

REGULAR MEETING MINUTES

July 13, 2020

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:03 p.m. on Monday, July 13, 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, Ted Lyons, Linda Rosenfeld, Amir Famili, Norma Cusick, Jeff Morgan, Kevin Baker, and Richard Bohner 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, Chuck Volk, John Parsons, Chris Moughan, Lisa Miller, Phil DePoe, Andrew Moore, Jason Peters, Todd Marion, Mark Bowen, and Linda Eberhardt.

Chairman Nagle announced the Board received the Board packet in advance of the meeting; however, a revised agenda was received 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 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 22, 2020 Meeting Minutes

Richard Bohner presented minor corrections to the June 22, 2020 minutes. On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the June 22, 2020 Board meeting as corrected (8-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Allentown Water & Sewer Lease – Proposed Settlement of Disputes (Introduction of documents)

Liesel Gross gave an introduction and brief presentation of the proposed settlement between the City of Allentown and the Authority in regards to disputes relating to the Allentown Water & Sewer Concession Lease. Ms. Gross explained the approach is based on a renewed partnership between the City of Allentown and the Authority. Since the beginning of the lease, there have been challenges, mostly dealing with lower than expected revenues and higher capital improvement needs required for an aging system. These challenges have led to legal disputes, which compounded the challenges. The significant impact of these challenges caused a decreased ability to fund system improvements, resulting in an increased risk to system operations. Insufficient

funding for system improvements puts a certain amount of risk on service standards and financial viability.

Through negotiations, the City and Authority sought solutions to achieve important goals such as the financial stability of LCA, permanent solutions to avoid future disputes, financial capacity to fund system improvements when they are needed, and long-term rate stability for Allentown customers. Included in the new agreement are building blocks that relate to meeting revenue requirements, upgrading the water and sewer system, and enhancing our partnership. The components of the proposed settlement will be reviewed in more detail at the Special Board Meeting on July 20, 2020 at noon.

To implement all the changes to this comprehensive and integrated approach, the proposed settlement includes the following four documents: an amendment to the lease agreement, amendment to the memorandum of understanding regarding capital cost recovery charges, amendment to the LCA Water Supply Agreement, and a stand-alone settlement agreement to capture items of agreement that are not covered in any of the other prior documents. An updated water and sewer rate schedule will also be presented for approval at the July 27, 2020 Authority Board meeting. Another important step, in addition to Authority and City Council approval, is to receive bondholder consent. Ms. Gross said the option to refinance a portion of the lease bonds will be reviewed with the Board in August.

The next step for the Authority is to do a comprehensive review at the Special Meeting on July 20, 2020 at noon, and to receive comments and questions from the public and the Authority Board.

Suburban Division – Lynn Township Manhole Rehabilitation Project

Chuck Volk described the background of the project, which is part of the Corrective Action Plan Amendment submitted to DEP in September 2019. The CAP Amendment commits LCA to eliminating hydraulic overloads and bypasses at the Lynn Township Wastewater Treatment Plant. Jason Peters gave an overview of the project and explained the scope of the work. During the manhole inspection process, numerous deficiencies were discovered including unsealed pipe penetrations, active joint and chimney leaks, broken frames and covers, broken risers, offset frames, recessed tops, missing gaskets, missing inflow dishes, and interior concrete deterioration. Chuck Volk noted that the project consists of 185 manholes.

Jeff Morgan asked about work that may need to be done on private property regarding sump pumps and private sewer laterals. Mr. Volk said this will be addressed in the second phase of the project, as required by DEP, and as part of the Corrective Action Plan.

Amir Famili asked if there is a metric to measure the elimination of inflow and infiltration and how successful this project will be. Mr. Volk said the discharge data from the plant will show the trends and improvements. However, this is a multi-year plan and the ability to demonstrate a reduction in flow from each individual phase of work may be difficult and will depend on the nature of the repairs made and the amount of rainfall received.

Kevin Baker asked to what extent system condition is investigated or remediation work is completed before the Authority acquires small sewer systems such as the one in Lynn Township. Liesel Gross explained how the Authority has evaluated these small systems in the past. At times the systems are in poor condition, and the Authority is required to complete extensive upgrades to bring a system back into compliance. The Authority's Board has historically considered addressing such environmental concerns to be part of its mission, although some systems have been acquired in very

poor condition which causes expensive projects to be undertaken and associated rate increases. Chairman Nagle suggested discussing the Authority's strategy with respect to system acquisitions during the strategic planning process. Some Board discussion followed.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$238,344.00 which includes the contract award for construction to Standard Pipe Services, LLC in the amount of \$207,600.00 and the Professional Services Authorization to Keystone Consulting Engineers in the amount of \$13,244.00 (8-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross highlighted the Suburban Division's Heidelberg Heights 2020 sanitary sewer replacement project under Wastewater is listed for approval at the July 27, 2020 meeting. She also reiterated there will be a special meeting on July 20, 2020 to discuss the proposed City lease settlement agreement, with Board action on the proposed agreement scheduled to occur at the July 27, 2020 meeting.

Jeff Morgan asked if the SCADA project at the water filtration plant can be completed since it has been at 95 percent completion status for some time. Chris Moughan said the project should be completed shortly as people are now allowed back in the building to do work. Most of the work has been done remotely but there are portions of the project that require contractors to be on site, which was placed on hold due to the national COVID-19 pandemic emergency.

Chairman Nagle inquired about the Authority's investment policy. He noted the Pennsylvania Municipality Authorities Act may now provide greater flexibility in how cash reserves are invested. He noted the monthly finance report shows a continued conservative approach of only investing in Certificates of Deposit (CDs). Ed Klein stated that the CDs listed in the monthly report are roll-over investments, but the Authority's investment policy could be reviewed and updated at a later date.

STAFF COMMENTS

None.

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 12:50 p.m.

Richard Bohner
Secretary