

REGULAR MEETING MINUTES

April 28, 2025

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:00 p.m. on Monday, April 28, 2025, Vice Chairman Jeff Morgan 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. Jeff Morgan, Linda Rosenfeld, Marc Grammes and Peter Dent were present for Roll Call and remained for the duration of the meeting. As the attendance at the start of the meeting did not represent a quorum, on the advice of the Authority Solicitor, the meeting was limited to discussion items until a quorum could be reached.

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

Vice Chairman 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 stated there were no changes or additions to the agenda and no executive sessions planned. She noted that the Kline's Island Wastewater Treatment Plant (WWTP) Master Plan item on the agenda was for discussion only and could be reviewed without a quorum.

PUBLIC COMMENTS

None.

Kline's Island WWTP: Master Plan

Stephen Boone provided a detailed presentation of the Kline's Island Wastewater Treatment Plant (WWTP) Master Plan, which was completed in 2024 to meet the requirements of the Allentown Water & Sewer Lease Agreement. He introduced Stephen Gitungo and Patrick Dunlap from Black & Veatch, consultants on the project.

The main objectives of the Master Plan project were to ensure reliable compliance with regulatory requirements and reduce operational risks. Mr. Boone reviewed additional drivers for the plan and the process to complete the planning work. After providing a brief overview of the treatment plant's major components, he reviewed critical focus areas within the plan: preparing for future increases in organic loading, solids handling, hydraulic capacity for wet-weather events, asset management, employee workplace conditions. In each area, Mr. Boone presented key concerns and project approaches outlined in greater detail with the plan.

A major deliverable of the Master Plan is a capital improvements plan (CIP) which was updated from the prior Master Plan that was completed in 2019. Mr. Boone reviewed the recommended projects in the two-year, five-year, 10-year, and 20-year time horizons. Within the next two years, \$48.6 million in projects were outlined. An additional \$52.1 million is recommended in the five-year time horizon, with \$79.8 million outlined for the 10-year horizon. The projects in the first 10 years are focused on preparing for the increased organic loading, improving solids handling, and addressing peak wet-weather flows, along with the replacement of aging systems throughout the plant. Thereafter, he explained, the projects fall into more of a normal cycle of asset-management-based rehab and replacement to maintain the upgraded systems in good working order.

Mr. Boone then reviewed additional projects that may be needed in the future if the WWTP's permitted effluent limits change. These projects are not needed now, but the Authority should begin planning for them in case they become required projects in the future. He also reviewed additional studies that would be beneficial in helping the Authority be prepared for future regulatory or operational changes.

Ted Lyons asked about the limited space available at the WWTP location and whether there are options to acquire adjacent properties. Andrew Moore explained that the WWTP is surrounded by a flood dike and railroad tracks as well as significant elevation changes, making expansion of the plant's footprint unrealistic. Patrick Dunlap added that process changes could be reviewed in the future to reduce the size of certain facilities at the WWTP, such as the large space taken up by the rock media trickling filters. Replacing the rock media with a more compact, modern media could free up space within the existing plant footprint.

Peter Dent asked about the potential to identify industrial users who are discharging waste that contains PFAS, and whether that approach would be viable to reduce or eliminate the need to treat for PFAS in the future. Andrew Moore reviewed the Industrial Pretreatment Program and noted that a process is in place now to begin collecting data about PFAS discharges from industrial users.

Kevin Baker inquired about the workplace improvements that are needed, and whether any immediate needs have been identified to ensure a safe working environment for the Authority's employees. Amy Rohrbach responded that there are projects already under way to address the most pressing needs for workplace safety, and there are no concerns that would warrant having employees vacate any of the existing workspaces.

More general discussion about the Master Plan followed.

Jeff Morgan asked if the Authority has a scorecard of performance from the 2019 Master Plan to illustrate which projects were completed or not completed. Stephen Boone explained that this was one of the first steps in the current Master Plan's development, and the team found that most projects in the 2019 Master Plan that were slated for completion in a five-year timeline had been completed or are in the process of being completed now.

The Board thanked Mr. Boone and the consultants from Black & Veatch for the presentation and discussion.

Liesel Gross noted that Kevin Baker entered the meeting at 12:07 p.m., at which time a quorum was established. Ted Lyons entered the meeting at 12:09 p.m.

APPROVAL OF MINUTES

April 14, 2025 Meeting Minutes

On a motion by Linda Rosenfeld, seconded by Peter Dent, the Board approved the minutes from the April 14, 2025 meeting as presented (6-0).

Resolution 4-2025-2: Omnibus Resolution Update – Delegation of Authority Responsibilities

Liesel Gross reviewed Resolution 4-2025-2, noting that the Board had approved a similar Resolution in January. The intent of the Omnibus Resolution is to comprehensively detail all duties and responsibilities that have been delegated to the staff over time, consolidating all prior Resolutions

into a single document. She explained that since its passage in January 2025, the Omnibus Resolution has been under review by staff, and a recommended modification has been presented for Board consideration. The recommended change clarifies that staff may administratively approve professional service authorizations with a value of less than \$100,000 for larger projects, only through the design phase of the project. The prior Resolution included the term "Preliminary Design," and the recommended change would eliminate the word "Preliminary" to provide clarity to the staff regarding which professional service authorizations require Board approval.

Authority Solicitor, Kevin Reid, read the title Resolution 4-2025-2 for the record.

On a motion by Linda Rosenfeld, seconded by Marc Grammes, the Board approved Resolution 4-2025-2 (6-0).

Allentown Water & Sewer Lease Bonds: Bondholder Consent

Ed Klein provided an overview of the challenges the Authority faces when attempting to secure funding through the Pennsylvania Infrastructure Investment Authority (Pennvest), especially when federal pass-through funding is the primary source of the financing. The Authority had to decline a prior funding offer from Pennvest, including both grant and loan funds, due to the inability to bring the financing to a successful closing. The primary barrier is related to the City of Allentown Water & Sewer Lease Bonds (City Bonds) and the associated Bond Indenture, which does not allow for adequate security for subordinate financing. Mr. Klein noted that about a dozen options to solve the problem had been reviewed with Pennvest, but an amendment to the Bond Indenture appears to be the only viable alternative. He introduced several team members who were present for the Authority meeting, including Chris Gibbons of Concord Public Financial Advisors, Tim Horstmann of McNees, Wallace and Nurick, and Ken Ukaigwe and Bruno Zuccolo of Goldman Sachs.

Chris Gibbons explained that the amendment to the Bond Indenture could be achieved in one of two ways: refinancing at least 51 percent of the bonds or seeking consent for the change from at least 51 percent of the bondholders. In the current financial environment, the refinancing option would cost the Authority an estimated \$76 million, which is not considered to be a viable alternative.

Tim Horstmann reviewed the Pennvest concerns in more detail, explaining that one driver is the requirements that pass through from the federal funding source, so that Pennvest has less flexibility in determining what that can accept as security. He noted that other utilities in Pennsylvania are having similar problems securing financing due to this issue, and other states' programs are similarly challenged. However, he has been in frequent contact with Pennvest's general counsel and believes the Bondholder Consent process will satisfy the concerns that have been raised.

Ed Klein explained the Bondholder Consent process and costs, noting the estimated consent fee to be paid of 0.25 percent for all bonds agreeing to the consent. Chris Gibbons explained that the range of consent fees for similar transactions have ranged from 0.1 to 0.25 percent, so the consent fee for the Authority is unlikely to be higher than that.

There was significant Board discussion about the process and risks associated with seeking Bondholder Consent. Tim Horstmann explained that the amended Bond Indenture would not eliminate any protections for primary bondholders. Instead, it would be adding some additional protections that don't currently exist for secondary bondholders such as Pennvest.

Ted Lyons asked about the current state of federal funding and whether additional grant funding would continue to be available. Liesel Gross explained that the large volume of federal grant funding for programs such as lead service line replacements and water treatment for PFAS does not appear to be at risk. However, even after those programs end, the state revolving funds will continue to

receive federal funding for the foreseeable future. The state revolving fund program is a popular and necessary program, and the Authority should continue to leverage this low-cost source of infrastructure funding.

There was some additional discussion about the risk of not achieving Bondholder Consent. Ken Ukaigwe explained that Goldman Sachs has completed many of these transactions and feels confident in their process. They will be conducting outreach with bondholders in advance to make sure they understand the request for consent, which will provide the opportunity to modify the language to address any concerns expressed by the bondholders. He explained that if Bondholder Consent is not achieved in the first attempt, additional outreach can be conducted prior to making additional attempts. More discussion followed regarding the fees and risks.

Ed Klein provided an overview of the benefits of pursuing Bondholder Consent, including creating opportunities for additional grant funding and low-interest financing for the Authority's projects.

On a motion by Marc Grammes, seconded by Linda Rosenfeld, the Board authorized the staff to pursue Bondholder Consent, retaining services from various legal and financial advisors, and incurring costs up to \$2 million for the Bondholder Consent process (6-0).

Lead Service Line Replacement Project Cycle 1, Plumbing Contract

Liesel Gross reviewed the project background, noting that the Board approved a construction phase project amendment for the Lead Service Line Replacement Project, Cycle 1, following the withdrawal of project funding via the Pennvest program. The project amendment included an alternative project approach whereby the Authority would self-fund and self-perform the lead service line replacements. At the time, it was noted that a private plumber would be required to perform certain portions of the project that will occur on private property, but a plumber had not yet been identified at that time.

Reni Keane-Dengel reviewed the process of interviewing and field-testing work by multiple plumbing companies. Upon staff review, the recommended service provider was identified as Agentis Plumbing (Agentis) due to high workmanship and readiness to perform the work in partnership with the Authority. He noted that Agentis has a dedicated crew ready for this project, and they are taking steps to build a second dedicated crew if needed. The project team recommends contracting with Agentis for the Cycle 1 project.

Chris Moughan explained that in addition to completing the approximately 150 private-side lead service line replacements in the Cycle 1 project, the Authority staff routinely encounter the need to replace lead service lines along the normal course of conducting maintenance activities or emergency repairs throughout the system. An operational contract for on-call services to replace private-side lead service lines will streamline the process and help ensure the Authority meets the compliance timelines set out by the new U.S. Environmental Protection Agency regulations. Agentis is recommended for this work.

Liesel Gross noted that Agentis is registered with CoStars, which eases the contracting process. She also explained that the Board previously authorized the funds for this work, when the project amendment was approved in January. Therefore, the authorization requested today is focused solely on the contract award to the selected plumbing contractor.

On a motion by Peter Dent, seconded by Ted Lyons, the Board authorized staff to execute a contract with Agentis Plumbing to perform the private plumbing work required within the Lead Service Line Replacement Program, Cycle 1 project, as well as a separate contract with Agentis Plumbing to perform the private plumbing work required on an as-needed, operational basis (6-0).

MONTHLY FINANCIAL REPORT

Ed Klein gave an overview of the March 2025 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. Mr. Klein reported that a \$4.1 million variance exists in the Suburban Wastewater fund due to the timing of borrowing and capital spending. He noted that the next steps in financial reporting for 2025 will include developing a new forecast for the second quarter, which will include a deeper review of financial performance of the Suburban Wastewater fund and capital spending across all funds.

There was some discussion about interest earnings, which have exceeded budget projections. Ed Klein explained the budget used conservative estimates and he has been converting more idle cash into investments, so earnings are higher than expected. He explained that “idle cash” is a term used to describe cash that is sitting in a bank account not earning interest and not earmarked for any specific operational use or reserve requirement.

MONTHLY SYSTEM OPERATIONS OVERVIEW

Andrew Moore reviewed the March 2025 report, noting there were no safety incidents during the month. He noted that sewage flows continue to be lower than normal due to lower groundwater levels and less precipitation. Lehigh County remains in a Drought Watch despite some good rainfall in March. He then reviewed compliance performance for the month, highlighting permit exceedances and a boil advisory issued in the Madison Park North water system.

Kevin Baker asked if the Authority has a position on water fluoridation considering recent news articles on this topic. Andrew Moore noted that the City of Allentown had enacted an ordinance requiring the addition of fluoride to the City’s water supply at a minimum level of 0.5 milligrams per liter, which the Authority must comply with. In addition to Allentown, fluoridated water is also delivered to customers in the Authority’s Central Lehigh and North Whitehall divisions as a result of purchasing water that contains fluoride from neighboring systems.

STAFF COMMENTS

None.

SOLICITOR’S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

Jennifer McKenna, City of Allentown (City) Office of Compliance, commented that the City appreciates the Authority’s efforts to pursue the changes necessary to be able to take advantage of low-cost project financing via the Pennvest program.

BOARD MEMBER COMMENTS

None.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Vice Chairman adjourned the meeting at 1:54 p.m.

Linda A. Rosenfeld
Secretary