

REGULAR MEETING MINUTES
September 26, 2016

The Regular Meeting of the Lehigh County Authority was called to order at 12:13 a.m. on Monday, September 26, 2016, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Tom Muller, Norma Cusick, Scott Bieber, Ted Lyons and Deana Zosky. Authority Staff present were Liesel Gross, Ed Klein, Frank Leist, Brad Landon, Chuck Volk, John Parsons, Phil DePoe and Lisa Miller.

REVIEW OF AGENDA

Liesel Gross stated that there are two additional items to the Agenda under Staff Comments and an item for Executive Session regarding potential litigation. The order of the agenda was adjusted due to the anticipation of a lengthy Budget presentation.

APPROVAL OF MINUTES

September 12, 2016 Regular Meeting Minutes

Scott Bieber said he would like to see the vote on the 2017-2021 Capital Plan reflect the no vote by Deana Zosky and the reason why. The Board said that moving forward, the Minutes should reflect a negative vote including the reason why. Liesel Gross stated that there were no additional comments after the vote and that Ms. Zosky's comments were captured in the Minutes. Ms. Zosky confirmed that the Minutes explain why she voted no.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the Minutes of the September 12, 2016 meeting as amended (7-0). Tom Muller abstained.

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Resolution #9-2016-2 Authorizing Management Staff to Institute Certain Employee Policies

Liesel Gross reported the Resolution is a follow-up to prior discussion related to employee policies, in which the Board agreed that employee policies that have a discretionary financial impact should be brought to the Board for approval, and to allow staff to develop and approve other policies that may be required by law on an administrative basis. The resolution was drafted to also include language regarding Conflict of Interest. The Board commented that any policy changes that might have a detrimental impact on the Authority's image should be clarified and reported to them along with a report on any policy changes that change the risk the Authority may face as it relates to employee actions. Liesel Gross agreed this information could be included in monthly reports already provided to the Board, and explained the purpose of the Resolution is to allow the Staff to administratively write and adopt policies required by law and bring any policy with a discretionary type of financial impact to the Board for approval. Deana Zosky suggested that approvals or authorizations delegated to staff should have process control and review procedures in place and stated to ensure proper segregation of duties. Ms. Zosky also requested the word *delegates* changed to *provides* under paragraph 1. Ms. Gross stated that a process is already in place regarding segregation of duties but will codify it in the Resolution and a new draft of the Resolution will be brought back to the Board.

Purchasing Financial Guideline revisions

Liesel Gross explained that some minor changes in language have been made to this policy along with one more significant change related to how Emergency declarations are addressed for purposes of authorizing emergency purchase of materials or services. Some discussion followed.

On a motion by Ted Lyons, seconded by Norma Cusick, the Board approved the revisions to the Purchasing Financial Guidelines (8-0).

Board Meeting recordings

Liesel Gross updated the Board on the proposals received to install a system to allow for recording of Board meetings, the cost of which falls below the Purchasing Guidelines thresholds. Microphones would be installed so sound would be heard on the video. The Board stated their concern regarding sound and being able to hear the meeting when on the conference phone. Ms. Gross said Staff will look into those improvements as a separate effort as the phone system is administered by a separate contract. The Board asked about the potential for live streaming the meetings, which is not included in the current set of proposals, and directed the Staff to investigate costs and set up. The Board agreed to proceed with a recording and video system.

Upper Milford-Central Lehigh Division Interconnection

Frank Leist reviewed the highlights of the project for the Board. He stated the reason for the request for the interconnection is to provide water service to the 125-lot Kohler Tract subdivision and the Authority has agreed to share in the costs. Mr. Leist reviewed the cost sharing and explained the calculations. The Board had concerns with financing a developer. Mr. Leist explained the benefits to the Authority noting that it will improve water service and save money long term. In addition, when paying for improvements through a financing arrangement, all LCA costs are recovered, plus 1 percent. Ed Klein commented that the financial impact of the project is a net positive with an overall rate of return of 9.8 percent when accounting for future revenues and reduced operating expenses. Mr. Leist reviewed how the contribution is calculated and stated that the project is in accordance with the Authority's Assisted Water Main Extension Financing Policy and the Water Service Agreement with Upper Milford Township.

Mr. Leist requested approval of the interconnection project as presented in the memo based upon the associated Authority proportional cost sharing percentages as reviewed and discussed. He also asked for a variance to the Authority's contribution policy by inclusion of certain costs that are normally excluded from the allowable cost categories for the purpose of sharing project costs for the off-site main extension because of the system benefit that it will provide. The impact of approving the variance would be approximately an additional \$42,000.00 cost to the Authority. The Board expressed its concerns with the variance as providing additional incentive for the developer that is outside of normal Authority policy. Mr. Leist also requested approval of allowing the Authority to offer financing to the developer, should it be requested, for the pumping station project, which type of facility is not specifically included in the Authority's developer financing policy. Deana Zosky stated that the policy says that the Authority *may* provide financing, not that the Authority *must* provide financing. Mr. Leist agreed and commented that the action requested is simply to allow the Authority to implement the financing policy should the developer request it. Mr. Leist is also requesting authorization for the Authority to obtain the offsite water main extension easements that may be required, and authorization for the Chief Executive Officer to execute the necessary agreements to implement the project.

Chairman Nagle called an Executive Session at 1:23 p.m. to discuss real estate negotiations. The Executive Session ended at 1:27 p.m.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the interconnection project based upon the associated Authority proportional cost sharing percentages for the Pumping Station not to exceed the percentage shown in Table-1 in the memo and for the off-site water main extension not to exceed by more than 5% of the percentage shown in Table-1 in the memo (7-1). Deana Zosky opposed. Ms. Zosky stated that she will vote against four out of the five requested action items not because of the project itself, but to express her opposition to providing so many variances to existing Authority policy. In her opinion, if the Authority grants variances on many of the items in its policies, then why have the policies. Organizationally, she is opposed to doing business this way and feels that the Authority should have a more systematic approach and adhere to its existing policies.

On a motion by Tom Muller, seconded by Norma Cusick, the Board moved to approve the variance from the Authority Contribution Policy and to allow the inclusion of certain costs (totaling \$42,000.00) that are normally excluded from the allowable cost categories for the purpose of sharing project costs for the off-site main extension as set forth in the memo (4-4). Deana Zosky, Scott Bieber, Kevin Baker, and Ted Lyons opposed the motion. Motion failed.

On a motion by Norma Cusick, seconded by Ted Lyons, the Board approved allowing the Authority to assume responsibility for obtaining certain easements required for the off-site water main extension as set forth in the memo (7-1). Deana Zosky opposed.

On a motion by Tom Muller, seconded by Norma Cusick, the Board approved allowing the Authority to offer financing to the developer for his respective share of the Pumping Station costs as set forth in the memo (8-0).

On a motion by Norma Cusick, seconded by Scott Bieber, the Board approved allowing the Chief Executive Officer to approve and execute the necessary Agreements between the developer and the Authority, to include but not be limited to Pump Station Cost Sharing Agreement, water main upsizing provision in the Developer's Water System Agreement; if applicable, Financing Agreements for the Off-site Main Water and Pumping Station; and authorize design phase of the Pumping Station project with execution of associated professional services contracts (7-1). Deana Zosky opposed.

MONTHLY FINANCIAL REVIEW

The August 2016 Financial report was attached to the Board agenda. No comments were made.

SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the August 2016 report that was attached to the Board agenda.

STAFF COMMENTS

Liesel Gross reported the Authority received a certificate of recognition from Delaware Valley Workers' Compensation Trust for exemplary achievement and leadership in minimizing workplace injuries and illness during 2015.

Ms. Gross also brought up a question from the Board regarding the article in The Morning Call which claims the Waterfront Development Company installed utilities directly above major sewer lines owned by Coplay-Whitehall Sewer Authority. Frank Leist addressed the Board's concerns by informing them of the Authority's process for reviewing plans submitted by developers when other utilities may traverse the Authority's easements.

2017 Preliminary Budget

Liesel Gross said that Ed Klein will present the preliminary 2017 Budget and described the timeline and procedures for the upcoming meetings for the Budget. At the October 10, 2016 meeting, there will be a line item review of the Budget. Ms. Gross asked the Board to consider the October 10, 2016 meeting be held at 6:30 p.m. to allow for public input. At the meeting on October 24, 2016, the Budget will be refined to include any adjustments, and approval requested at that meeting. A special meeting has been scheduled for October 31st should the staff and Board need additional time to refine the Budget for approval. The Board agreed to the October 10, 2016 meeting to be held at 6:30 p.m. and directed the Staff to advertise.

Ed Klein presented a PowerPoint presentation to the Board to review the 2017 preliminary Budget. Deana Zosky asked the Staff for information on customer water and sewer rates that relate to the projected increases in revenues included in the budget.

SOLICITOR'S COMMENTS

Brad Landon stated that he has an item for Executive Session related to potential litigation.

PUBLIC COMMENTS / OTHER COMMENTS

None.

Chairman Nagle called an Executive Session to discuss potential litigation at 2:26 p.m. The Executive Session ended at 2:31 p.m.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved Resolution 9-2016-1 authorizing Management approval of certain claims and litigation settlements (8-0).

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:32 p.m.

Norma A. Cusick
Assistant Secretary