

REGULAR MEETING MINUTES

February 22, 2021

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, February 22, 2021, Chairman Brian Nagle presiding. The meeting was held via video and audio advanced communication technology ("ACT"), using the Zoom internet application including telephone option, due to the 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 including telephone option. A Roll Call of Board members present was taken. Chairman Brian Nagle, Richard Bohner, Norma Cusick, Ted Lyons, Kevin Baker, Linda Rosenfeld, Jeff Morgan, and Amir Famili were present for the duration of the meeting. Scott Bieber joined the meeting at 12:13 p.m.

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, Mark Bowen, Lisa Miller, and Todd Marion.

Chairman Nagle stated that the Board received their electronic copy of the Board packet in advance and asked if anyone did not receive their hard copy of the packet. Linda Rosenfeld and Richard Bohner did not receive a hard copy; however, Ms. Rosenfeld picked up a copy at the office.

REVIEW OF AGENDA

Liesel Gross stated that the agenda now shows page numbers for each attachment so those viewing the paperwork electronically can find items easily. There will also be some brief comments provided under the Staff Comments section of the agenda regarding the widespread water service outages in the state of Texas.

APPROVAL OF MINUTES

February 8, 2021 Meeting Minutes

Richard Bohner noted a grammatical error. On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the minutes of the February 8, 2021 Board meeting as corrected (8-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Board of Directors – Nomination of Officers

Norma Cusick, serving as the Nominating Committee, indicated she had polled the Board members to determine their interest in serving as a Board officer. She then offered the following slate of nominations for 2021 officers:

Brian C. Nagle, Chair
Scott Bieber, Vice Chair
Richard H. Bohner, Secretary

Norma A. Cusick, Assistant Secretary
Ted Lyons, Treasurer

Ms. Cusick asked if there were any other nominations, which there were not. On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board elected the officers for 2021 as nominated (8-0).

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

Brian Nagle – yes
Richard Bohner – yes
Norma Cusick – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili - yes

Resolution No. 02-2021-01 – Destruction of Authority Documents

Liesel Gross explained that Resolution No. 02-2021-01 is required for disposition of certain Authority records. This is in accordance with the previously approved Resolution No. 11-2019-1, which authorized Authority staff to follow the Municipal Records Manual Retention and Disposition Schedule for Records of Pennsylvania Municipal Governments. Chris Moughan noted the Authority has a small list of paper records for destruction according to the schedule of records requirements and that the records will be destroyed by a third-party service that works with sensitive and confidential documents. The Authority plans on a larger volume of documents that will include both digital and paper records in the third quarter of 2021. Ms. Gross commented that this will become standard practice. Solicitor Mike Gaul said the Authority is following the proper guidelines by adopting a resolution and listing the documents for destruction.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved Resolution 02-2021-01 (9-0)

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

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

Chairman Nagle asked Chris Moughan to provide guidance to the Board regarding proper handling of documents and correspondence provided to the Board. Mr. Moughan stated he will prepare the requested guidelines for submission to the Board.

2022-2026 Capital Plan – Suburban Division and Administration

Liesel Gross explained the Authority's capital planning and approval process, noting that the five-year capital plan is a conceptual proposal for the work to be completed in the years ahead, and

approval by the Board does not indicate approval of any specific project or funding commitment. She explained the Suburban Division and Administration draft plan would be presented today, followed by the City Division draft plan at the next meeting. A 30-day comment period would follow, with potential Board approval in April.

Chuck Volk reviewed the highlights of the 2022-2026 Administration Capital Plan, noting there are no new projects for this year. The largest project is the SCADA project planned for all the Suburban Division stations. The project will improve communications reliability, programming and hardware, and replace obsolete systems that create an operating risk. The project will also reduce compliance risk and provide for staff training on updated systems.

Mr. Volk then reviewed the 2022-2026 Suburban Division Water Capital Plan. He highlighted the water main replacement program that will start up again in 2022 and showed a map of the system and the priority areas to be addressed in the next five years. Prioritization for main replacements is based on the age and material of the mains and the break frequency. Geological factors are also taken into consideration.

The Suburban Division system improvement projects were reviewed. Ed Klein reviewed the financial analysis for Suburban Division water projects, noting that about \$10 million in borrowing is recommended for system improvements and main replacements in 2022, 2023, and 2024. The remaining projects will be funded by operating revenues or reserves. Mr. Klein also suggested that refinancing the Authority's debt would reduce the rate impact of this plan. Refinancing would save almost \$2.7 million debt service over the course of the loan. Kevin Baker asked if some of the projects generate savings and benefits and if this is factored into the financials. Chuck Volk explained that the individual project detail sheets show the drivers for each project such as regulatory, efficiency or asset management. Kevin Baker suggested the staff quantify the projects, and list them by their drivers and financial enhancements. Liesel Gross explained that some projects are related to making sure capacity is available for growth. Additional revenue from growth is factored into the financial analysis.

Chuck Volk then reviewed the 2022-2026 Suburban Division Wastewater Capital Plan. He highlighted projects related to the Western Lehigh Interceptor / Little Lehigh Relief Interceptor, which are needed to address regional needs for treatment and conveyance capacity and address wet-weather issues. He also reviewed projects related to the satellite systems, most of which are driven by regulatory requirements, and the annual / recurring projects. Ed Klein reviewed the financials, stating that all funding for the Suburban Division wastewater projects will come from operating revenues and reserves. There will not be a need for borrowing. Chairman Nagle asked where the operating reserves come from and how is it built up. Mr. Klein explained that the reserves are built up over time from operating revenues as well as tapping fees paid by new users. Jeff Morgan asked if loaning money between the Suburban Division water and wastewater funds would be an option to reduce the need to issue new bonds for the water projects. Liesel Gross said this has been reviewed in the past and there are controls and restrictions in place within the bond indentures that restrict these options. In addition, the intermunicipal wastewater agreements specify how revenues are generated and how reserves are to be used, which would also limit the opportunity for inter-fund loans or transfers. She said the staff can review this option again.

Liesel Gross concluded the presentation by noting that the Allentown Division plan will be presented at the March 8th meeting.

Kline's Island Sewer System (KISS) – Regional Sewer Capacity & Wet-Weather Planning: 2021 KISS Model Expansion & Calibration and 2022 City of Allentown RDII (Rain Derived Inflow and Infiltration) Analysis

Phil DePoe gave a presentation and update regarding the Kline's Island Sewer System Act 537 Plan. He is asking for approval of the project to expand and calibrate the sewer system hydraulic model and complete the rain derived inflow and infiltration (RDII) characterization of the City of Allentown sewer collection system. Arcadis has been selected to complete this work. The scope of the work is for the expansion of the hydraulic model to capture the City and municipal signatory sewer systems using rainfall and flow data collected during the 2021 monitoring period. The work is expected to start in March 2021 and be completed by June 2022. In June 2022, the model will aid in the identification and evaluation of regional alternatives for providing both treatment and conveyance capacity through the 2050 planning period. Jim Shelton from Arcadis was present and described the modeling process.

On a motion by Ted Lyons, seconded by Jeff Morgan, the Board approved the Capital Project Authorization: KISS – Act 537 Planning (City funded portion) for \$993,000.00 which includes the Professional Services Authorizations to Arcadis for the 2021 KISS Model Expansion & Calibration in the amount of \$898,000.00 and the Allentown RDII Analysis in the amount of \$60,000.00 (9-0).

MONTHLY FINANCIAL REVIEW

Ed Klein gave an overview of the December 2020 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. Kevin Baker asked if the reduction in Suburban Water capital spending was due to timing. Chuck Volk explained that the Buss Acres and Kohler Tract projects had major setbacks due to COVID-19 and the spending will be carried over into 2021. Liesel Gross noted that January financial statements will be provided at the next meeting. Ed Klein reported that the audit is still on schedule at this point, but there may be challenges with receiving timely information from the Pennsylvania Municipal Retirement System, which could potentially delay the audit.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the January 2021 Monthly Systems Overview report highlighting the water utility cybersecurity breach that occurred in Oldsmar, Florida. Mr. Parsons reported that the Authority takes a very proactive stance with system security and the staff remains constantly diligent with every aspect of security.

STAFF COMMENTS

Liesel Gross commented on the recent Texas ice storm that resulted in significant damages to the Texas electric grid and water services. The Authority pays a lot of attention to these incidents and has internal discussions as well. Authority staff will be reviewing the Authority's electric resiliency against power outages. Review of the Authority's preparedness plans are also underway.

Ms. Gross reported on the presentation before the County Commissioners General Services committee on February 10th. Ms. Gross provided the committee a brief update regarding the Authority's past year.

Chairman Nagle reported that there are new guidelines coming out from the Federal Emergency Management Agency (FEMA) regarding floodplains and new maps. He asked that the Authority staff keep this on the radar.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:10 p.m.

Richard Bohner
Secretary