

REGULAR MEETING MINUTES
March 26, 2013

The Regular Meeting of the Lehigh County Authority was called to order at 2:01 p.m. on Tuesday, March 26, 2013, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Richard Bohner, Emrich Stellar, Tom Muller, Scott Bieber, Brian Nagle, and Norma Cusick. Authority Staff present were: Aurel Arndt, Joseph McMahon, Frank Leist, Bradford Landon, Liesel Adam, Pat Mandes, Ed Bielarski, Emily Gerber, and Cristin Garger.

Zach Effron, Jill Toporek, and Chris Elmore of Goldman Sachs were in attendance. Michael Jarman and Jim Dougherty of McNeese Wallace and Nurick were also in attendance.

REVIEW OF AGENDA

Mr. Hughes reviewed the agenda and asked if there were any comments at this time regarding non-agenda items; of which there were none.

EXECUTIVE SESSION

Mr. Arndt stated there would be an executive session to consider the potential lease of real estate .

APPROVAL OF MINUTES

January 28, 2013, Regular Meeting Minutes

On a motion by Mr. Bohner, seconded by Mr. Nagle, the Board unanimously approved the minutes of the January 28, 2013 Regular Meeting as amended (7-0).

February 11, 2013, Workshop Meeting Minutes

On a motion by Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the minutes of the February 11, 2013 Workshop Meeting as amended (7-0).

ACTION AND DISCUSSION ITEMS

ALLENTOWN WATER/SEWER LEASE *(Approval)*

Mr. Hughes stated that LCA has been prequalified to bid on the City of Allentown Concession Lease; and although Lehigh County did not extend the life of LCA to bid on the 50 year lease, the City has changed the terms of the agreement so that LCA may submit a qualifying bid of 36 years, which is the amount of time left on the Authority charter. He stated that the Board, Authority staff, and consultants will be reviewing Authority's bid in Executive Session and will then take action after the session on the requested bid submission approval.

Mr. Arndt introduced the consultants present that have been working with LCA on the lease. He then stated that consultants and staff have been working extensively on the lease acquisition since summer 2012 as there have been many important questions to be answered.

Mr. Hughes then asked if there were any comments regarding the lease.

PUBLIC COMMENTS

Joe Hilliard, resident of Allentown, stated that citizens have not been diligent through the years in the oversight of water and sewer issues in the City of Allentown or in the LCA service area. He noted that he understood this lease will be difficult to stop at this point, but that a citizens group will be formed to address oversight and the legality of the Authority. Mr. Hilliard also stated that LCA has too much of its own debt to finance such a deal to run the City of Allentown (COA) system.

Lisa Scheller, Chair, Lehigh County Commissioners, stated that COA has financial problems and the lease is a bailout and a redistribution of a tax increase. She said that this is not regionalization and rate payers do not actually get anything better for paying a higher rate for their service. Ms. Scheller stated that if the Authority's charter is never extended, then the system will be given back to the City at the end of that time

and she is disappointed that LCA would still bid on the project when the County Commissioners blocked their life extension.

John Donches, resident of Emmaus, stated that he does not support the COA lease because it is a bad deal. He noted that the City is avoiding bankruptcy and this deal should not be given to a public or private entity; if the deal has to go through, LCA needs to bid lower than the requested price. He also stated this deal is pure business, it is not about true regionalization.

Jan Keim, resident of Salisbury, asked how the Authority can go through with the City lease deal without fixing interceptor problems first. She stated there has been sewage going into the system for 40 years and there have only been band-aid approaches to fix it.

Michael Siegel, resident of Lower Macungie Township, stated that he worked at Gannett Fleming and knows that the Little Lehigh Creek is under stress, therefore, the City and LCA's system is stressed. He stated that sanitary sewer overflows are a problem in the system not being discussed and the Administrative Order and SCARP plan need to come first before the lease. Mr. Siegel stated that other problems need to be corrected before the issue of regionalization because the Little Lehigh Creek is being polluted.

Mr. Hughes thanked the public for their comments and referred to Ms. Adam for additional comments.

Ms. Adam stated that some written comments were submitted to the Authority regarding the Concession Lease from members of the community who could not attend the meeting. She read statements from the East Penn Chamber of Commerce, Lehigh Valley Partnership, Renew Lehigh Valley, and Upper Milford Township. The letters are attached.

Mr. Arndt also stated that the Authority met with the Western Lehigh Interceptor (WLI) Advisory Board earlier today and noted that the group supports the Authority's decision to bid on the City lease.

Ms. Mandes noted that the WLI group approved an official recommendation for LCA to bid and stated the committee consists of township officials from Lower Macungie, Upper Macungie, Macungie, Alburdis, Upper Milford, Lowhill, and Weisenberg Townships.

Mr. Hughes explained that the Board and consultants will discuss the Lease and LCA's bid at length in Executive Session and members of the public are welcome to wait; however, the session is expected to last several hours, as the Board would like to review all of the details in order to make an informed decision.

EXECUTIVE SESSION

The Chairman called for an Executive Session at 2:39 p.m. to consider the potential lease of property at which time, the Board, Authority Staff and Consultants went to a separate conference room.

The session ended at 7:11 p.m.

ALLENTOWN WATER/SEWER LEASE (Approval) CONTINUED

Mr. Jarman, the Authority's legal consultant, read Resolution 3-2013-1 (attached) which outlined the provisions for LCA to submit a bid for the City of Allentown Concession Lease. He noted that the financial analysis was prepared by the Authority's Chief Financial Officer ("CFO"), Ed Bielarski.

Mr. Hughes polled the Board Members for any final comments before approving this Resolution.

Mr. Bohner stated that there is no way to change the circumstances of this situation and LCA is the best option because of our good service record and non-profit status.

Mr. Muller stated that the City needs a successful bidder and to do what is best for customers of both systems, LCA is the best option.

Mr. Stellar stated that he was a County Commissioner when the County Board built and turned over the Wastewater Treatment Plant to the Authority for \$1.00 because the Authority is well-run and fiscally responsible. He also stated that LCA is the City's largest customer and we are interconnected; we cannot change the City's actions and we have a responsibility to our customers to protect the system from other control.

Ms. Cusick stated that she does not support the idea of a lease and would prefer that this deal be a sale of the system to LCA for true regionalization. She stated she will be not be voting in favor of the bid.

Mr. Nagle stated that the Board has asked many questions and the Authority staff has been able to answer those questions with great detail so that Board members are confident about an LCA bid.

Mr. Bieber stated that he agrees with the positive comments of the Board and feels that LCA is much a much better choice to run the City's system than a private bidder, as too much harm can result from to the City's residents, as well as the Authority's customers if a private company handles the system.

On a motion from Mr. Muller, seconded by Mr. Bohner, the Board approved Resolution 3-2013-1 to allow the Authority to bid on the City of Allentown Water and Sewer Concession Lease (6-1).

Mr. Hughes thanked the Staff and Consultants for their time and hard work so that the Board could make a responsible decisions and noted that the City and LCA customers would be ill-served if we did not submit a bid.

Residual Property Option – Wastewater Treatment Plant (Approval)

Mr. Arndt asked that Wastewater item 2 be taken care of, as the issue is time sensitive, but all other issues be tabled until the April meeting. The Authority has an option under the 23 June 2005 Pretreatment Plant Agreement (PTP Agreement) to acquire the Residual Property remaining after subdivision of the Wastewater Treatment Plant (WTP) site and the Homewood Suite hotel site within seven years of the Takeover Date, as that is defined in the agreement, which would be by 15 May 2013. The County has responded that they wish to retain a portion of this remaining land that fronts Route 100, so a subdivision with have to occur. The Staff recommends that the Board take action exercising its option to acquire the Residual Property under the PTP Agreement and authorize the Staff to take all necessary action and sign necessary documentation in this regard. He noted that no additional financing is needed for this.

On a motion from Mr. Bieber, seconded by Mr. Stellar, the Board unanimously approved to exercise the residual property option at the Wastewater Treatment Plant (7-0).

SYSTEM OPERATIONS OVERVIEW

None.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

OTHER COMMENTS

Mr. Hughes thanked staff for their hard work on this project.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 7:23 p.m.

Richard H. Bohner
Secretary