

WORKSHOP MEETING MINUTES
October 19, 2015

The Workshop Meeting of the Lehigh County Authority was called to order at 12:21 p.m., on Monday, October 19, 2015, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Tom Muller, Richard Bohner, Norma Cusick, Scott Bieber, Ted Lyons and Deana Zosky. Authority Staff present were Aurel Arndt, Liesel Adam, Ed Klein, Pat Mandes, Frank Leist, Brad Landon, John Parsons, Chuck Volk and Lisa Miller.

REVIEW OF AGENDA

Aurel Arndt stated that there will be two items under Information Items, and the Executive Committee will have an Executive Session.

Public Comment

None.

ACTION AND DISCUSSION ITEMS

2016-2025 Capital Plans

Frank Leist stated that LCA has received comments on the 2016-2025 Suburban Division, Allentown Division and Administration Capital Plans from the Lehigh Valley Planning Commission as well as comments from the City of Allentown on the Allentown Division Capital Plan. LVPC commented on the additional water supply capacity to LCA's Upper Milford Township system with regard to a proposed new development. Frank Leist clarified the comment. He also addressed the comments made by the City regarding various capital projects. Some discussion followed. Aurel Arndt updated the Board on the status of AD-S-18 Facility Roof Replacements. LCA discussed the Capital Plans with Boston Beer addressing their concerns for how the plan would affect them. They had no opposition to the Capital Plans.

On a motion made by Richard Bohner, seconded by Norma Cusick, the Board unanimously approved the 2016-2025 Capital Plans (8-0).

2016 Budget

Aurel Arndt noted that the bond coverage requirement for the City Division has improved at the end of the 3rd quarter 2015. Ed Klein presented the 2016 Budget with a Powerpoint presentation that featured the budget highlights. The Board requested detailed budget summaries and a copy of the Powerpoint presentation. Aurel Arndt stated that LCA's biggest concern is that the estimated revenues for the City Division were below those anticipated based on City budgets presented as part of the Concession process.. He explained debt retirement and debt refinancing. Discussion followed. He also explained that under the Concession Agreement, LCA is entitled to establish capital recovery fees. If LCA can establish a capital recovery fee based on LCA's capital expenditures, we can increase the revenue stream. The Budget will be presented at the October 26 Board meeting for approval.

Allentown Division – 2016 Rate Schedule

Liesel Adam presented the 2016 Rate Schedule. The only change for 2016 is that the monthly fixed charges for meters sizes 1" and smaller are being removed. She also explained that according to the concession lease agreement, the water and sewer rates for the Allentown Division customers may increase in January 2016. LCA's rates in both the Allentown and Suburban Division are the lowest in the Lehigh Valley.

On a motion made by Scott Bieber, seconded by Norma Cusick, the Board unanimously approved the Allentown Division 2016 Rate Schedule (8-0).

INFORMATION ITEMS

Aurel Arndt stated that there will be a set of additional rates presented to the Board at the December meeting. Part of the package will be the Western Lehigh Interceptor rates and the Capital Recovery fees. There was some discussion on forecasting. Pat Mandes explained that LCA bases its rates on actual flows and lows and not a fixed rate. Some discussion followed.

Aurel Arndt informed the Board that on October 29, LCA will have settlement on the 2015 A Bond sale. This is the bank note we awarded to National Penn Bank.

Pat Mandes gave an update to the EPA Administrative Order. The EPA has responded to LCA and is giving LCA an Order Extension on Consent until 12-31-17. Pat said that LCA is in discussion with the City. There was some discussion on SSO's. Aurel Arndt said that meeting the plan requirement does not necessarily mean plan approval. Affordability is a big issue.

SYSTEM OPERATIONS OVERVIEW

None.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

OTHER COMMENTS

None.

EXECUTIVE SESSION

The Chairman called an Executive Session at 2 PM to discuss the Concession.
The session ended at 2:10 PM.

The Chairman called an Executive Session at 2:10 PM for an Executive Committee discussion.
The session ended at 2:20 PM.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:20 p.m.

Richard H. Bohner, Secretary