

REGULAR MEETING MINUTES

August 24, 2020

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:08 p.m. on Monday, August 24, 2020, Chairman Brian Nagle presiding. The meeting was held via a Microsoft Teams conference call during the COVID-19 pandemic emergency and also due to Zoom virtual meetings software being unavailable. 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 conference calling. A Roll Call of Board members present was taken. Chairman Brian Nagle, Richard Bohner, Kevin Baker, Linda Rosenfeld, Jeff Morgan, and Amir Famili were present on the conference call for the duration of the meeting. Board members Ted Lyons and Scott Bieber left the meeting at 1:52 p.m. and 2:11 p.m. consecutively.

Solicitor Michael Gaul of KingSpry was present along with Authority Staff, Liesel Gross, Ed Klein, John Parsons, Chris Moughan, Chuck Volk, Susan Sampson, Andrew Moore, Phil DePoe and Lisa Miller. Chris Gibbons from Concord Public Finance, Inc., Stephen Flaherty from RBC Capital Markets, and Tim Horstmann from McNees Wallace and Nurick, were also present via conference calling.

REVIEW OF AGENDA

Liesel Gross stated there are no changes to the agenda but requested to either hold the July 2020 financial statement for a later date or have Ed Klein provide a brief overview of the report. The presentation will not be provided due to not having a screen-sharing system available for the meeting. There are no topics for Executive Session.

Chairman Nagle announced the Board received the Board packet in advance of the meeting and received the July 2020 financial statements via email at a later date. The Chairman requested Mr. Klein give a brief overview of the July 2020 financial report.

APPROVAL OF MINUTES

August 10, 2020 Meeting Minutes

On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the minutes of the August 10, 2020 Board meeting as written (8-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Authorization of Lease Bond Financing

Liesel Gross gave a brief introduction of the Lease Bond financing and reviewed the two Resolutions the Board would be asked to approve. Along with the Resolutions, the Board received a copy of the preliminary official statement, draft bond purchase agreement, and a financing proposal from Fulton Bank. Ed Klein explained the two Resolutions in more detail. Resolution 8-2020-1 defines the parameters for refinancing a portion of the 2013A Lease Bonds through a bond sale. Resolution 8-2020-2 authorizes refinancing of the 2018 Lease Bonds held by Fulton Bank. Taken together, these actions will result in refinancing of approximately \$179,685,000.00 of the Lease Bonds, which will

achieve the 51 percent bondholder consent required to implement the updated Concession Lease Agreement with the City of Allentown.

Chris Gibbons of Concord Public Finance, Inc. also commented on the parameters detailing the proposed refinancing of a portion of the Authority's 2013A and 2018 Lease Bonds. In summary, the maximum aggregate principal amount of the 2020 bonds shall not exceed the amount necessary to result in the 2020 bonds constituting 51 percent of the bonds, the latest maturity date of the 2020 bonds shall not be longer than 40 years from the date of issuance and the maximum net present value loss shall be no more than \$5,000,000.00. The use of a maximum loss value was determined to provide the most flexibility to the underwriters when preparing the bonds for sale, allowing for some interest rate fluctuation to occur between the time of the Board's action and the actual bond pricing in early September.

Tim Horstmann of McNees Wallace & Nurick LLC gave a brief overview of Resolution No. 8-2020-1. There was discussion regarding the inclusion of the detailed wording of the parameters included in Section 8 of the Resolution within the language shown on the title page of the Resolution. The Board agreed the title page should be amended to include the detailed language in Section 8 of the Resolution.

Ted Lyons asked how the bondholders would be notified that their bonds are being called. Stephen Flaherty of RBC Capital Markets explained that as part of the closing of existing bonds, notices are distributed to those bondholders. However, because the call date for the 2013A bonds is December 2023, the new bond issue will establish an escrow account to continue to pay interest to the bondholders until the call date. Mr. Flaherty explained the notification process including publishing the preliminary official statement for public viewing, pricing of the bonds, publishing a final official statement with the actual bond pricing information, followed by execution of all documents in a final closing process for the new bonds. There was some Board discussion.

On a motion by Richard Bohner, seconded by Kevin Baker, the Board approved Resolution No. 8-2020-1 as amended, including detailed language from Section 8 of the Resolution in the title page (8-0).

A roll call vote was taken with the following votes cast:

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

On a motion by Linda Rosenfeld, seconded by Ted Lyons, the Board approved Resolution No. 8-2020-2 (8-0).

A roll call vote was taken with the following votes cast:

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes

Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

Resolution No. 8-2020-3 Adopting the Interim Act 537 Plan for KISS

Liesel Gross introduced the Resolution giving a brief overview of the Interim Act 537 Plan for the Kline's Island Sewer System (KISS). The interim plan covers the time period of 2021 through 2025 and will allow for new connections to the sewer system while the region is working on the long-term plan that is due by 2025. Other key components of the plan include a connection management plan, municipalities' maintenance programs to remove inflow and infiltration from their sewer collection systems, an updated flow characterization study and system modeling, and an interceptor upgrade project to address a system bottleneck in the Trexlertown area. Phil DePoe noted that another major component of the plan is to re-rate the Kline's Island Wastewater Treatment Plant's permitted hydraulic capacity. The plant is currently rated to treat 40 million gallons per day (mgd), but a recent engineering study shows the plant can effectively treat up to 54 mgd during prolonged periods of wet weather. A permit upgrade application will be submitted to update the plant's permitted hydraulic capacity to a higher flow amount, which amount will be determined following adoption of the Interim Act 537 Plan.

Phil DePoe reported that all 15 KISS municipalities have adopted the Interim Act 537 Plan by resolution. These municipal resolutions along with the Interim Plan will be submitted to the Department of Environmental Protection (DEP) in September 2020 for approval later this year.

Liesel Gross explained the role of the Authority is to provide regional leadership and perspective as the municipalities work together to develop the long-term plan that is due in 2025. While the Authority is not required to formally approve the Interim Act 537 Plan, Authority staff recommend Board approval to illustrate the Authority's commitment to the region and in support of the work that the municipalities are doing.

Chairman Nagle asked if the Authority will be reimbursed for its expenses to develop and implement the plan through all 15 KISS municipalities. Liesel Gross explained that cost reimbursement will depend on the project. The cost for the planning work that benefits the region will be shared by all 15 KISS municipalities. The cost of other projects that only benefit the Western Lehigh service area will be shared by the Western Lehigh municipalities. The work to complete maintenance and upgrades to individual municipal sewer collection systems is paid for by the municipality directly.

On a motion by Linda Rosenfeld, seconded by Kevin Baker, the Board approved Resolution No. 8-2020-3 (8-0).

A roll call vote was taken with the following votes cast:

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes

Jeff Morgan – yes

Amir Famili – yes

Regional Act 537 Plan Alternatives Analysis: Pretreatment Plant Upgrade Option

Liesel Gross provided a brief background regarding the options for the Pretreatment Plant upgrades. Prior efforts to address the region's sewer capacity challenge have involved developing detailed alternatives analyses looking at treatment capacity and conveyance capacity requirements to meet future needs in the next 20 to 30 years. A key component of the planning work completed was an evaluation of treatment alternatives to the Kline's Island Wastewater Treatment Plant which has limited additional capacity to address future growth. Prior studies of the Pretreatment Plant upgrade alternative focused on the viability of various discharge options including a new discharge to the Lehigh River. In order to fully understand if the full Pretreatment Plant upgrade is a viable option for the Regional Act 537 Plan that must be prepared by 2025, proposals from AECOM and Jacobs have been provided to analyze this option in detail and also provide a full cost analysis. Additional study is required to fully evaluate the Pretreatment Plant's capacity to treat current and future dry-day, wet-weather, and peak flows, and to evaluate the impact on downstream conveyance capacity systems if these flows are removed from the system through an upgrade of the Pretreatment Plant. Prior studies have indicated conveyance capacity projects could cost about \$240 million over the next 20 years. This figure could be lowered significantly if the Pretreatment Plant upgrade option proves to be viable.

Phil DePoe explained the AECOM and Jacobs' proposals. He explained that AECOM will serve as the Program Manager performing quality assurance reviews of Jacobs' technical work, completing options analyses, coordinating reviews of the Kline's Island Wastewater Treatment Plant options, and coordinating with Arcadis regarding the conveyance system modeling work. Jacobs has provided a technical proposal in which they will analyze improvements that may be needed at the existing Pretreatment Plant to increase its capacity and ensure conformance with converting the plant to a surface water discharge facility. Additionally, they will perform data analysis and testing of a variety of new treatment technologies to determine the most beneficial alternatives to allow for upgrade of the facility to full treatment.

Mr. DePoe is asking for approval of the Professional Services Authorization for AECOM as Program Manager for the Pretreatment Plant upgrade option in the amount of \$203,500.00 and a Professional Services Authorization for Jacobs as Technical Lead for the Pretreatment Plant upgrade option in the amount of \$284,800.00. The work for these services is expected to be complete by June 2021.

Liesel Gross noted that regional flow monitoring data will begin in January 2021 and having the results of the Pretreatment Plant options analysis completed by mid-2021 will allow for results to be incorporated into the hydraulic flow modeling work that will be completed in the second half of 2021. There was some Board discussion. Amir Famili questioned if the options on testing will be theoretical or experimental. Phil DePoe explained that most testing will be theoretical. Mr. Famili stated that this is a costly project and wants to have a high level of confidence prior to making a decision, and suggested site visits to other facilities that have successfully undergone conversion from pretreatment to full treatment. Ms. Gross noted that the Pretreatment Plant already performs to a very high level, nearly meeting full-treatment standards through its current operation. Once alternatives have been analyzed and options narrowed down, site visits to other facilities using the proposed new treatment technology can be scheduled.

On a motion by Scott Bieber, seconded by Linda Rosenfeld, the Board approved the Professional Services Authorization for AECOM as Program Manager for the Pretreatment plant upgrade option

in the amount of \$203,500.00 and a Professional Services Authorization for Jacobs as Technical Lead for the Pretreatment plant upgrade option in the amount of \$284,800.00 (7-0)

A roll call vote was taken with the following votes cast:

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

MONTHLY FINANCIAL REVIEW

Ed Klein gave an overview of the July 2020 financial statements highlighting variances between actual expenses and budgeted or forecasted expenses.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons gave a brief overview of the July System Operations review. Mr. Parsons announced the retirement of Bob Kerchusky on September 4, 2020, who worked for the Authority and the City of Allentown for a combined total of 41 years. Jennifer McKenna, City of Allentown Office of Compliance, commented that on behalf of the City of Allentown, Bob Kerchusky was a tremendous asset to both the City of Allentown and the Authority and wished him very well in his retirement. The Board also commented on Mr. Kerchusky's knowledge, dedication and contributions to the Authority over the course of many years.

STAFF COMMENTS

Liesel Gross informed the Board that Authority staff has begun working on the 2021 Budget. At the next four Board meetings in September and October, preliminary budget figures, assumptions, and rates will be presented. The budget needs to be approved each year by the end of October.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:19 p.m.

Richard Bohner
Secretary