

REGULAR MEETING MINUTES

April 12, 2021

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, April 12, 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, Scott Bieber, Richard Bohner, Norma Cusick, Ted Lyons, Kevin Baker, Linda Rosenfeld, Jeff Morgan, and Amir Famili were present for the duration of the meeting.

Solicitor Michael Gaul of KingSpry was present along with Authority Staff, Liesel Gross, Ed Klein, Chris Moughan, Chuck Volk, Susan Sampson, Andrew Moore, Phil DePoe, Lisa Miller, Todd Marion and Mark Bowen. John Parsons joined the meeting during the approval of minutes.

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. No Board members indicated they had not received their packet by mail.

Chairman Nagle announced that the Authority received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2019. The award recognizes Ed Klein, Todd Marion, Linda Eberhardt and the Finance staff for their excellent financial reporting. He stated this award demonstrates the Authority's spirit of full disclosure and is a significant accomplishment. He congratulated the Finance team for this achievement. Sue Sampson reported that the award is posted on the Authority's website. Ed Klein stated the award acknowledges the hard work of the Finance team employees, and he is very proud of their dedication and hard work.

REVIEW OF AGENDA

Liesel Gross stated there are no changes to the agenda; however, there are some brief items for Staff Comments. There are no items for Executive Session. Chairman Nagle asked that the Staff Comments include a follow-up to the questions the Board asked at the previous meeting regarding the Standard Pipe Services contract.

APPROVAL OF MINUTES

March 22, 2021 Meeting Minutes

Richard Bohner noted some grammatical errors. On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the March 22, 2021 Board meeting as corrected (9-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

PENNVEST Financing Resolutions No. 04-2021-01, No. 04-2021-02, No. 04-2021-03 – Allentown Division – Water Filtration Plant; High Lift Pump VFD Upgrade Project

Liesel Gross stated there are three Resolutions for consideration and approval that are required by the Authority and by the Pennsylvania Infrastructure Investment Authority (PENNVEST) in order to complete the financing for the High Lift Pumps and Variable Frequency Drives at the Water Filtration Plant (VFD project). Tim Horstmann, the Authority's bond counsel from McNees, Wallace and Nurick was present to review each of the Resolutions in more detail. Resolution No. 04-2021-01 is the borrower's resolution authorizing the issuance of the loan by PENNVEST. Atty Horstmann noted that the debt obligation for this loan will be in a subordinate lien position, pursuant to the 2020 Supplemental Trust Indenture associated with the bonds issued for the Allentown Concession Lease agreement.

Resolution No. 04-2021-02 is referred to as a reimbursement resolution and is required by PENNVEST to comply with the tax code. In the event there are any project reimbursements for capital costs prior to the May 25, 2021 loan closing date, the Authority would be able to reimburse itself for those costs.

Resolution No. 04-2021-03 is referred to as a rate resolution which is also required by PENNVEST. It states that the Authority will raise rates, consistent with the Allentown Concession Lease agreement, to pay the debt service costs associated with the PENNVEST loan.

Liesel Gross commented that the settlement agreement with the City of Allentown made this type of borrowing possible in terms of addressing how capital cost recovery rates are developed and establishing the Authority's capital financing approach. She noted that the updated method for calculating the capital cost recovery charge allows the Authority to establish rates necessary to guarantee repayment of the loan as described in Resolution No. 04-2021-03.

Jennifer McKenna, City of Allentown Office of Compliance, thanked the Authority for pursuing the PENNVEST financing which translates into a reduced capital expense for the rate payers.

Kevin Baker commented that this is a good example of how the Lease negotiations have benefitted the community. Jeff Morgan asked how the costs will be shared among the users, including the surrounding municipalities. Liesel Gross stated that in the update to the Water Purchase Agreement approved last year, the Authority and the City of Allentown agreed on how costs for projects like this will be shared. As a result, all the municipalities that use Allentown water, along with City customers, will share in the capital cost recovery for this project through a small addition to the volumetric rate all customers pay.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved Resolution No. 04-2021-01 authorizing the financing of the Allentown Division Water Filtration Plant High Lift Pump VFD Upgrade project through PENNVEST (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

On a motion by Linda Rosenfeld, seconded by Scott Bieber, the Board approved Resolution No. 04-2021-02 authorizing the reimbursement of project costs to Lehigh County Authority via the PENNVEST loan (9-0).

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved Resolution No. 04-2021-03 authorizing adoption and implementation of rates adequate to pay the full debt service on the PENNVEST loan (9-0).

Allentown Division – Water Main Replacement Program Cycle 5

Chuck Volk introduced the project and invited the project manager, Jason Peters, to provide details to the Board. Mr. Peters explained the Authority intends to replace 1.13 miles of aged spun- or pit-cast iron water main in 2021 as part of the Allentown Division Water Main Replacement Program per the amended and restated Concession Lease agreement. He reviewed the bidding process, noting that the apparent low bidder is JOAO Bradley Construction Co., (Bradley) Inc., a contractor that is well known to the Authority and acceptable for this project. He noted that Bradley had completed Cycles 2 and 3 water main replacements with good results.

Mr. Peters then explained that a cost-sharing agreement between the City of Allentown and the Authority was developed for Cycle 5 regarding the final paving for the project. Chuck Volk commented that the construction cost is below the engineer's estimate and the cost-sharing agreement benefits both parties by yielding significant cost savings, better control over construction schedule and improved quality control. The paving will also include ADA ramp construction.

Jeff Morgan asked where the project will take place. Jason Peters explained that the project will take place in several different locations spread out through the City. Amir Famili asked what the relative cost comparison is from Cycles 2 and 3 versus Cycle 5. Mr. Volk stated he can provide this information but noted that prior project costs may not be comparable due to fluctuating materials costs, which are often impacted by oil costs. Mr. Famili asked if there are any challenges with Bradley. Jason Peters explained that JOAO Bradley has worked on several prior projects for the Authority providing good work. The contractor is known for completing projects on-time, and the crew members are cordial to work with. Chuck Volk also noted that Bradley is frequently retained by the Authority to address emergency repairs.

On a motion by Linda Rosenfeld, seconded by Jeff Morgan, the Board approved the Capital Project Authorization of the Construction Phase in the amount of \$2,011,718.00 which includes the Professional Services Authorization for the Construction Engineering and Administration Services to Gannett Fleming Inc. in the amount of \$43,540.00 and Construction Inspection Services to Keystone Consulting Engineers in the amount of \$75,000.00, the General Construction Contract to JOAO Bradley Construction Co., Inc. in the amount of \$1,547,636.00, and the Paving Restoration Contract – Cost Sharing Agreement to the City of Allentown in the amount of \$195,542.00 (9-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross highlighted some of the items for the next Board meeting on April 26, 2021, including approval of the 2022-2026 Capital Plan and the Suburban Division Heidelberg Heights 2021 Sanitary Sewer rehabilitation project.

STAFF COMMENTS

Liesel Gross provided answers to the Board's questions from the previous meeting regarding the sewer pipeline lining project to be completed by Standard Pipe Services. She noted the design engineer has stated the product that will be used for this project is a hard polyvinyl resin that, once hardened, has a design life of 50 years. The design engineer stated this product has zero risk of delamination. The real risk lies in the preparation of the pipe prior to installation, so it is important for the contractor to make sure of the proper temperature and time for curing and that the interior of the pipe is cleaned properly prior to installation. If a failure were to occur, it would happen very shortly after installation and well within the 18-month corrective action period of the contract. Chairman Nagle commented that construction inspection will be critical. Ms. Gross said the CCTV work is also critical prior to the installation.

Ms. Gross also reported there will be Strategic Planning subcommittee meetings this week with a small group of 3 Board members in each meeting to kick off the strategic planning project. Chairman Nagle noted that this is just for the Board at this time and the Authority will reach out to other stakeholders for their comment as well at a later date.

Ms. Gross stated that today marks the opening of phase 1C for COVID-19 vaccinations. Utility workers are in the 1C group allowing Authority workers to schedule their vaccinations. Sue Sampson had an interview this morning with WFMZ regarding this topic.

Ms. Gross announced that Kevin Baker's reappointment is scheduled to be considered for approval by the Lehigh County Board of Commissioners on Wednesday at their virtual meeting, which the public can link to from the County's website. She stated there are no known barriers to Mr. Baker being reappointed to the Authority Board. Chairman Nagle said Mr. Baker is an important part of the Board.

And lastly, Ms. Gross noted that Chris Moughan has worked through most of the email system conversion for the Board member's Authority email accounts. If anyone requires any assistance with the new process, they should contact Mr. Moughan directly.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 12:47 p.m.

Richard Bohner

Secretary