

REGULAR MEETING MINUTES
April 25, 2016

The Regular Meeting of the Lehigh County Authority was called to order at 12:10 p.m., on Monday, April 25, 2016, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Tom Muller, Richard Bohner, Norma Cusick, Scott Bieber and Deana Zosky. Ted Lyons was on the conference phone and did not participate in any discussion or vote. Authority Staff present were Liesel Gross, Ed Klein, Brad Landon, John Parsons, Chuck Volk, Pat Mandes and Lisa Miller.

REVIEW OF AGENDA

Chairman Nagle stated that there will be an Executive Session after the regular meeting to discuss potential litigation.

APPROVAL OF MINUTES

April 11, 2016 Regular Meeting Minutes

Richard Bohner said there are two corrections that need to be made. The first one is the second line under Public Comments, the word should be *odor*, not *odors*, and second on page 3, the vote should read (4-1), not (4-0-1). On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of the April 11, 2016 Regular meeting as corrected (5-0). Linda Rosenfeld, Scott Bieber and Kevin Baker abstained because they were not in attendance.

PUBLIC COMMENTS

Matt Szuchlyt, Rep. Pat Browne's office, introduced himself to the Authority and said that he was present to keep the Representative informed of any important issues.

ACTION AND DISCUSSION ITEMS

Financial Health / Revenue Modeling – continued discussion from March Board meeting

As a follow-up to the March Board meeting, Ed Klein presented additional details on the Authority's revenue requirements in the Suburban Division, focusing on key indicators such as change in net position, cash flow, and debt service coverage. In his presentation, he recommended that a revenue model be used by the Authority based on the philosophy that revenues should cover all operating expenses plus depreciation and planned capital expenses for system repair and replacement activities, and that future borrowing should be limited to revenue-enhancing projects and unplanned / emergency projects. The model as presented would help the Authority achieve financial sustainability and rate stability.

Additional discussion followed, with several Board members requesting to see the financial statements that were used to prepare the presentation. Deana Zosky asked several questions related to where the additional revenue would come from, and how the financial statements were used to produce the model, especially how capital expenses are calculated and incorporated into the model. The Board also discussed the need for a rate study, and what information a rate study could provide to help further this discussion. Liesel Gross explained that the purpose of the discussions at this point is to gather Board feedback on the philosophical shift to incorporating depreciation and capital expense into the calculation of revenue requirements, versus relying more heavily on financing such expenses.

Ed Klein agreed to prepare additional information to help answer the Board's questions, possibly convening another Finance Committee meeting to review details in the interim.

Lead in Drinking Water – Discussion of LCA Water Testing Program

As a follow-up to a presentation on lead in drinking water given to the Board in March, Liesel Gross presented additional details about the issue and the recommended next steps the Authority should take. She presented data related to blood lead levels reported by the Pennsylvania Department of Health, lead levels in water as reported by water utilities in Pennsylvania, and other information about research that is ongoing

related to lead service lines and public education about lead in drinking water. The recommendations she presented for the Authority's next steps included continued monitoring of regulatory changes and industry research, efforts to build a network of health professionals to discuss lead issues on a holistic basis, public education efforts, developing an inventory of service line information for the Authority's systems, and offering water testing to customers who are concerned about lead in drinking water.

Lengthy discussion followed, including several clarifying questions about the presentation.

Deana Zosky discussed easy, low-cost ways to remove lead from tap water by flushing the faucets prior to use. She also highlighted homeowner responsibility for water quality related to plumbing materials located in the home. Her comments also highlighted the risk of lead exposure among all water users, including private well owners, due to the interior plumbing in individual homes.

Tom Muller recommended that the Authority follow-up on any homes included in the required lead and copper monitoring done in 2013 that showed lead levels above the threshold of 15 parts per billion as a way to understand more about where lead is coming from in those homes. This information may be helpful in preparing public education materials about the potential sources of lead in drinking water that can be shared with all customers. Liesel Gross responded that this effort would be added to the program for staff to follow-up on. In addition, because the Authority will be testing for lead and copper in 2016 as part of the regular three-year monitoring cycle, if any of the homes that previously had higher results are included in the 2016 round of testing, the new results can be compared to the prior results to determine if there is any change and why.

Liesel Gross highlighted that the Lehigh County Board of Commissioners had proposed a Resolution regarding this issue, to be considered at their April 27, 2016 meeting. The Resolution requests the Authority take specific steps to offer water testing for lead, report test results to regulatory agencies, make test results available to the public, and immediately notify customers who have a lead service line or whose service line material is unknown. Following Board discussion, she agreed to notify the Commissioners of the Authority's planned course of action, which includes many of the initiatives the Commissioners have requested and includes several additional initiatives beyond the scope of the Commissioners' request.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the fee to be added to the schedule of rates and charges of \$30 per sample for Authority customers requesting a water test for lead (8-0).

Ted Lyons left the meeting at 2:10 p.m. by hanging up his telephone.

MONTHLY FINANCIAL REVIEW

Ed Klein did not present a report for this meeting due to time constraints associated with the ongoing audit. He also informed the Board that the audit will not be completed by the April 30, 2016 deadline due primarily to new government accounting standards that required an actuarial study of the Authority's pension program. This study was completed and provided by the Pennsylvania Municipal Retirement System last week, which was later than anticipated, and so the auditors require additional time to incorporate the results into the final documents.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the report that was attached to the Board agenda.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

OTHER COMMENTS

None.

EXECUTIVE SESSION

The Chairman called an Executive Session at 2:19 p.m. to discuss potential litigation.

The Executive Session ended at 2:40 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:40 p.m.

Richard H. Bohner
Secretary