

Board of Directors • Meeting Minutes

DATE: June 19, 2020

TIME: 7:30 a.m.

Attendance

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

STAFF: Adams, Henderson (Legal Counsel), Marsh, Sandoe, Stenson Dabney, Wireback, 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 at the offices of LCSWMA and all individuals attending in person observed appropriate social distancing. Other individuals attended electronically. All individuals attending the meeting could hear, and be heard by, all other attendees.

Opening

Chairperson Deerin 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

Chairperson Deerin asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of May 15, 2020 as distributed.

Motion: E. Gordon

Seconded: L. Houck

Adopted: Unanimously

Public Comment

None

Chief Executive Officer

Mr. Zorbaugh provided an overview of the continued impact due to Covid-19. He noted LCSWMA workforce has remained healthy with no positive tests for the virus. He advised diligent health and safety measures have been implemented for employees and customers, and LCSWMA will follow the recommendation and guidance of the PA Dept of Health, CDC and Governor Wolf's yellow status guidelines.

Mr. Zorbaugh discussed the financial models for the impact of Covid-19 on LCSWMA's business. He reported a loss of \$900K for April and \$500K for May. He reported the continued curtailment of reduction of site operating hours, operating and non-core essential expenses, salary decreases, reduction of overtime and postponement of various Capital projects have yielded dividends and minimized financial impact.

Mr. Zorbaugh commended the entire workforce for their outstanding efforts, service and dedication to the organization and the efficiency to which staff members have performed while working remotely. Lastly, he reported positive progress on goals, project and programs outlined to be implemented and completed in 2020.

Chief Financial Officer

Mr. Youngs provided a detailed report on monthly financials, including tonnage, revenues, expenses and the net position. He reported tipping revenue decreased by **-\$465K (-7.8%)** with system-wide refuse down 4.6% (**-\$199K**) compared to budget, C&D and residual revenues underperformed to budget by **-\$280K (-19.8%)** and **-\$123K (-14.0%)** respectively. Contract refuse, C/D and residual waste volumes fell short of budget **-7.9%**, **-21.2%** and **-13.3%** respectively. He reported record setting daily transactions at the Transfer Station. He further detailed the financial metrics, per ton analysis and the Annual EBITDA. He presented an overview of the positive financial impact as a result of the reduction in operating and administrative expenses which offset challenging revenues. He discussed cash flow and past due accounts.

Mr. Youngs reported on the 2020 COVID Impact and presented the revised YE2020 projection with comparison to the original 2020 budget. Lastly, he commended the IT team for their continued outstanding job supporting the organization's shift to remote workspaces.

Action Items

2. BOARD ACTION NO. 2: APPROVAL OF DISBURSEMENTS FOR MAY

Chairperson Deerin asked for a motion to approve Disbursements for May in the amount of \$8,562,259.03.

Motion: G. Rettew

Seconded: L. Houck

Adopted: Unanimously

Chief Operating Officer

Mr. Adams reported on the increase of daily transactions and the managing of transaction times at the sites. He reported a higher number of vehicles utilizing the sites; however the increase in traffic did not yield an increase of waste volume. Lastly, he presented a slideshow which detailed the progress of the FFLF vertical expansion project.

Chief Business Development Officer

Ms. Marsh reported on the energy business, including grid pricing and hedges. She noted energy revenue in May fell short of budget by **-\$120K**. She reported the month of May experienced several outages, including line outage with Met-Ed. She further reported on the coordinating efforts for 2021 major outage planning with Covanta, LCSWMA and Perdue.

Ms. Marsh commended Covanta on their continued efforts to identify the best long-term solution for the treatment of organic matter in the process water return from Perdue. Perdue is currently reviewing options present by LCSWMA and Covanta and additional information will be provided to the Board when all parties have established an agreed upon treatment option.

Ms. Marsh reported on the Environmental Management System (EMS) audit conducted virtually by Lloyd's Register Quality Assurance at Lancaster Waste-to-Energy and SRMC. The audit concluded no findings of non-conformance at either facility. Lastly, the auditor commended LCSWMA and Covanta on their tremendous level of care and attention to environmental excellence

Chief Human Resources Officer

Ms. Wireback reported HR staff has continued their focus on educating employees on Covid-19 and implementing safe practices. Ms. Wireback reported LCSWMA's participation in the Intergovernmental Insurance Cooperative which received surplus distribution for 2019 of \$186K which represents 9.6% of premiums paid. LCSWMA is trending positively thus far in 2020.

Ms. Wireback reported Safety has surpassed 3.3M miles driven of no at-fault incidents, 1,288 days with no lost time injuries and 1 recordable incident.

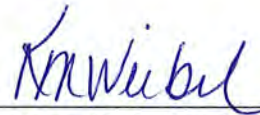
Chief Commercial Officer

Dr. Sandoe provided a detail report, update and images of the completion of the Transfer Station Complex tipping floor repair and the Lancaster WTE Facility Admin Building renovation. Dr. Sandoe and Mr. Zorbaugh presented details of progress, process and issues of the Frey Farm Landfill capping project. Dr. Sandoe discussed the continued work on the fire suppression upgrades with additional information to be presented in the future. Dr. Sandoe also reported on the LCSWMA @Home program, with more than 6,500 people accessing the Digital Learning Hub and Virtual Tours program.

Adjournment

The Board Meeting adjourned at 8:40 a.m. It was noted that an Executive Session would be held after the meeting to discuss personnel and litigation, but no actions were taken during or after the Executive Session.

APPROVED BY THE BOARD OF DIRECTORS OF THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY THIS 17th DAY July OF 2020.



Karen M. Weibel, Secretary