

REGULAR MEETING MINUTES

August 31, 2015

The Regular Meeting of the Lehigh County Authority was called to order at 12:15 p.m., on Monday, August 31, 2015, Acting Chairman Emrich Stellar presiding. Other Members present at the commencement of the meeting were: Norma Cusick, Ted Lyons, Scott Bieber and Deana Zosky. Authority Staff present were Aurel Arndt, Liesel Adam, Pat Mandes, Frank Leist, Brad Landon, John Parsons, Chuck Volk, Bob Keenan and Lisa Miller.

PUBLIC COMMENTS

Mike Siegel of Lower Macungie Township was present at the meeting and addressed the Board asking for more transparency regarding the EPA Administrative Order and the Budget. He also stated that he would like to see more information on the LCA website as to what is being done with specific projects including the sewer system and I & I issues. Additionally, he suggested that there is a drought and he has concerns regarding the Little Lehigh Creek flows. Aurel Arndt stated that LCA has been at the forefront with its efforts with Western Lehigh Interceptor signatories and put together a coalition regarding the EPA Administrative Order. There has been a public meeting and ongoing meetings with the municipalities in Western Lehigh to coordinate efforts.

Deana Zosky stated that she would like to see reporting on progress made toward accomplishing specific objectives outlined for the Administrative Order projects. There was some discussion regarding projects and reports on the LCA website. Liesel Adam said that many of LCA's reports are on the website and that we can look into ways to make them easier to locate.

Scott Bieber commented on the drought and said that since LCA has the agreement with Allentown it is pumping less water out of its wells than it had been. Aurel Arndt confirmed that to be true and explained the advantage of conjunctive water use. Since LCA is now responsible for the City system, it monitors the Little Lehigh flows because of pass by requirements that it must maintain. The fact that the Klines' Island Wastewater Treatment Plant is downstream of the Little Lehigh basin, essentially all that is arriving at that plant is reflective of what is happening up stream. Today LCA is drawing at the permitted levels. These levels and withdrawals are watched on an ongoing basis and if these circumstances would change, then the supply configuration would change and we would go to the Lehigh River as an alternative. In general, LCA uses the springs as a primary source. In regard to Lower Macungie Township, we have a monitoring program that is ongoing with Wells 8 and 12 and provide the Township with reports so the Township is aware of the groundwater circumstances and implications of withdrawal from those LCA wells. LCA also has ongoing communication with USGS regarding the gauging stations. Data from the USGS gauges is continuous in real time and the data from LCA's monitoring wells is once per month. More discussion followed.

David McGuire was present representing the Sierra Club of the Lehigh Valley to discuss transparency and water quality. He stated that the Board meeting time is not conducive to public participation and would like to see the meetings moved to the evening. He also stated his dissatisfaction with past LCA meetings. He was also interested in discussing the Biosolids Land Application Contract that was on the Agenda. He commented that the choice of disposal and application of biosolids are contested in the environmental community and he feels that LCA does not create opportunities to engage communities or the Environmental Advisory Council to comment on this process.

Mr. McGuire said he recently had an issue with accessing his water through the curb box and LCA personnel gave excellent service while trying to resolve his issue.

Emrich Stellar thanked Mike Siegel and David McGuire for their comments. Brad Landon stated that there was a time when the Board held their meetings in different municipalities in the evening and most meetings had no public attendance.

REVIEW OF AGENDA

Aurel Arndt said that he has two additions to the Agenda. One is an Executive Session after the regular meeting to discuss personnel issues and second, during the Solicitor comments, Brad Landon has a policy issue he would like the Board to reconsider.

APPROVAL OF MINUTES**July 27, 2015 Workshop Meeting Minutes**

On a motion by Norma Cusick, seconded by Deana Zosky, the Board unanimously approved the Minutes of July 27, 2015 (5-0).

ACTION AND DISCUSSION ITEMS**2015 Audit**

Aurel Arndt recommended approval of a one year extension to the contract for audit services to Zelenofske and Axelrod. The cost is the same as the 2014 audit fee. He also recommended going through the solicitation process for a full service audit in 2016.

On a motion by Scott Bieber, seconded by Norma Cusick, the Board unanimously approved a one year extension to the contract for auditing services to Zelenofske and Axelrod (5-0).

Water System Financing

Chris Gibbons of Concord Public Financial Advisors and Kevin Reid of King, Spry, Herman, Freund & Faul were present to discuss the refinancing of the Water Revenue Bond, Series of 2008 and review the bids received. Aurel Arndt gave an overview and said the bond fixed rate will expire on November 1, 2015 at which time the 2008 bond will revert to a variable interest rate. LCA authorized Concord Public Financial Advisors to solicit proposals to refinance the 2008 bond. Their recommendation is to take the proposal from National Penn Bank. Some discussion followed. Kevin Reid gave an overview of the refunding project and reviewed Resolution 8-2015-1. He stated that this project is consistent with the Indentures. Some additional discussion followed. Brad Landon asked that the wording "not to exceed" be added to the second sentence of the title of the Resolution and again on page 3, 1A.

On a motion by Norma Cusick, seconded by Ted Lyons, the Board unanimously approved Resolution 8-2015-1 (5-0).

2013/2014/2015 Benchmarks

Aurel Arndt summarized the 2014 Benchmark Overview. He said for 2014, the Suburban Division met all 20 goals except for 3, Customers Receiving Delinquency Notices, Wastewater Treatment Effectiveness and Unaccounted for Wastewater Flow. The City Division met 2 out of 6 goals, Bond Coverage and Net Final Project Cost. There was some discussion regarding how these Benchmarks are selected. There was also discussion on doing the Benchmarks more routinely and in alignment with the monthly Budget. Additional discussion was held on the various Benchmarks.

Aurel Arndt commented that Linda Eberhardt gathered the data for the Benchmarks and also the 2nd Quarter Financials and thanked her for all her effort in getting this done.

2nd Quarter 2015 Financial Statement

The 2nd Quarter 2015 Financial Statement was presented to the Board for approval. The Suburban Division continues on the positive side. The City Division does have some challenges. Aurel Arndt explained the rates. The Board noted that the debt service ratio needs discussion.

On a motion made by Scott Bieber, seconded by Norma Cusick, the Board accepted the 2nd Quarter 2015 Financial Statement (5-0). Deana Zosky said that she would like to see the Budget number shown against the actuals.

2016 Budget Assumptions

Aurel Arndt reviewed the 2015/2016 Budget Overview sheet as presented to the Board. The bond coverage requirements were discussed. The 2016 City Division Budget will have a shortfall unless additional action is taken. Aurel Arndt stated that part of the problem is that the revenue modeling used long term inflation history and currently the CPI is 0%. Another compounding issue is the wastewater revenue drop off. Expenditures and Operational personnel costs regarding capital projects will be looked at closely in attempt to close this shortfall.

Suburban Division – Pumping Station Projects (SCADA)

Frank Leist gave an overview of the project. He is asking for approval of Capital Project Authorization Amendment No. 1 for the Central Lehigh Division Pumping Station SCADA in the amount of \$73,593, the Capital Project Authorization Amendment No. 1 for the Pine Lakes Pumping Station SCADA in the amount of \$53,839, the Capital Project Authorization Amendment No. 1 for the Crestwood Pumping Station SCADA in the amount of \$53,013, and the Professional Services Authorization to Aptus Control Systems, Inc. in the amount of \$149,045. The Central Lehigh Division Pumping Station SCADA project will provide the capability to pump water from the Lower to the Upper system of the Central Lehigh Service Area of the Suburban Division. Costs are within the Budget.

On a motion made by Scott Bieber, seconded by Norma Cusick, the Board unanimously approved the Capital Project Authorization Amendment No. 1 for the Central Lehigh Division Pumping Station SCADA in the amount of \$73,593, the Capital Project Authorization Amendment No. 1 for the Pine Lakes Pumping Station SCADA in the amount of \$53,839, the Capital Project Authorization Amendment No. 1 for the Crestwood Pumping Station SCADA in the amount of \$53,013, and the Professional Services Authorization to Aptus Control Systems, Inc. in the amount of \$149,045 (5-0).

Roof Replacement Project – Pretreatment Plant

Chuck Volk gave an overview of the project. He is asking for approval of the Capital Project Authorization for the Construction Phase of the project in the amount of \$900,000 and to award the contract to Pro Com Roofing Corp. in the amount of \$393,000. The warranty is for 30 years. He stated that D'Huy Engineering has worked with Pro Com Roofing Corp. before but LCA has not.

On a motion by Ted Lyons, seconded by Norma Cusick, the Board unanimously approved the Capital Project Authorization for the Construction Phase of the project in the amount of \$900,000 and awarded the contract to Pro Com Roofing Corp. in the amount of \$393,000 (5-0).

Biosolids Land Application Contract

Aurel Arndt gave the background on the Biosolids Disposal contract. The cost is going up to \$17.50 per wet ton from \$17.39 per wet ton. The term of the contract is 3 calendar years commencing on March 1, 2016. LCA has the option to renew the agreement for two additional years of separate one year terms. Discussion followed and Pat Mandes explained the process.

On a motion by Norma Cusick, seconded by Scott Bieber, the Board unanimously approved the Agreement with Synagro Central LLC for the Biosolids Disposal contract (5-0).

SYSTEM OPERATIONS OVERVIEW

Nothing to report.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

Brad Landon stated that our Main Extension Policy requires that developers put up bond security. The policy states that a letter of credit is acceptable. He said that Jaindl Corp. has asked us to decrease the holding of the stock value from 200% to 120%. Discussion followed. It was recommended that the particulars of LCA ability to access any assets on a default be clarified.

OTHER COMMENTS

None.

EXECUTIVE SESSION

The Acting Chairman called an Executive Session at 3:06 p.m. to discuss a personnel matter.

ADJOURNMENT

There being no further business, the Acting Chairman adjourned the meeting at 3:58 p.m.

Norma Cusick
Acting Secretary