the Board with a series of questions about the Authority's finances and planned use of the funds secured through the bond sale. In particular, he questioned the use of funds for capital improvements, inquiring whether those improvements would be necessary and what portion of the improvements are to be paid for by the City of Allentown.

Mr. Arndt explained that the accounting for the city systems would be set up as a separate fund within the Authority's accounting structure, so the costs and revenues will be reported separately, in a fashion similar to how the Authority reports on other systems it operates separately. He explained that the bond issue for the lease included approximately \$32 million to fund the first five years of anticipated capital improvements for the water and sewer systems. The City retains responsibility for certain other capital improvements, such as completing work related to the U.S. Environmental Protection Agency (EPA) Administrative Order to remediate sewer system overflows, but those projects are not captured within the Authority's bond issue.

Mr. Hunsicker also inquired about the benefits for employees who transferred to the Authority, and whether any outstanding issues remained in that regard.

Mr. Arndt explained that employees have transferred to the Authority with their benefits intact, including their sick leave banks accrued for their service to the City. How the cost of this benefit will be shared between the Authority and the City has not been resolved.

Additional discussion continued on related topics.

Messrs. Hunsicker and Hershman left the meeting at 12:55 p.m.

Mr. Maniatty asked the Board to ensure the spelling of his name would be corrected in prior Board meeting minutes.

APPROVAL OF MINUTES

July 29, 2013 Special Meeting Minutes

On a motion by Richard Bohner, seconded by Emrich Stellar, the Board unanimously approved the minutes of July 29, 2013 Special meeting (5-0).

Resolution 8-2013-1 – Reflecting Position Changes Consequent with City of Allentown Systems Lease (Approval)

Mr. Landon reviewed the resolution and explained that it was needed to update all Authority resolutions and policies that referenced job titles that are being updated through the reorganization following the Allentown water and sewer system transfer.

On a motion by Tom Muller, seconded by Richard Bohner, the Board unanimously approved Resolution 8-2013-1 (5-0).

City of Allentown Concession Transition

Mr. Arndt introduced two new employees who will serve on the Authority's management team. Kathy Martin started work on July 15, 2013 as a Human Resources Manager and has been addressing many of the final transition details for the employee transfers as a result of the Allentown water and sewer system transfer. Bob Kerchursky is a long-term Allentown employee who transferred to the Authority and will serve as the Water Services Manager, covering both city and suburban water systems.

Mr. Arndt provided an overview of the Authority's new employee base, which includes 36 original employees, 84 city employees who transferred to the Authority, and 13 new employees who have just begun work within the past week. An additional 10 more employees are expected to start within the next month.

Mr. Hughes thanked the staff for their efforts in the past several months to complete the Allentown system transfer.

Executive Session

The Chairman called for an executive session at 1:15 p.m. to discuss personnel matters, at which time the staff, except for Mr. Arndt, and Mr. Maniatty left the meeting.

The session ended at 2:25 p.m.

There being no further business, the Chairman adjourned the meeting at 2:26 p.m.

Richard H. Bohner
Secretary