

REGULAR MEETING MINUTES November 11, 2024

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, November 11, 2024, Vice Chairman Amir Famili presiding. The meeting was hybrid via in-person and video and audio advanced communication technology (“ACT”), using the Zoom internet application, including telephone option. 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 in-person or via ACT, using the Zoom internet application, including telephone option. A Roll Call of Board members present was taken. Brian Nagle, Amir Famili, Ted Lyons, Jeff Morgan, Norma Cusick, Sean Ziller, and Marc Grammes were present for Roll Call, and remained for the duration of the meeting. Kevin Baker entered the meeting at 12:04 p.m.

Attorney Kevin Reid, the Authority’s Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, Andrew Moore, Chris Moughan, AJ Capuzzi, Chuck Volk, Phil DePoe, Susan Sampson, and Lisa Miller.

Vice Chairman Famili announced that the Board received their electronic and hard copies of the Board packet in advance. A copy of the packet is also available online.

REVIEW OF AGENDA

Liesel Gross announced that there is no Executive Session scheduled for today and the only agenda change is a slight re-order of agenda items.

APPROVAL OF MINUTES

October 28, 2024 Meeting Minutes

On a motion by Jeff Morgan, seconded by Ted Lyons, the Board approved the minutes from the October 28, 2024 meeting as written (7-0).

PUBLIC COMMENTS

None.

Resolution 11-2024-2: Revised Borrowing Resolution, PENNVEST Financing – Lead Service Line Replacement Cycle 1 Project

Tim Horstmann from McNees, Wallace & Nurick was present to provide an overview of the Resolution regarding securing a loan for the Lead Service Line Replacement Cycle 1 Project. He explained that the resolution was previously adopted by the Board; however, PennVEST requested the language to be changed from “grant” to “principal forgiveness loan.” The transaction is expected to close this week but there is an issue regarding the security structure of the loan. He said the Authority is working through the concerns raised by PennVEST. If this security structure is not approved by PennVEST, the Authority will move forward with financing the project with cash on hand, then close on the PennVEST grant and loan to reimburse the Authority for the outlay of cash. The issue is with the Authority’s existing Trust Indenture for the lease bonds, which includes strict language as to how other loan structures may interact with the bonds. There was discussion regarding how the PennVEST loans work.

On a motion by Norma Cusick, seconded by Sean Ziller, the Board approved Resolution 11-2024-2 authorizing the securing of a loan from PennVEST in the maximum principal amount of \$1,555,508.00 and the acceptance of a principal forgiveness loan from PennVEST in the maximum

principal amount of \$3,383,892.00 for the purpose of providing funds to finance the replacement of lead service lines and authorizing officials to sign all documents (8-0).

2023 Audit & Financial Statements

Ed Klein introduced Nate Swartz from Zelenkofske Axelrod LLC who was present to give an overview of the financial statements and auditor's report for the years ending 2022 and 2023. Mr. Swartz thanked Ed Klein and his staff for providing the information for the audit in a timely manner. He also noted that the statements from the Pennsylvania Municipal Retirement System (PMRS) were provided in a timely manner this year. Mr. Swartz said the Authority was given an unmodified, or clean, opinion on the Authority's basic financial statements, which is the highest level of assurance provided. He also noted there were no control issues, material weaknesses, or adjustments, no significant or unusual transactions noted, and no disagreements with management that needed to be brought before the Board. The audit complied with all legal and ethical requirements regarding independence during the engagement of the audit. The pension plan had changed from a pension asset to a liability in 2022 due to the market conditions at that time. He complimented the Authority for setting up a trust to address the liability for post-retirement benefits for the Suburban Division, noting that the fund is performing well.

Ted Lyons asked about the unfunded liabilities regarding the pension plan. Mr. Swartz said that the pension plan is well funded and should get return to good standing in future actuarial evaluations.

On a motion by Jeff Morgan, seconded by Ted Lyons, the Board accepted the 2022 & 2023 Audit & Financial Statements (8-0).

2025 Water & Wastewater Rate Schedules

Liesel Gross provided the 2025 Water & Sewer rate schedules noting that the rates were discussed in detail as part of the development of the 2025 Budget, which was adopted October 28, 2024. Ms. Gross said the Authority is recommending an increase in the fire flow testing fee to reflect the actual cost of providing that service to customers. The sampling and laboratory fees for the industrial pretreatment program have also been updated to reflect actual costs. The Suburban water rates are going up 6.0 to 7.5 percent depending on usage and Allentown water and sewer will increase an average of 5.5 percent. This information has been posted on the website for comment through January 1, 2025. Any comments received will be shared with the Board.

On a motion by Norma Cusick, seconded by Sean Ziller, the Board approved the 2025 Water & Wastewater rate schedule (8-0).

2025 Board Meeting Schedule

Liesel Gross presented the 2025 Board Meeting schedule and noted that the meetings scheduled in May 2025 will only be one week apart due to the Memorial Day holiday. She also noted that there is only one meeting in December 2025. Board approval of the schedule is requested so the Authority staff can move forward with the requirement advertisement of the schedule.

On a motion by Norma Cusick, seconded by Marc Grammes, the Board approved the 2025 Board meeting schedule as presented (8-0).

Resolution 11-2024-1: Authorizing the Authority's Application for Grant Funding, Water Meter Replacement Project

Liesel Gross provided an overview of the resolution authorizing submission to the Pennsylvania Statewide Local Share Assessment Grant Program for financial assistance for the water meter replacement project. The grant will allow the Authority to purchase meters in bulk.

On a motion by Norma Cusick, seconded by Sean Ziller, the Board approved Resolution 11-2024-1 authorizing the submission of a PA Statewide Local Share Assessment grant request and designating Lehigh County Authority Officials authorized to execute all necessary documents and agreements in connection with the grant (8-0).

Suburban Division – Water Main Replacement Program Cycle 7 – Change Order

Chuck Volk reviewed the project that was authorized previously to replace approximately 2 miles of pipe in North Whitehall Township, replacing developer-installed plastic piping that was experiencing a high amount of water loss. He reviewed the need for the change order due to unforeseen site conditions and inaccurate data from the developer. The contractor's original bid was based on water services to be installed via trenchless means. However, subsurface conditions prevented the use of the trenchless system and required open-cut installation, which resulted in an exceedance of unit quantities and costs. There was some discussion regarding the pipe material and leak detection capabilities with plastic pipes. The new pipes installed via this project are ductile iron for the water mains and copper for the service lines.

On a motion by Jeff Morgan, seconded by Marc Grammes, the Board approved the Capital Project Authorization Amendment for the Construction Phase in the amount of \$172,693.00 which includes the General Construction Contract – Contract Change Order for the General Construction to Pact One, LLC in the amount of \$172,693.00 (8-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross reviewed the November report and noted that the only items for the November 25 meeting are the monthly reports for Finance and Operations. Therefore, she recommends canceling the November 25 Board meeting and sending the monthly reports to the Board. She noted that there are some items listed in the report to give a preview of the agenda for the December 9 meeting.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

Ted Lyons commented on a letter his neighbor received from the Authority regarding the water service line material and water quality testing available from the Authority. There was some discussion about the new requirements from the U.S. Environmental Protection Agency regarding removal of service lines made of lead or galvanized material, and the required notifications that were distributed to customers over the past month.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Vice Chairman adjourned the meeting at 12:51 p.m.

Jeffrey J. Morgan
Secretary