

REGULAR MEETING MINUTES

May 10, 2021

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:03 p.m. on Monday, May 10, 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, 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, John Parsons, Chris Moughan, Chuck Volk, Andrew Moore, Phil DePoe, Lisa Miller and Todd Marion.

Kevin Reid and Kent Herman from KingSpry were present along with Chris Gibbons from Concord Public Financial Advisors, Inc.

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.

REVIEW OF AGENDA

Liesel Gross stated there are no changes to the agenda and there is one brief item for Staff Comments. There are no items for Executive Session.

APPROVAL OF MINUTES

April 26, 2021 Meeting Minutes

Richard Bohner noted some grammatical errors. On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the minutes of the April 26, 2021 Board meeting as corrected (6-0). Norma Cusick abstained.

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Suburban Water Bond Financing – Resolution No. 05-2021-1

Ed Klein explained that the Authority is seeking approval of the Resolution for the purpose of interest rate savings by refinancing the Water Revenue bonds Series A of 2010, Series A of 2015 and the Pennworks Loan Series of 2007. The refinancing will generate a net present value savings and will relieve some of the Suburban Division rate pressure by lowering the annual debt service. Chris Gibbons from Concord Public Financial Advisors, Inc. noted that the proposed refinancing will not extend the maturity of the outstanding debt. Both a bank loan and a bond financing were researched and analyzed. A request for bids was issued for bank financings, with five bids received. Mr.

Gibbons explained the best bank bid received offered approximately \$250,000 less savings than the current bond market would provide. Therefore, a bond issue is the better financial alternative. The Authority is scheduled to conduct an internet bond sale on June 2nd, with expected settlement on June 30th. Kevin Reid commented that the required savings amount is net cost of issuance, which is true savings realized by the Authority, and can be utilized to ease rate pressure. Also, if the Resolution is approved, it will direct the stated officials of the Authority to take certain steps to complete the financing.

Ted Lyons asked for a description of the process of the internet sale of bonds. Chris Gibbons stated that the internet auction is set up to maximize the number of underwriters bidding on the bonds. A request for proposals is sent out to more than 100 underwriters across the country. The lowest bid on the interest rate secures the bond issue. The whole process takes approximately 15 to 20 minutes.

Amir Famili asked how confident Mr. Gibbons is on the savings that will be achieved. Mr. Gibbons said he is very confident, and the opportunity for savings is currently higher than what is listed in the Resolution.

On a motion by Linda Rosenfeld, seconded by Richard Bohner, the Board approved Resolution No. 05-2021-1 (7-0).

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

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

Real Estate Transaction: Reservoir 1/Lehigh Hills – Resolution No. 5-2021-2

Chuck Volk explained the proposed real estate land swap by Jaindl Land Company and the Authority in the area of the Authority's Reservoir 1 and the Lehigh Hills development. The land swap will allow for the Authority to potentially add a second reservoir on the site in the future if the need arises. Jaindl Land Company has agreed to provide landscape screening at the site of the second reservoir. A letter was received from Upper Macungie Township stating that the Authority's proposed second reservoir would be approved and meets the setback requirements. Kent Herman commented that the agreement and deeds were prepared by his office, noting that there are no out-of-pocket costs to the Authority, as Jaindl Land Company will bear any costs.

Amir Famili asked what the square footage of the land exchange will be and if an appraisal was done. Mr. Herman commented the Authority will receive 19,401 square feet and Jaindl Land Company will receive 15,755 square feet. No appraisal was done.

Jeff Morgan asked how many additional customers the Authority will gain. Liesel Gross stated that the Authority will gain approximately 200 additional customers due to the Lehigh Hills development.

Chairman Nagle asked what will prompt the Authority to install a second reservoir. Mr. Volk explained that if the Authority needs additional fire flow storage to serve the current or future customers in the area, a second tank would be necessary. The existing tank is currently adequate.

On a motion by Linda Rosenfeld, seconded by Richard Bohner, the Board approved Resolution No. 05-2021-2 (7-0).

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

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

Allentown Division – Water Filtration Plant: 2021 Indenture Upgrades – Construction Phase Authorization

Chuck Volk explained that a report is prepared annually by Arcadis regarding the condition of the water and wastewater facilities in the Allentown Division as a condition of the Bond Indenture for the Lease Bonds. The report outlines the Authority's performance on the requirements of the Lease Agreement with Allentown, along with any maintenance requirements observed at the facilities. This particular project consists of addressing structural deficiencies at the Water Filtration Plant with work located at the intake structure, filter tanks, administration building, railing mounts, miscellaneous concrete walls and walkways around the facility. The work includes repairs to concrete cracks, spalling, crazing, delamination, and general deterioration.

Mr. Volk noted that the project bids came in over budget. However, the bid form is structured according to unit costs for various types of concrete repair work to be performed as directed. As a result, the Authority is not committed to spending the total base bid amount. The installed quantities will be tracked to stay within budget.

Amir Famili asked if the Quinn Construction will add a polymeric additive to prevent cracking and shrinking in the future. Mr. Volk said he is unsure of the specific additives to be used, but noted that the contractor is required to provide shop drawings which will include a listing of concrete additives prior to construction.

Chairman Nagle commented that the upgrades have been noted in the Arcadis report for several years, and there are other critical system projects that address actual water treatment processes that are a high priority to complete. He asked if this project is prioritized properly and whether the work addresses safety, aesthetic or structural issues versus critical treatment processes. Mr. Volk stated the project is to address structural issues that are part of the Authority's asset management plan and are necessary repairs to avoid further degradation of the various concrete structures. Mr. Nagle asked if there are other improvements to treatment processes that will be necessary when this project is complete. Mr. Volk stated there are numerous needs related to treatment processes already included in the capital plan. Jeff Morgan added that the scope of work may seem minor when compared to treatment process improvements, but it will be much more cost effective to make these repairs now instead of in the future, after further degradation has taken place.

On a motion by Jeff Morgan, seconded by Norma Cusick, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$398,075.00 which includes the Professional Services Authorization to D'Huy Engineering, Inc. in the amount of \$11,000.00 and the General Construction Contract award to Quinn Construction in the amount of \$372,575.00 (7-0).

Suburban Division – Arcadia West Water Storage Tank Replacement – Construction Phase Authorization

Chuck Volk described the project, which is located in Weisenberg Township, and serves 24 commercial/industrial customers and the Weisenberg Elementary School. The tank is a 280,300-gallon bolted steel tank that was built in 1999. An evaluation of the tank was performed by Suez in 2018 which noted corrosion of the tank on both the interior and exterior surfaces and provided recommendations for improvements necessary for regulatory compliance and also recommended a new coating system. The inspection also noted two leaks under the tank floor. In 2019, the Authority contracted with Entech Engineering to perform a condition assessment and feasibility study to evaluate options for the repair or replacement of the tank, while maintaining service and fire protection to customers.

Mr. Volk introduced the Authority's project engineer, Amy Kunkel, who explained that Entech designed the concrete tank which will be installed adjacent to the existing tank, so that customers can remain in service during the construction of the new tank. The existing tank will be dismantled and removed. The reason for only two bids is because the tank manufacturers opted to bid directly as the general contractor. The tank construction is the largest portion of the overall project. Ms. Kunkel is recommending awarding the bid to DN Tanks, LLC and Entech for the construction engineering and part-time inspection services.

Amir Famili asked how many steel tanks the Authority has that are over 20 years old. John Parsons stated that the Authority has approximately six steel tanks more than 20 years old, but they are all welded steel tanks, not bolted. Chuck Volk added that the welded steel tanks last longer than the bolted steel tanks, which are susceptible to damage due to the overtightening of the bolts. All of the Authority's other tanks are under a maintenance contract with Suez, but because the Arcadia West tank is a bolted steel tank it was not included in the maintenance contract.

Jeff Morgan stated that he will abstain from the vote on the project because his wife works for Entech, although she is not working on this project. Liesel Gross added that Mr. Morgan has provided documentation on this potential conflict of interest previously.

On a motion by Ted Lyons, seconded by Linda Rosenfeld, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$1,176,670.00 that includes the General Construction Contract to DN Tanks in the amount of \$1,027,670.00 and the Professional Services Authorization for Construction Phase Engineering and Inspection to Entech Engineering in the amount of \$69,000.00 (6-0). Jeff Morgan abstained due to potential conflict of interest.

Suburban Water Division Emergency Declaration – Water Main Relocation

John Parsons described the water main break that occurred at Meadowyck Townhouse development in the Central Lehigh Division. Due to the significant depth of the water main and close proximity to building structures, the water main needed to be relocated to a more suitable location. This work needed to be completed quickly to avoid any additional property damage. The water main relocation was complicated by the discovery of unmarked stormwater and electrical lines that needed to be worked around. The total cost for the emergency declaration is \$100,192.33.

Chairman Nagle stated his concern regarding the location and depth of the original water line and improper backfill material used and inquired about the original inspection of the installation. Liesel Gross said that installation records were not reviewed, although the Authority most likely acquired this system from the developer, as is the case with most of the systems in the Central Lehigh Division.

On a motion by Jeff Morgan, seconded by Amir Famili, the Board approved the Emergency Declaration for Meadowyck Townhouse development - Central Division in the amount of \$100,192.33 (7-0).

Allentown Division – Kline’s Island WWTP: 2021 Indenture Upgrades – Construction Phase Authorization

Chuck Volk described the background of the project, stating that this project is also a result of the annual Arcadis report conducted as a condition of the Bond Indenture related to the Lease Bonds. This project will address those structural deficiencies at the Kline’s Island Wastewater Treatment Plant including roof coping and flashing repairs, masonry repointing and injection grouting, door and window lintel replacement, concrete crack repair and resurfacing, and primary clarifier effluent pipe painting. Mr. Volk is recommending awarding the bid to Blooming Glen Contractors because of their significant experience in water and wastewater facility construction and previous work done with the Authority. AFN USA Inc. was the only bidder for the painting contract but also has significant experience in water and wastewater facilities and Authority projects.

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 \$538,778.00 which includes the Professional Services Authorization to D’Huy Engineering Inc. in the amount of \$15,000.00, the award of Contract No. 1 for General Construction to Blooming Glen Contractors in the amount of \$386,923.00, and the award of Contract No. 2 for Painting to AFN USA, Inc. in the amount of \$71,855.00 (7-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross noted that most of the highlighted items on the May report have been covered at today’s meeting. The Solids Process Boiler and HVAC system upgrade project at Kline’s Island Wastewater Treatment Plant is scheduled for review and approval at the May 24th meeting. Also, although not listed, either at the May 24 meeting or sometime in June, Staff will provide an update to the Act 537 plan and the Trexlertown conveyance project.

STAFF COMMENTS

Liesel Gross reported that restrictions related to the COVID-19 pandemic are being lifted throughout Pennsylvania on Memorial Day, except for the wearing of a mask. Authority staff is reviewing what this means for the organization and also how to conduct meetings after the restrictions are lifted. Ted Lyons commented that the Board should discuss how to make a decision about conducting in-person meetings. Ms. Gross noted that the on-line virtual meetings have been going well but there is also a benefit to meeting in-person. Chairman Nagle asked if there have been any changes to the air filtration system in the offices. Ms. Gross stated there have been some changes as to the amount of fresh air that is circulated into the building through the HVAC system, but there has been no ultraviolet system added to the air-handling system. Ted Lyons commented that there is limited information available as to whether ultraviolet systems are effective against the COVID-19 virus.

Linda Rosenfeld asked how many employees have been vaccinated. Ms. Gross replied that the Authority has asked employees to report if they have been vaccinated, but it is not mandatory to be vaccinated or report it. Solicitor Gaul stated that issues regarding employee privacy should not be discussed at a public meeting.

Jeff Morgan asked if Pennsylvania had made permanent changes to the Sunshine Act regarding virtual meetings for municipalities. Solicitor Gaul explained some of the requirements under the Sunshine Act and the Pennsylvania Municipality Authorities Act regarding the rules for virtual meetings. He also noted that while the restrictions may be lifted, Pennsylvania is still operating under a declared emergency, which offers flexibility in how meetings are conducted. Ms. Gross stated that the Authority will continue to monitor and evaluate the situation and will develop recommendations for the Board.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:20 p.m.

Richard Bohner
Secretary