



Board of Directors | Meeting Minutes

DATE: April 22, 2022

TIME: 7:30 a.m.

Attendance

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

STAFF: Adams, Barnett, M. Brown, Devaney, Fetterolf, Gross, Henderson (Legal Counsel), Marsh, Patzer, Youngs, and Zorbaugh.

ALSO PRESENT: Dave Sharp from Covanta, Carol Gerhart from Trout, Krista Showers from Trout, Christopher Gibbons from Concord, 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.

Public Comment

None

Approval of Minutes

Action Items

1. BOARD ACTION NO. 1: APPROVAL OF MINUTES OF MARCH 18, 2022

Chairperson Brubaker asked for any additions or corrections to the meeting minutes. Being none, a motion was requested to approve the Minutes of March 18, 2022, as distributed.

Motion: E. Gordon

Seconded: J. Deerin

Adopted: Unanimously

FY2021 Audited Financial Statements Presentation

Mr. Youngs introduced Ms. Gerhart and Ms. Showers from Trout CPA and recognized Ms. Patzer for successfully taking the lead internally on the audit process.

Ms. Gerhart and Ms. Showers provided a high-level overview of the financial statements, including significant transactions in 2021, assets, liabilities, net position, revenues, expenses and net income. In addition, an explanation of changes to the opinion statement, including additional clarification paragraphs, was reported.

Finally, Ms. Gerhart and Ms. Showers fielded questions from the Board, and thanked the LCSWMA accounting team for being well-prepared and efficiently transitioning to performing the audit electronically.

2. BOARD ACTION NO. 2: MOTION TO ACCEPT FY2021 AUDITED FINANCIAL STATEMENTS

Chairperson Brubaker asked for a motion to approve financial statements.

Motion: K. Weibel

Seconded: E. Gordon

Adopted: Unanimously

Chief Executive Officer



Board of Directors | Meeting Minutes

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Mr. Zorbaugh provided a recap from the past month, including attending the RIMS insurance conference and highlighting the hot topics such as Cyber Risk, as well as attending meetings coordinated by Artex.

Mr. Zorbaugh recognized Earth Day and provided an overview of LCSWMA's participation in litter collection along Rt. 30 and Harrisburg Pike, and efforts to promote volunteerism and a positive message in the community.

Additionally, Mr. Zorbaugh summarized the Executive Team reports to the Board highlighting that LCSWMA is on budget for the first quarter, including tonnage amounts, DGS modification, and the new Quarterly Report Card to be sent electronically to the Board.

While fielding questions from the Board, Mr. Zorbaugh deferred to Mr. Youngs to provide details on LCSWMA's goals around Cyber Risk, including the strategic replication of the structure and integrity of LCSWMA's environment to get back online quickly should the company experience a ransom attack. Also, Mr. Youngs responded to Board questions around participation of the Board in case a decision must be made regarding a catastrophic ransom payment, as well as mandatory employee training, penetration testing and contractual liability.

Finally, Mr. Zorbaugh presented an overview of the refunding opportunity on LCSWMA's SRMC Series A Bonds, and introduced Mr. Gibbons from Concord Public Finance, Mr. Youngs and Mr. Henderson to present further details.

Mr. Youngs discussed unlocking potential refinance savings by adjusting the DGS agreement and explained the taxable vs. non-taxable options. Mr. Gibbons followed with a presentation of the details of the process, including the significant amount of interest generated within the banking industry.

Mr. Henderson addressed questions from the Board and delivered overall comments on the legal aspects of the resolution, including an in-depth discussion on yield protection and the spread applied. In addition, Mr. Henderson explained two options for Board consideration: "General" or "Specific" and reiterated the 30-day timeline for execution of the refinancing terms. Finally, Mr. Henderson asked that the Board adopt the General resolution option and confirmed that 24-hour notice is required to call a Special Meeting of the Board.

3. BOARD ACTION NO. 3: MOTION TO APPROVE RESOLUTION NO. 2022-04: AUTHORIZE PROPOSAL FOR BANK ADVANCE REFUNDING OF 2013 SERIES A BONDS

Chairperson Brubaker asked for a motion to approve the first of two options, being the General resolution.

Motion: E. Gordon

Seconded: J. Blowers

Adopted: Unanimously

Consent Agenda

Chairperson Brubaker asked for a motion to approve the consent agenda items.

2. BOARD ACTION NO. 4: MOTION TO APPROVE:

a. MARCH DISBURSEMENTS

b. 2022 TSC FIRE PUMP INSTALL CHANGE ORDER NO. 1 (FINAL)

c. 2022 OFFICE FURNITURE PURCHASE FOR ADMIN AND WTE FACILITIES

Motion: G. Rettew

Seconded: J. Blowers

Adopted: Unanimously



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Chief Financial Officer

Mr. Youngs began with an overview of the first quarter financials. He highlighted improvements in liquidity, including commending Ms. Paton on successful collections of high risk accounts.

Mr. Youngs reiterated the importance of managing LCSWMA's rates structure to offset costs and combined with continued benefits in the energy and metals side, produced favorable total operating revenue.

Continuing, Mr. Youngs provided an update on Operating Expenses and the impact of inflation. Also, Mr. Youngs explained the loss in Net Income with regard to unrealized investments.

In addition, Mr. Youngs gave a high level summary and analysis of labor costs, operating revenue, and productivity. Mr. Youngs fielded questions from the Board on capacity planning and deferred to Mr. Adams to provide insight on the impact of technology data and transparency.

In conclusion, Mr. Youngs summarized his report on aforementioned topics and remarked that LCSWMA is on track with budget for the remainder of 2022.

Chief Operating Officer

Mr. Adams provided highlights of waste trends and assumptions compared to budget on quarterly refuse tons from 2018-2022, including comments on the flattening of seasonality on the refuse side. In addition, Mr. Adams explained C&D assumptions, as well as explaining the difficulty in budgeting on the residual side.

Also, Mr. Adams discussed the impacts of Avian Flu within the region, including strict protocols on disposal, including requirements such as a separate tipping area, as well as vehicle decontamination. Mr. Adams reported that LCSWMA is a second-level backup for disposal, on-farm disposal being first.

Next, Mr. Adams provided an update on the progress of the Stage 2 Vertical Expansion at the Frey Farm Landfill with completion expected by July 1st.

Finally, Mr. Adams fielded questions from the Board.

Chief Business & Compliance Officer

Ms. Marsh touched on two real estate items, including the settlement on the sale of the property at 425 South Muddy Creek Road on Wednesday, April 27, 2022, two months earlier than planned, and an update on the rezoning efforts in Conoy Township. The rezoning petition asks for the 38 acres of land adjacent to LCSWMA's WTE facility to be rezoned as Industrial.

Ms. Marsh invited Ms. Brown to present a summary on recycling data reports from private sector, municipalities, and the community at large. Ms. Brown provided a history of recycling rates over a 15-year period from 2007-2021, as well as a recycling materials breakout, and reports on increases in recycled materials in Lancaster County across five major categories.

In closing, Ms. Brown fielded questions from the Board regarding fact-checking the data that was presented, markets for receiving recyclables, tracking of recyclable materials and accountability of buyers, as well as post-fire updates on Penn Waste.

Other Business

The next meeting of the Board will be held on May 20, 2022.



Board of Directors | Meeting Minutes

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Adjournment

The Board Meeting adjourned at 10:10 a.m. Mr. Henderson noted that an Executive Session would be held to discuss personnel matters, but no actions would be taken during or after the Executive Session.

APPROVED THE 17th DAY OF JUNE 2022.

A handwritten signature in black ink, reading "J. Scott Ulrich", is written over a horizontal line. The signature is cursive and stylized.

J. Scott Ulrich, Secretary