

REGULAR MEETING MINUTES

June 22, 2020

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, June 22, 2020, Chairman Brian Nagle presiding. The meeting was held via video and audio advanced communication technology ("ACT"), using the ZOOM internet application, due to the national COVID-19 pandemic emergency. Each Board member and other attendees of the meeting were able to hear each other attendee and be heard by each other attendee. The public could also participate in the meeting via ACT, using the ZOOM internet application. A Roll Call of Board members present was taken. Chairman Brian Nagle, Linda Rosenfeld, Ted Lyons, Kevin Baker, Jeff Morgan, Norma Cusick, Richard Bohner, and Amir Famili were present through ACT for the duration of the meeting.

Solicitor Michael Gaul was also present via ACT. Authority Staff present via ACT were Liesel Gross, Ed Klein, Susan Sampson, Phil DePoe, John Parsons, Chris Moughan, Amy Kunkel, Lisa Miller, Chuck Volk and Todd Marion.

Nate Swartz and Mike Sampson from Zelenkofske Axelrod and Chris Gibbons from Concord Public Finance were also present.

Chairman Nagle announced the Board received the Board packet in advance of the meeting; however, a revised agenda was received along with the May 2020 Financial statement paperwork that was emailed to the Board separately at a later date.

REVIEW OF AGENDA

Liesel Gross stated there are no changes to the agenda and reiterated that a revised agenda was emailed to the Board and also the May 2020 Financial statements were emailed separately and also posted to the website. There will be an Executive Session after the regular meeting to discuss a matter of potential litigation.

APPROVAL OF MINUTES

June 8, 2020 Meeting Minutes

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the June 8, 2020 Board meeting as written (8-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

2019 Audit & Financial Statements

Ed Klein introduced Nate Swartz and Mike Sampson from Zelenkofske Axelrod LLC to give an overview and highlights of the 2019 Audit and Financial Statements. Mike Sampson stated that the Authority was given an unmodified or clean opinion on the Authority's basic financial statements which is the highest level of assurance provided. The Authority adopted GASB 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" which allowed governmental entities to delay

the implementation of certain new statements for one year primarily to provide relief due to the COVID-19 pandemic.

Mr. Swartz thanked Ed Klein and his staff for their timely, accurate assistance regarding the audit and highlighted certain information in the financial statements including a review of the change in Net Position for all funds, noting a decrease in the Suburban Wastewater fund for two years in a row and the impact of the amortization of the intangible assets booked in the City Division fund due to the outstanding lease bond debt. He reviewed other notes to the financial statements including a review of the Other Post-Retirement Employee Benefits (OPEB) liabilities. Some discussion followed.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board accepted the 2019 Audit and Financial Statements as prepared by Zelenkofske Axelrod LLC (8-0).

Lease Bond Refinancing Evaluation – Authorization of Professional Service Providers

Liesel Gross introduced Chris Gibbons from Concord Public Finance and gave an overview of the evaluation to refinance a portion of the bonds issued in conjunction with Allentown water and sewer Concession Lease Agreement, known as the “Lease bonds,” to take advantage of near-historic low interest rates. In order to evaluate this option, a team of professionals needs to be assembled.

Ed Klein explained the steps in the selection process and his recommendations, which include engaging Concord Public Finance as the financial advisor, AUS Consultants as an appraiser, and McNees, Wallace & Nurick for bond counsel. He noted his recommendation to contract with Arcadis to prepare the required independent engineer’s certificate. In addition, an underwriter and their associated underwriter’s counsel must be selected, and through a proposal and evaluation process, RBC Capital Markets and Janney Montgomery Scott are recommended to jointly serve as underwriters for this financing.

Chris Gibbons further reviewed the proposal process for selecting the underwriting team along with the selection of other professions as noted by Mr. Klein. He explained that the selection of AUS Consultants as the appraiser required acceptance by the City of Allentown in accordance with the terms of the Concession Lease Agreement. The City issued a letter stating its acceptance of AUS for this role, a copy of which was attached to the documents provided to the Board. Mr. Gibbons then reviewed the outstanding Lease bonds and potential new bond rates and reviewed the costs for the underwriter and other professionals selected for this team. He noted the costs would be paid from the proceeds of the bond issue, if the refinancing is completed.

Liesel Gross commented that the authorization being requested today is not a commitment to complete the bond refinancing. The authorization requested is to contract with the recommended team of professionals to complete the evaluation of a potential bond refinancing. Once the data is collected and bond documents prepared, authorization to complete the financing would be brought to the Board in the form of a financing Resolution.

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved contracting with Concord Public Finance as the financial advisor, AUS Consultants as the appraiser, McNees, Wallace & Nurick as bond counsel, Arcadis as the independent engineer, and RBC Capital Markets and Janney Montgomery Scott jointly as the underwriters with their associated underwriter’s counsel. (8-0).

Allentown Division – Emergency Declaration – Water Main Break at 17th & Sumner Sts.

John Parsons reviewed the water main break that occurred at 17th & Sumner Streets on May 17, 2020. Mr. Parsons explained that the leak was isolated and repaired quickly but there was significant damage to the road and curbing, which needed to be replaced. Along with that, it was determined that the 12-inch main that ran south of the main break towards Sumner Avenue also needed to be replaced prior to street repairs.

On a motion by Linda Rosenfeld, seconded by Richard Bohner, the Board approved the Emergency Declaration for the water main repair at 17th and Sumner Avenue in the amount of \$110,319.00 (8-0).

Suburban Division – Additional (Redundant) Water Supply – Small Satellite Divisions

Amy Kunkel gave an overview of the project describing the Madison Park North water system, which was acquired by the Authority in 2010 and includes a single groundwater source. This project will address the development of an additional well as a secondary water source and as a backup for the system. The Authority worked with ARRO Consulting to select a well site that is on private property. A temporary easement was secured and step-drawdown testing was performed, and the new well was determined to be capable of supplying 45 gallons per minute of water to the system. DEP has approved a combined pre-drilling and aquifer test plan and the next step is to perform a sustained pumping test and also monitor three nearby wells to be sure there are no adverse impacts. Upon completion and approval of this request, the design of the well building and piping will be the next phase.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the Capital Project Authorization for the Pre-Design Phase in the amount of \$76,580.00 which includes the Professional Services Authorization to ARRO Consulting, Inc. in the amount of \$42,400.00 and the Professional Services Authorization to Odenheimer Co. in the amount of \$19,180.00 (8-0).

Suburban Division – Heidelberg Heights Consent Order & Agreement (Resolution No. 6-2020-3)

Liesel Gross summarized the challenges over the past few years with the Heidelberg Heights sewer system and the plant bypasses and other permit violations that have occurred during wet-weather events. The Authority has been working cooperatively with the Pa. Department of Environmental Protection (DEP) to develop a corrective action plan to address the system's challenges. She outlined the major components of the corrective action plan that was developed and presented to the Authority Board in 2019. There are three critical components of the plan: ongoing system monitoring to identify system leakage, annual capital projects to replace the public portion of the sewer collection system, and inspection of private service laterals and basements to identify leaking laterals and unauthorized connections. Ms. Gross explained that to officially approve the corrective action plan, DEP has prepared a Consent Order and Agreement which was attached to the Board's agenda packet. Ms. Gross noted that the Consent Order and Agreement must be approved by a Resolution of the Authority Board, which will serve as the Authority's commitment to complete the work outlined in the corrective action plan.

Amir Famili asked how the Authority would be able to recover the costs associated with the plan due to the small size of the system. Liesel Gross explained the system is part of the Authority's common rate system, which includes several other small sewer systems operated by the Authority. The costs to manage all systems are combined into the rate structure applied to the Authority's customers. Any rate adjustments needed to fund the corrective action plan will be reviewed as part of the development of the 2021 budget.

Chairman Nagle suggested obtaining a grant to help alleviate some of the costs. There was some Board discussion.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved resolution No. 6-2020-3 authorizing the agreement of the PA-DEP Consent Order for Heidelberg Heights Sewer System (8-0). A Roll call vote was taken:

Brian Nagle – yes
Linda Rosenfeld – yes
Ted Lyons – yes
Jeff Morgan – yes
Kevin Baker – yes
Norma Cusick – yes
Amir Famili – yes
Richard Bohner – yes
Scott Bieber – not present

Suburban Division – Asset Management Upgrade Project – Construction Phase

Chuck Volk described the project for the Spring Creek Pump Station Roof Replacement that consists of removing the roof decking and membrane. He noted the roof has been leaking for an extended period and can no longer be repaired through regular maintenance. He also noted that the bids came in lower than the engineer's estimate.

On a motion by Norma Cusick, seconded by Richard Bohner, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$93,950.00 which includes the Construction Contract to Munn Roofing Corporation in the amount of \$71,450.00 and the Professional Services Authorization for the Construction Phase Engineering to D'Huy Engineering in the amount of \$7,500.00 (8-0).

MONTHLY FINANCIAL REVIEW

Chairman Nagle announced that the May 2020 report was received via email the day before and asked Ed Klein to provide a brief review with highlights and any questions can be answered at another time after the Board has had more time to review the statements. Mr. Klein provided a brief review of the May 2020 financial report, highlighting variances in year-to-date performance against the budget and forecast.

Amir Famili suggested recalibrating the forecast due to the COVID19 pandemic emergency. Mr. Klein stated there is a plan to revisit the forecast, especially as it relates to capital expenses as many projects have been delayed due to the pandemic. Liesel Gross commented that revenues in the Allentown Division appear to be lower as a result of reduced commercial water sales during the pandemic. She noted the Authority is participating in a national study by Raftelis on the impact the COVID-19 pandemic has on utility water sales. Chairman Nagle asked for an overall summary of the pandemic's impact on the Authority. Ms. Gross said a report could be prepared for the second meeting in July.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons gave an overview of the May 2020 report highlighting the significant repairs and upgrades that occurred during that month.

STAFF COMMENTS

Liesel Gross commented on the Authority's COVID-19 pandemic response, noting that the advanced work that was done early in the process has made it easier to transition through each phase of the guidelines provided by the state Department of Health. Daily temperature screenings are being conducted for all employees and contractors who are working on-site and all who are able to work from home are continuing to do so. The Authority has made some minor adjustments to staffing schedules and safety protocols to prepare for the transition to the "green" phase on Friday, June 26th. She inquired about the Board's preferences regarding meeting format in the future when the restrictions in the region become more relaxed with respect to the allowable size of meetings and social gatherings. After some discussion, the Board agreed that meetings will continue to be held via Zoom until further notice.

Susan Sampson reported that starting on June 24th, the Authority's website will be updated to a new design that will allow for easier navigation for customer use and simplified administration for staff content updates.

Chairman Nagle commended the Staff for their great work during the COVID19 pandemic and the efforts of Chris Moughan to provide technology support to the Authority to allow for remote operations and Board meetings.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

Chairman Nagle announced that an Executive Session will be held after the regular meeting to discuss a matter of potential litigation.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:37 p.m.

Richard Bohner
Secretary