

## Board of Directors • Meeting Minutes

**DATE:** October 22, 2021

**TIME:** 7:30 a.m.

### Attendance

**BOARD OF DIRECTORS:** Brubaker, Blowers, Deerin, Dzurik, Gordon, Houck, Rettew, Ulrich, and Weibel.

**STAFF:** Adams, Barnett, Capots, Cutarelli, Gross, Henderson (Legal Counsel), Marsh, Rutter, Sellers, Youngs, and Zorbaugh.

**ALSO PRESENT:** Dave Sharp from Covanta and Dr. Leslie Osborne.

**NOTE:** LCSWMA is a life sustaining business under applicable Commonwealth of Pennsylvania actions and critical infrastructure under applicable Federal guidance. This meeting of the Board of Directors was held in person and virtually. All individuals attending the meeting could hear, and be heard by, all other attendees.

### Opening

Chairperson Brubaker requested a moment of silence followed by the pledge to the flag.

### Approval of Minutes

#### Action Items

**1. BOARD ACTION NO. 1: APPROVAL OF MINUTES OF SEPTEMBER 17, 2021**

Chairperson Brubaker asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of September 17, 2021, as distributed.

**Motion:** G. Rettew

**Seconded:** J. Deerin

**Adopted:** Unanimously

### Public Comment

None

### Chief Executive Officer

Mr. Zorbaugh provided highlights on positive trends in tip revenue compared to forecast. In addition, he reported on the impact of COVID-19 on the workforce in September.

Mr. Zorbaugh and Ms. Marsh provided details of the legislative tour at LCSWMA's WTE, including the honor of receiving a proclamation recognizing LCSWMA for focusing on diversified business opportunities, green operation practices and long-term community sustainability. The award was presented by Senator Scott F. Martin and Senator Ryan P. Aument. Mr. Zorbaugh emphasized the positive discussion, and the high-level tour led by Kevin Connor and Dave Sharp of Covanta.

Mr. Zorbaugh also provided news of the legislative efforts to possibly increase the grant funding for household hazardous waste programs after years of stagnant grant funding.

In addition, Mr. Zorbaugh provided information on upcoming meetings of importance, including the Manor Township Annual Meeting and the Citizens Advisory Committee Meeting, both of

which take place on November 3<sup>rd</sup>, as well as travel to London in early November where he, Mr. Henderson and Mr. Youngs plan to participate in 14 meetings over two days to introduce LCSWMA to new insurers within property coverage markets.

Finally, Mr. Zorbaugh provided a detailed report on the update to the fire suppression system.

### **Chief Financial Officer**

Mr. Youngs provided a detailed report on monthly financials, including tonnage, revenues, expenses, and the net position. The Authority received 87,557 tons in September, significantly exceeding budget by 8,334 tons [+10.5%] as a result of strong contract refuse, C/D, and residual waste volume. Significant rainfall throughout the month substantially influenced these elevated waste volumes and should be considered when reviewing the month's performance. Tipping, energy and other operating revenues totaled \$8.5M, exceeding budget by +\$1.1M [+15.3%].

Mr. Youngs provided an overview of the financial position, highlighting EBITDA, Balance Sheet, Income Statement, Cash Flow Summary, Analytics and Trade Receivables. Mr. Youngs also provided further insight on total operating expenses, support expenses, and liquidity. In addition, Mr. Youngs commented on the challenging workforce market and the resiliency of LCSWMA staff to meet those challenges.

Additionally, Mr. Youngs detailed the IT penetration test by Candoris, providing its findings on strengths and risks, and the recommendations for next steps in protecting LCSWMA's information technology network and systems.

Lastly, Mr. Youngs provided an overview of EBITDA performance and the positive trend outpacing the prior two-year performance .

### **Action Items**

#### **2. Board Action No. 2: MOTION TO APPROVE SEPTEMBER DISBURSEMENTS**

Chairperson Brubaker asked for a motion to approve Disbursements for September 2021 for the total combined amount of \$4,014,307.74.

**Motion:** K. Weibel

**Seconded:** L. Houck

**Adopted:** Unanimously

#### **3. BOARD ACTION NO. 3: MOTION TO APPROVE THE 2021 AUDIT**

Chairperson Brubaker asked for a motion to approve the Annual Audit Engagement Agreement for the year ended December 31, 2021.

**Motion:** G. Rettew

**Seconded:** S. Ulrich

**Adopted:** Unanimously

#### **4. BOARD ACTION NO. 4: MOTION TO APPROVE RESOLUTION NO. 2021-14 TO ESTABLISH THE POLLUTION OCCURRENCES RESERVE FUND.**

Chairperson Brubaker asked for a motion to approve Resolution 2021-14 to establish the Pollution Occurrences Reserve Fund.

**Motion:** K. Weibel

**Seconded:** J. Blowers

**Adopted:** Unanimously



**5. BOARD ACTION NO. 5: MOTION TO APPROVE RESOLUTION NO. 2021-15: RESOLUTION AUTHORIZING TRUIST LINE OF CREDIT NOTE AND ASSOCIATED DOCUMENTS; AND MOTION TO APPROVE RESOLUTION NO. 2021-16 TRUIST ACCOUNT RESOLUTION AND AUTHORIZATION FOR LEGAL ENTITIES.**

Chairperson Brubaker asked for a motion to approve Resolution 2021-15 authorizing the Truist Line of Credit and associated documents; and Resolution 2021-16 authorizing the Truist Account and its legal entities.

**Motion:** L. Houck

**Seconded:** G. Rettew

**Adopted:** Unanimously

**Chief Operating Officer**

Mr. Adams provided a detailed overview of the waste business outlook, including a monthly comparison between 2021 actual and budget, as well as 2021 compared to 2019. He reported business performance significantly outperformed budget in September.

Mr. Adams summarized highlights of Operations noting the impact of shortened weeks due to the Labor Day holiday, as well as the negative impact of COVID. In addition, Mr. Adams detailed Capital Projects, including updates on the FFLF VE, and provided an update on the status of continued progress on the captive insurance-related fire suppression work.

Lastly, Mr. Adams fielded questions regarding the water recycling project at the SRMC facility.

**Action Items**

**6. BOARD ACTION NO. 6: MOTION TO APPROVE CHANGE ORDER NO. 1 TO KINSLEY CONSTRUCTION, INC. FOR THE FREY FARM LANDFILL VERTICAL EXPANSION (FFVE) STAGE 2 CONSTRUCTION PROJECT**

Chairperson Brubaker asked for a motion to approve Change Order No. 1 to Kinsley Construction, Inc. for the FFLF VE Stage 2 construction project from the original contract price of \$10,400,000.00 to the final contract amount (including Change Orders) of \$10,599,400.00.

**Motion:** S. Ulrich

**Seconded:** G. Rettew

**Adopted:** Unanimously

**Chief Business & Compliance Officer**

Ms. Marsh reported on LCSWMA's energy portfolio highlighting various market drivers for the month. She also provided a review of the market-based energy portfolio and commodity markets, real estate update and overview of business related to environmental and safety compliance.

In addition, Ms. Marsh reported on the status of the Conoy Township rezoning request which will be presented for further consideration at a Zoning Hearing in April 2022. Ms. Marsh also reported an extension of the due diligence period for the Muddy Creek agreement and a delayed settlement date slated for June 2022.

Lastly, Ms. Marsh provided positive results in Safety, including DriveCam coachable events down 25 percent versus prior year.

**2022 Budget Presentation**

The Executive Team presented the 2022 Preliminary Budget, including details of the 2022 budget assumptions, along with a 5–10-year high-level outlook.

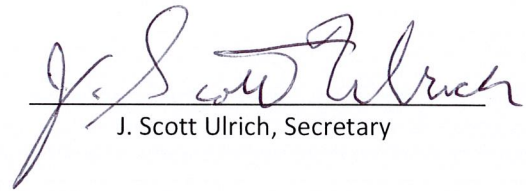
**Other Business**

The next meeting of the Board will be held on November 19, 2021.

**Adjournment**

The Board Meeting adjourned at 9:50 a.m.

**APPROVED THE 19<sup>th</sup> DAY OF NOVEMBER 2021.**



J. Scott Ulrich, Secretary