



LEHIGH COUNTY AUTHORITY

February 25, 2013

BOARD MEETING AGENDA

1. Call to Order
2. Review of Agenda
 - *Public Participation Sign-In Request*
3. Executive Sessions
4. Approval of Minutes
 - *January 14, 2013 Workshop Meeting Minutes*
5. Public Comments
6. Action / Discussion Items

FINANCE AND ADMINISTRATION

- *Trading Authorization for Brokerage Accounts with JP Morgan Securities (Approval)*

WATER

- *Route 309 Crossing at Sand Spring Road (Approval)*
- *Sand Spring Road Waterline Relocation (Approval)*

WASTEWATER

- *Western Weisenberg Wastewater Treatment Plant – PennVEST Resolution (Approval)*

7. System Operations Overview
8. Staff Comments
9. Solicitor's Comments
10. Other Comments
11. Adjournment

MARCH MEETINGS

Workshop Meeting
Board Meeting

March 11 – 12:00 p.m.
March 25 – 12:00 p.m.

PUBLIC PARTICIPATION POLICY

In accordance with Authority policy, members of the public shall record their name, address, and discussion item on the sign-in sheet at the start of each meeting; this information shall also be stated when addressing the meeting. Members of the public will be allowed 5 minutes to make comments/ask questions regarding non-agenda items, but time may be extended at the discretion of the Chair; comments/questions regarding agenda items may be addressed after the presentation of the agenda item. Members of the public may not request that specific items or language be included in the meeting minutes.

WORKSHOP MEETING MINUTES
January 14, 2013

The Workshop Meeting of the Lehigh County Authority was called to order at 12:26 p.m., on Monday, January 14, 2012, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Richard Bohner, Brian Nagle, Emrich Stellar, Norma Cusick, and Scott Bieber. Authority Staff present were: Aurel Arndt, Bradford Landon, Doug Young, Patricia Mandes, Joseph McMahon, Liesel Adam, Ed Bielarski, and Cristin Garger.

Greg Carey and Zach Efron from Goldman Sachs were also in attendance.

Anthony Amaro, member of the public, was in attendance.

Agenda Review

Mr. Arndt stated there were three additional action items, one of which will be handled before the regular agenda.

Financial Services – City Of Allentown Sewer/Water Systems Concession (Approval)

Mr. Bielarski explained that a financial services consultant will be needed to move forward in preparations for the proposal submittal process for the City of Allentown Concession. He introduced Messrs. Carey and Efron from Goldman Sachs and also distributed a draft form of an engagement letter with Goldman Sachs for approval.

Mr. Carey distributed a formal proposal to Board members and reviewed his background regarding analysis and financing of public private partnerships. Mr. Carey walked the Board members through the proposal and stated that there will not be a retainer fee associated with this project, just an underwriting fee. Discussion followed.

The Chairman called for an Executive Session to discuss acceptance of the Goldman Sachs proposal at 1:27 p.m. Messrs. Carey and Efron, as well as Mr. Amaro, exited the meeting.

The Session ended at 1:48 p.m., at which time non-authority attendees reentered the meeting.

The Board asked that Messrs. Landon and Bielarski to work with Goldman Sachs on some language changes to the engagement letter before approval.

Messrs. Bielarski and Landon exited the meeting with Messrs. Carey and Efron to discuss the necessary changes to the letter at 1:49 p.m.

Wastewater Flow Monitoring Contract Amendment (Approval)

Ms. Mandes reviewed the attached memorandum explaining that in 2008, the Department of Environmental Protection (DEP) required LCA and the Signatories to generate a Corrective Action Plan for the areas identified as having significant infiltration and inflow (I&I) conditions. In addition, EPA has issued a Compliance Order to the City of Allentown, LCA and all municipalities tributary to the City WWTP to eliminate all SSOs within a five year period (2014). She explained the LCA Signatory I&I Investigation & Remediation Project Capital Plan was developed in 2009 so that LCA could take the lead in working with the Signatories to address the overload and SSO issues. Ms. Mandes stated that

a flow monitoring program is included as part of the I&I program. She explained that an amendment to the ADS Environmental contract is being recommended for approval to provide an extension of the contract with ADS Environmental for long term flow monitoring, rehab effectiveness monitoring and Signatory monitoring. Ms. Mandes noted that the total compensation remains unchanged with the 2013 metering based on unit prices in the original contract; prior approved compensation remains the same, so this approval is for a time extension only.

On a motion from Mr. Bohner, seconded by Mr. Nagle, the Board unanimously approved the Professional Services Authorization Amendment for ADS Environmental Services to extend monitoring through 2013 (6-0).

Messrs. Landon and Bielarski returned to the meeting at 2:08 p.m.

Arcadia West WWTP Improvements (Approval)

Mr. Leist reviewed the attached memorandum. He explained the Contract for the Mechanical and Plumbing work (Contract #3) was rebid in November, with proposals received on December 5, 2012. Mr. Leist briefly reviewed the proposals received and recommended award of this work to W.C. Eshenaur & Son, Inc., and an adjustment in the budget total to incorporate extra costs for both staff/professional services, for PennVest/DEP issues, the rebid process, and the difference from previous construction contract approvals.

On a motion from Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved the Capital Project Authorization Amendment for \$54,900 (6-0).

On a motion from Mr. Stellar, seconded by Mr. Stellar, the Board unanimously approved the contract for W.C. Eshenaur & Son, Inc., subject to contract submittal to PennVEST (6-0).

WTP Truck Waste Receiving Station (Approval)

Mr. Leist reviewed background of this project, stating that based upon the WTP Energy Audit/Bioenergy Recovery Evaluation Study completed in August 2011, in December of 2011 the Board authorized the Design-Phase for the Truck Waste Receiving Station & Primary Digesters Mixer Replacement Project at the LCA Wastewater Treatment Plant (WTP). The project was advertised for bid on November 21, 2012. A mandatory pre-bid meeting at the LCA WTP was held on December 7, 2012. Bids for General and Electrical Construction contract bids were received on December 21, 2012. He explained that seven General Construction bids ranging from \$597,895 to \$711,450 were received and six Electrical Construction bids ranging from \$84,900 to \$120,017 were received. Mr. Leist stated that references have been checked for the lowest responsible bidders, MGK Industries, Inc. (general construction) and BSI Electric (electrical construction) and have identified no issues. Therefore, Staff recommended awarding the applicable contract to the aforementioned contractors, subject to the receipt of the necessary performance bonds, insurance and other required documentation.

On a motion from Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved the Capital Project Authorization Amendment 3 in the amount of \$834,775 (6-0). On a motion from Mr. Stellar, seconded by Mr. Nagle, the Board unanimously approved Professional Services Authorization Amendment 3 in the amount of \$47,000, included in the Capital Project Authorization costs (6-0). On a motion from Nagle, seconded by Mr. Bieber, the Board unanimously approved the General Construction Contract and Electrical Construction Contract for MGK Industries, Inc. and BSI Electric, respectively (6-0).

LCA Facilities Emergency Power Project – PLC Design & Installation Phase (Approval)

Mr. Leist referred to the attached memorandum and explained that Hanover Engineering and our SCADA consultant, Aptus Control Systems Inc. (Aptus), determined that value could be added to the Project by the utilizing a PLC based control system that would provide sequential start up of the electrical equipment at each facility allowing electrical loads to be sequenced in a way that would allow for a reduction in both the size of the generator and transfer switch needed to supply emergency power to the facility. He stated that this methodology provides Project cost savings and the basis for the future SCADA telemetry and control implementation – a project that is identified in the Information Technology Master Plan Update. PLC based control systems will be installed in 10 of the 12 facilities in the Project. Mr. Leist said that Aptus will design/provide the equipment, program the PLCs and provide start-up assistance technical support.

On a motion from Ms. Cusick, seconded by Mr. Nagle, the Board unanimously approved the Capital Project Authorization Amendment, which included a Professional Services Authorization, in the amount of \$132,125 (6-0).

Emergency Authorization – Park Pump Station (Approval)

Mr. McMahon referred to the attached memorandum and briefly explained that there have been some problems with pumps at the Park Pump Station (PPS) for some time, which the Authority has periodically addressed, however, one of the problems has suddenly become critical to safe and efficient operation. He stated that in order to resolve an emergency situation, Malcolm Pirnie's (MP) lead pump station engineer was consulted. MPI recommended contacting Municipal Maintenance Co. (MMC); and given the severity of the situation, PPS's significant role in preventing SSOs and MP's recommendation of MMC, we contacted and arranged solely for MMC to inspect the PPS pump shaft issue. They preliminarily recommended a heavier bearing block support, repair of a cracked beam and removal of the shaft for complete shop inspection. Mr. McMahon also stated that the shop inspection revealed that the B studs (shaft section that passes through the bearings) needed to be replaced. Repair of the B studs vs. replacement of the complete shaft assembly options were priced and the replacement with completely new shaft assembly was chosen given the age of the shafts; more importantly, the consideration of metal fatigue due to years of misalignment and vibration and the lower cost. Mr. McMahon explained that purchases of \$10,000 to \$18,500 require three phone or written quotes and greater than \$18,500 requires a formal bid with the following exceptions: emergency purposes which call for an immediate action, a limited market for specialized goods or services and professional consulting and expert services. Some discussion followed.

On a motion from Mr. Bohner, seconded by Ms. Cusick, the Board unanimously declared an emergency due to potential danger to employees in the pump station and approved the Emergency Purchase Authorization for Municipal Maintenance Co. for repairs at Park Pump Station in the amount \$45,000 (6-0).

Legal Services – City of Allentown Concession (Approval)

Mr. Arndt stated that the firm of McNees, Wallace and Nurick (MWN) is the legal consultant for the Authority regarding the City of Allentown Lease Concession. He explained that the initial authorization for MWN has been exhausted and requests an amendment so that MWN can continue to provide legal services during the proposal process. Some discussion followed.

On a motion from Ms. Cusick, seconded by Mr. Stellar, the Board unanimously approved a Professional Services Authorization Amendment in the amount of \$50,000 (6-0).

Financial Services – City Of Allentown Concession (Approval) CONTINUED

Mr. Landon explained that language in the Goldman Sachs engagement letter has been change to reflect some of the Board members' concerns.

On a motion from Mr. Nagle, seconded by Mr. Bohner, the Board unanimously approved the engagement letter for Goldman Sachs to provide financial consulting services for the City of Allentown Lease Concession in its revised form (6-0).

There being no further business, the Chairman adjourned the meeting at 2:38 p.m.

Richard H. Bohner
Secretary

FINANCE & ADMINISTRATION**ACTION ITEMS****1. Trading Authorization for Brokerage Accounts with JP Morgan Securities (Approval)**

Attached is a revised resolution in regard to trading authorization for brokerage accounts with JP Morgan Securities reflecting Board input at the January Board meeting – Resolution No. 2-2013-2 (**yellow**). Staff recommends approval.

DISCUSSION ITEMS**1. None.****INFORMATION ITEMS****1. Recently Purchased Investments – Certificates of Deposit (CDs)**

Fund	Bank	Location	Amount	Purchase	Due	%
Cons Wtr (2)	First Niagara Bank	Buffalo, NY	235,000.00	1/25/13	7/25/13	0.300
Cons Wtr (2)	Pacific Trust Bank	CA	245,000.00	1/25/13	1/28/14	0.300
Cons Wtr (2)	The First Bancorp	ME	245,000.00	1/25/13	1/28/14	0.351
LLRI CR	PSDLAF Collateralized CD		265,000.00	1/31/2013	2/12/2013	0.150
LLRI CR	Fifth Third Bank	Birmingham, Al	245,000.00	2/6/13	2/6/14	0.400
LLRI CR	One West Bank, FSB	Covina, Ca	245,000.00	2/5/13	2/5/14	0.600
Cons Wtr (2)	First Premier Bank	Sioux Falls, SD	240,000.00	2/15/13	8/15/14	0.300

Fund Descriptions for Investments:

Cons Wtr (2)

Consolidated Water 2

LLRI CR

Little Lehigh Relief Interceptor Capital Reserves

WATER

ACTION ITEMS

1. **Route 309 Crossing @ Sand Spring Road (formerly @ Education Park Drive) (Approval)**

The 24-inch casing across Route 309 was installed by the Pennsylvania Department of Transportation's (PaDOT) contractor on January 28, 2013. Action is requested at this Board Meeting for amend the existing Project Authorization to cover expenses for this construction effort. A memorandum and Project Authorization Amendment are attached (*pink*).

2. **Sand Spring Road Waterline Relocation (Approval)**

The waterline relocation installed by PaDOT's contractor was completed on February 16, 2013. Action is requested at this Board Meeting for amend the existing Project Authorization to cover expenses for this construction effort. The relocation effort is cost shared with PaDOT. A memorandum and Project Authorization Amendment are attached (*green*).

DISCUSSION ITEMS

1. ***None.***

INFORMATION ITEMS

1. **Phase 2 Interconnection with Allentown**

We are waiting for Livengood Excavators to give us a schedule to address the punch-list items.

The City and LCA have settled on a new rate for the City's water based on the 2009 contract. The Rate will increase 1.49% (\$0.470 to \$0.477/100 gallons) from the original rate set for years 2011 and 2012. ***No current activity.***

2. **Water Main Relocation Project – Slatedale**

Construction efforts for this project were completed in 2012. Staff is assembling LCA costs for relocating approximately 225 feet of water mains in Slatedale. Partial funding is being received from PaDOT for this project.

3. **Water Main Replacement Project – Oakland Park**

Water main construction work and temporary restoration was completed on January 17, though substantial completion of the project was not reached as final paving constitutes more than 10% of the contract. Final paving, lawn and driveway restoration will be completed by May 15 and final project closeout will occur by June 30.

4. **Arcadia West Pumping Station Modifications**

T&M continues to complete the bidding documents and to address comments received from Department of Environmental Protection (DEP) on the application for a public water supply permit. DEP is requesting that a manhole be set over the casing at Well PW-1 as a condition to keep the well in regulatory reserve. The manhole will be used to inspect that the well has been disconnected from the rest of the system. DEP also determined that there is not sufficient capacity in the existing storage tank to disinfect well water in the event of a fire, and has requested that a separate tank or large diameter pipe be installed prior to the existing tank.

7. **Upper Milford Central Division Radon Mitigation Study**

Board authorized this project in June and our consultant Cowan Associates (CA) is currently evaluating the existing wells in Buss Acres. A Draft report was received in late December. A meeting with CA to discuss the Draft report occurred on January 15th and the final report is anticipated by April 1st.

8. **LCA Facilities Emergency Power Project**

The Board authorized the design phase of this project in May 2012 and the Programmable Logic Control (PLC) for staged electrical load starting at the January 2013 workshop meeting. The project will provide emergency standby power at 12 satellite facilities and the Office Operations Center. The project was advertised for bid on February 13, 2013. A mandatory pre-bid meeting will be held on February 25, 2013 with bids due on March 14, 2013. We anticipate requesting approval for the Construction Phase of this project at the March 25, 2013 Board meeting.

9. **Developments**

Water system construction is occurring at the following developments:

- Trexler Fields, Phases 2, 3, 4 & 5 (Partial), 28 residential lots (sfa & sfd), UMT
- Valley West Estates, Phases 4, 5 & 6, 46 residential lots (sfd), UMT (*There has not been any construction activity at this development in over three years.*)

Water system plans are being reviewed for the following developments:

- Above & Beyond (personal care facility), 2 commercial lots, UMT
- Diocesan Pastoral Center, 2 commercial lots, 3 additional lots, & residual lot for existing cemetery, LMT
- Grant Street Townes, 18 sfa residential lots, WashT
- Hamilton Crossings, 2 commercial lots with 20 buildings having retail, financial, convenience and restaurant uses, LMT
- Hickory Park Estates, 3 residential lots (sfd), UMT
- Hillview Farms, 31 residential lots (sfd), LMT/SWT
- Indian Creek Industrial Park, 6 commercial lots, UMiIT, water and sewer
- Lehigh Hills, 247 residential lots (sfa/sfd), UMT
- Liberty at Mill Creek, 2 industrial lots, UMT
- Morgan Hills, 40 residential lots (sfd), Water & Sewer, WeisT
- North Whitehall Commercial Center (Walmart), 5 commercial lots, NWT, water & sewer
- Rabenold Farms II, 288 apartment units and clubhouse, (Portion north of I-78), UMT
- Route 100 Bypass & Cetronia Road Proposed Commercial Development, 1 commercial lot with 4 buildings having auto, convenience, financial and day care uses, UMT
- Shepherd's Corner, 1 commercial lot, LMT
- Spring Creek Properties Subdivision 1, 14 commercial and industrial lots, LMT
- Trexler Business Center, Lot 1, 1 commercial building, LMT
- Trexler Senior Living Center, 2 commercial lots, LMT (*In bankruptcy*)
- Weilers Road Twins, 82 residential lots (sfa), UMT
- West Hills Business Center, 8 industrial lots, WeisT
- Woodmere Estates, 60 residential units (sfd), UMT

WASTEWATER

ACTION ITEMS

1. **Western Weisenberg Wastewater Treatment Plant - PennVEST Resolution** (Approval)

The Board has taken action authorizing a PennVEST loan for this project in the past, but there have been delays in getting to closing for various reasons. Settlement is now scheduled for March 27th and it may be necessary for new resolution(s) to be approved prior to that, potentially at the February Board meeting if the terms can be tied down. If that is the case, copies of the proposed resolution(s) will be provided to the Board hopefully prior to that meeting, although the language will be very similar to what has been reviewed with the Board previously.

DISCUSSION ITEMS

1. *None.*

INFORMATION ITEMS

1. **Infiltration and Inflow (I&I) Program Update**

The following is work planned for 2013:

- Submission of reports to EPA and DEP.
- CCTV work in areas identified as have high leakage to determine the extent of the leakage. Malcolm Pirnie will review the CCTV video and determine a Basis of Rehab.
- Keystone Consulting Engineers (KCE) is generating the population projections for the LCA service area to be used in the Level of Service modeling.
- Completion of the Level of Service Modeling for future growth.
- Rehab effectiveness metering in Phase 1 pipe lining project areas to determine the reduction in peak flows as a result of the rehab work.
- Phase 2 of Signatory pipe lining projects as determined by KCE.
- Rehab effectiveness metering in Phase 2 pipe lining project areas.
- Alternative Modeling and feasibility analysis to evaluate the various alternatives to achieve the preliminary objectives. The alternatives will include various combinations of I & I elimination, storage and capacity increases.
- Long term flow meters will continue on a limited basis. Two rain gauges and meters remain in the system.
- Preliminary Program Objectives Evaluation Report will be submitted to DEP by the end of 2013. This document will define the current system performance and assess what it will take to achieve the system preliminary objectives. The report will include a discussion of the investigation and evaluation work completed including flow evaluation, SSES prioritization, modeling, current and future level of service, current and future system sizing requirements, and will propose the Level of Control for system operation.
- The development of the Capital Improvements Plan is scheduled to begin by the end of the year. This will identify the rehab needs, replacement needs, expansion

requirements, costs of improvements and schedule for implementation to achieve the program objectives. **No Current Activity.**

2. Wastewater Treatment Capacity

The Memo of Understanding (MOU) regarding working together on a joint Act 537 Plan with the City has not been received to date.

A kick-off meeting with the City and LCA 537 Plan team was held in late October. The team also had a meeting with the DEP to discuss the requirements of the Study. DEP is pleased that the City and LCA are working together.

The Task Activity Report is being drafted and will include costs from the prior flow studies.

A Communications Plan was developed by the consultant with input from LCA and the City. A stakeholder's group has been formed and the kick-off meeting was held in mid-January at the Lehigh County Administration Building. The stakeholders Advisory Committee (SAC) consists of either Municipal Managers or Municipal Officials from each of the City and LCA Signatories. It is expected that there will be 5 meetings with the SAC during the Study to keep the Committee up to date on Plan with the expectation that the adoption of the plan with the various Signatories will be completed in a short period of time.

Talks with Coplay-Whitehall Sewer Authority and Salisbury Townships may result in the sale and/or lease of allocation. An offer was presented to Salisbury for consideration several months ago and LCA received a counter offer from the Manager from Salisbury. A meeting was held with the Salisbury Township Manager to discuss LCA's final counter-offer. LCA is waiting for the Township's response.

3. Northern Lehigh Wastewater System

The project is composed of the following:

Wastewater Treatment Plant (on a 5 acre tract at Kids Peace)

In March, LCA representatives met with North Whitehall Township (NTW) Supervisor, Steve Panny; Solicitor, Lisa Young; and Township Manager, Jeff Bartlett to discuss the Act 537 Plan. In summary, for the westside of Rt. 309 (the 1-5 year service area) LCA has agreed to limit the size of the Wastewater Treatment Plant (WTP) to 200,000 GPD which in essence reflects the need for this area. Any expansion beyond 200,000 GPD would require NWT approval.

September 18, 2012 after 6-months of Hearings the Supervisors granted approval of the Conditional Use for the proposed WTP with nine conditions. We have received the written decision from the Township and have accepted all conditions. In late November 2012, the opposition, the Friends of the Jordan, have appealed the Township decision to Lehigh County Court of Common Pleas. Arguments are scheduled to take place on Wednesday May 29, 2013 with Judge Edward Reibman presiding. The Township will bear the burden of defending their decision; however LCA support may be necessary.

The total cost of the WTP including soft costs and Kids-Peace acquisition costs is estimated at \$4.69 million.

Offsite Conveyance Facilities (OSCF)

Wal-Mart has stopped design of the necessary conveyance facilities, which includes gravity sewers, a pump station and force main to deliver the wastewater from their proposed development and other future wastewater customers to the wastewater treatment facilities until a cost sharing agreement is reached with LCA. Wal-Mart has proposed that LCA assume the responsibility of designing, permitting and constructing the OSCF, which is a change from the previous plan where Wal-Mart had the

responsibility. Ongoing cost-sharing negotiations are still on hold while Wal-Mart internally reevaluates the proposed store's financial viability. **No current activity.**

The construction cost of the conveyance facilities is estimated at \$1.354 million.

Kids Peace Agreement

A revised amendment to the Agreement has been sent to KidsPeace. It primarily focuses the financial impact on the Jordan Creek Wastewater system because of KidsPeace's sale of the 101 Acre parcel to Lehigh Carbon-Community College (LCCC). The 101 Acre parcel was an integral economic component for LCA in the 2006 Agreement. We hope to resolve this issue by the end of December 2012. **No current activity.**

Act 537 Revision

NWT continues to work on developing an alternate a solution for the wastewater treatment needs for a revised 1-5 year service area which would include a WTP located on the eastside of Route 309 that would discharge to the Coplay Creek. LCA has agreed to provide support and expertise. If determined to be financially viable NWT would amend the Act 537 Plan- **No current activity.**

4. Park Pump Station Improvements

Fuel Tank Replacement – Staff has received and is reviewing the plans for replacement of the fuel tank at the Park Pump Station. We are in the process of acquiring additional easement area from the City of Allentown (COA) for the tank. The project is anticipated to go to bid in 2013. **No current activity.**

5. LCA WTP- Truck Waste Receiving Station

Truck Waste Receiving Station (TWRS):

The Board awarded the General and Electrical construction contracts at the January workshop meeting. The contractors have returned the construction Agreements for our execution. We expect that Notices to Proceed (NTP) to the respective contractors will be issued by the end of February 2013. The Agreement requires substantial completion of the facility no later than 270 days from the date of the NTP.

Digester Mixer Replacements:

Notice to Proceed for the Construction Phase of the project was issued to both the General and Electrical contractors on October 8, 2012. Electrical construction work is approximately 75 % complete, as most of it could be accomplished without draining digesters. Mixer installation by the General contractor continues to be delayed because OMI our WTP contract operator has encountered difficulty in draining the contents of first digester which is necessary to facilitate mixer installation. OMI has now hired, at their cost, a specialty contractor to assist them in removing and processing the remaining material in the digester and expects it to be completed by the end of February or early part of March.

PPL E-Power Customizable Energy Program:

Applications have been submitted for energy savings rebates and verification methodologies for both the Digester Mixer Replacements and Truck Waste Receiving Station. We are awaiting PPL approval of the methodologies for verifying electrical savings. **No current activity.**

6. Wynnewood Terrace Pump Station Replacement

Staff has received and is reviewing the Preliminary Technical Memorandum as submitted by Cowan Associates, Incorporated (CA). We are evaluating pumping station design options as

well as force main sizing and locations. A Project Authorization Amendment for design and construction is anticipated for action in March.

7. **Vera Cruz Area Sewer Project**

All construction for this project was completed in 2012. Staff is working with contractors, suppliers and professional services, to close out all documentation required by the funding agencies.

8. **Western Lehigh Interceptor Leak**

A structural leak in the Western Lehigh Interceptor (WLI) near Trexlertown was repaired on December 18, 2012 for \$5,600 utilizing a stainless steel 24 inch diameter by 16 inch wide Rauch Quicklock repair band. The leak was classified a gusher; between 30 and 50 gallons per minute (gpm). At 50 gpm, that is 28 million gallons per year charged to LCA. At the City flows component charge rate, that is \$6,360; therefore, the return on investment for this repair is less than one year.

RESOLUTION No. 21-2013-21

(Duly adopted 28 January 25 February 2013)

**A RESOLUTION REFLECTING TRADING AUTHORIZATION FOR BROKERAGE
ACCOUNTS WITH JP MORGAN SECURITIES AND ITS AFFILIATES
AND DESIGNATION OF PERSONS APPROVED TO EXECUTE TRANSACTIONS ON
BEHALF OF THE AUTHORITY**

WHEREAS, Lehigh County Authority (hereinafter the "Authority") has established Financial Guidelines for, among other things, Cash & Investment Management; and

WHEREAS, the Authority uses various consultants and transactional entities to assist in such cash and investment management; and

WHEREAS, the Board of Directors (the "Board") periodically takes action designating particular staff positions to share in certain of its powers and responsibilities; and

WHEREAS, the Board wishes to both designate JP Morgan Securities and its affiliates as such a consultant and transactional entity as well as authorize certain staff positions to handle such transaction on behalf of the Authority, including executing necessary documents; and

NOW THEREFORE, it shall be resolved that:

1. The Authority is hereby authorized and directed to establish and maintain one or more accounts, but not a margin account, (each, an "Account"), and to engage in any of the transactions hereinafter described, in each case, with or through J.P. Morgan Securities LLC, J.P. Morgan Clearing Corp., J.P. Morgan Securities PLC and/or any of their now or hereafter existing affiliated entities (collectively, "JP Morgan"), through an Account or otherwise, with JP Morgan acting as principal or agent in such transactions.

2. The Authority is hereby authorized and empowered to purchase hold, finance, pledge, exercise, convert, tender, redeem, exchange, transfer, assign, sell, enter into, write, issue, terminate, amend and otherwise deal and trade, singly or in combination, in the manner and with the types of investments set forth in the Authority's Financial Guideline on Cash & Investment Management (hereinafter "Financial Guideline") in whatever the current version of such financial guideline is at the time of the investment, but which present version as of the date of this Resolution is attached hereto as Exhibit A (each of the foregoing, an "Activity").

3. Each of the employees of the Authority listed below ("each an Authorized Person") is hereby ~~individually~~ authorized for and on behalf of the Authority by oral, written, electronic or other means in accordance with the Financial Guideline to: (1) give to and receive from JP Morgan oral, written or electronic instructions, confirmations, notices or demands with respect to any Account, Activity or transaction; (2) bind the Authority to enter into and perform any transaction or agreement, amendment or modification thereof, relating to any Account, Activity or transaction involving the Authority; (3) lend or borrow money or securities and secure the repayment thereof with the property of the Authority; (4) pay in cash or by check or by credit or debit card or draft drawn upon the funds of the Authority any sums required to be paid in connection with any Account, Activity or transaction; (5) order the transfer of record of any securities, funds or other property to any name and to accept delivery of any securities, funds or other property; (6) direct the sale or exercise of any rights with respect to any securities or other property; (7) agree to any terms or conditions or execute or otherwise assent to any document or agreement affecting any Account, Activity or transaction; (68) endorse any securities or other property in order to pass title thereto (or any interest therein); (89) direct JP Morgan to surrender any securities or other property for the purpose of effecting any exchange or conversion thereof; and (10) ~~appoint any other person or persons to do any and all things which such director, officer, employee or agent of the Authority is hereby empowered to do; and~~ (11) generally, take all such action as such employee of the Authority may deem necessary or desirable to implement or facilitate the trading activities described herein.

AUTHORIZED PERSONS

<i>Name of Authority Employee</i>	<i>Title / Position</i>	<i>Specimen Signature</i>
Aurel M. Arndt	General Manager	
Edward J Bielarski	Chief Financial Officer	
Frank Leist	Capital Works Manager	
Liesel Adam	Customer Care & Communications Manager	

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4. Each of the Authorized Persons listed above is hereby ~~individually~~ authorized, for and on behalf of the Authority, to execute or otherwise assent to or enter into on behalf of the Authority in accordance with the Financial Guideline, all agreements, confirmations, releases, assignments, powers of attorney or other documents in connection with any Account, Activity or transaction, including without limitation, to execute and deliver instructions to JP Morgan to receive or deliver funds or securities, whether free or versus payment, or trade or non-trade related (including to any Authorized Persons).

5. ~~Notwithstanding the foregoing resolution, any person with actual or apparent authority is authorized and empowered by the Authority to undertake any Activity.~~

6. All actions previously taken by any director, officer, employee, Authorized Person or agent of the Authority in connection with or related to the matters set forth in or reasonably contemplated or implied by this Resolution be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Authority.

67. JP Morgan may rely on the authorizations, representations, and agreements contained in this Resolution until the close of business on the second business day after JP Morgan receives written notice of the modification or revocation thereof at its offices at Client Services NY1-H051, Three MetroTech Center, Brooklyn, New York 11245-0001 marked to the attention of: (i) Global Clearing Services - New Accounts (if the Authority's account is maintained by the Global Clearing Services Department and the Authority engages in equities/prime brokerage), (ii) Fixed Income Clearing Services Managing Director (if the Authority's account is maintained by the Global Clearing Services Department and the Authority engages in fixed income trading) and (iii) Documentation Department (if the Authority's account is maintained by the Private Client Services Department or any other JP Morgan department) or any other address that has been provided by JP Morgan specifically for such purpose and in each case with a copy to the Authority's account executive or relationship manager(s) at JP Morgan, provided, that JP Morgan may rely on such authorizations, representations, and agreements with respect to any transaction entered into prior to the effectiveness of such modification or revocation.

On motion of _____, seconded by _____,
this resolution was adopted the ~~28th~~ 11th day of ~~January~~ February 2013.

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I, Bradford E. Landon, Solicitor of Lehigh County Authority, do hereby certify that the foregoing is a true, correct and complete copy of a resolution which was duly adopted by the Authority at a public meeting of the Authority held on ~~28 January 11~~ February 2013, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and which resolution No. ~~42-2013-1~~ is now in full force and effect on the date of this certification.

Bradford E. Landon
Solicitor

EXHIBIT A

I. CASH AND INVESTMENT MANAGEMENT

Cash Management is concerned with safety and efficient management of cash from the time revenue is earned to the time an expenditure payment clears the bank. Cash investment is a major part of the cash management function and one that poses a risk to public funds.

To ensure an efficient utilization of cash, funds that are received (before noon) will be deposited on the same day. Funds received in the afternoon will be deposited the next business day. The deposits will be made in an approved financial institution. The Chief Financial Officer shall, on an ongoing basis, determine the amount of money available for investment and schedule maturities so that sufficient funds are available in demand deposits to ensure prompt payment of Authority obligations. Cash flow analysis of all funds will be performed regularly with the accounting system providing monthly information concerning cash position. Investments purchased must be of the types allowed by the Pennsylvania Municipal Authority Act as follows:

- a) Demand, savings and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- b) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivisions of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivisions.

Unless specifically restricted by agreements, investment term length will be predicted based on cash flow projections and market conditions subject to a maximum investment period of five years, which cannot be exceeded without supplemental Board authorization.

The Authority's investment objectives in priority order are: (1) Safety [preservation of principal], (2) Liquidity, (3) Diversification, and (4) Yield.

To ensure preservation of principal, the Authority shall require all deposits and investments, other than U.S. Government obligations, to be covered by federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation (FDIC) and purchased through Pennsylvania financial institutions shall be collateralized using the pooled asset method to 100% of value as required by Pennsylvania law. Certificates of Deposit purchased from out-of-state financial institutions will not exceed the FDIC insurable limit. Ownership of securities shall be evidenced by an acceptable safekeeping certificate issued to the Authority. In addition, the financial integrity of all out-of-state banks will be verified before any purchase. The Authority currently requires out-of-state banks to meet minimum requirements as follows:

- a) \$50 million in Assets
- b) Net Worth Ratio greater than 5%
- c) Profitable

The minimum requirements will be based on financial statements issued within the prior six months.

To provide further diversification of cash, the Authority may participate in municipal cash management pools. Such pools will be required to provide proper collateralization and ensure that investments purchased include only those allowed by the Pennsylvania Municipal Authorities Act. An accounting system that properly allocates interest earnings and segregates participant funds is required.

Quotes will be solicited to obtain the highest yield available for investing purposes. Such yield, however, is secondary after safety, liquidity and diversification issues are considered.

All investment purchases and external wire transfers shall be authorized by two of the following: General Manager, Chief Financial Officer, Capital Works Manager and Customer Care & Communications Manager. A phone confirmation to the issuing financial institution or broker using a personal identification number (PIN) or a written authorization signed by two individuals outlining the details of a request must be submitted before any action is authorized.

Investment activity will be reported to the Authority Board monthly in the Authority meeting notes. Activity reported will be type of investment, fund from which the investment is purchased, investment amount, dates of purchase and maturity, interest rate and financial institution providing the investment.

The standard of prudence to be used in managing the Authority's assets is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering primarily the probable safety of capital and, secondarily, the income to be derived."



Lehigh County Authority

1053 Spruce Street * P.O. Box 3348 * Allentown, PA 18106-0348
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MEMORANDUM

Date: February 21, 2013

To: Board of Directors & Management Staff
From: Lance M. Babbitt
Re: **Route 309 Crossing @ Sand Spring Road, W-12-4**
Amendment #1 – Construction Phase

MOTIONS/APPROVALS REQUESTED

No.	Motions/Approval Items	Brief Description	Amount
1	Capital Project Authorization	Construction Phase	\$34,300.00

BACKGROUND

The Pennsylvania Department of Transportation (PaDOT) plans on widening the intersection of Route 309 and Sand Spring Road, North Whitehall Township. Previous Capital Planning anticipated a waterline crossing of Rt. 309 to serve areas on the west side. Incorporating a steel casing crossing Rt. 309 for a future water line extension into the PaDOT planning and construction is anticipated to be cost effective and if it can be installed via “open cut”, a combined savings of \$5,000 will be realized. Because this solely benefits LCA, the costs will not be reimbursed by PaDOT.

PROJECT STATUS

Initially, casing installation efforts were anticipated to be completed in March 2013. All work was completed January 29, 2013, due to PaDOT revising the schedule. Based upon the latest PaDOT schedule their work should be completed by October 2013.

The proposed project initially included approximately 100 feet of 24” casing crossing Rt. 309. Design efforts during that phase addressed incorporating the construction of the casing into the PaDOT construction contract, plus designing the waterline extension to be constructed at a later date. PaDOT has provided access rights, in lieu of easements, for the future main extension. Construction of the waterline extension will probably be in late 2013 or early 2014. A separate project authorization for that effort will be processed in the future.

THIS APPROVAL- CONSTRUCTION PHASE

1. Contracts - Reflects the estimated cost of the casing installation performed by the PaDOT Contractor.
2. LCA Staff Costs - Staffing expenses were the result of PaDOT design changes before and after bid, excessive reviews, inspection and project coordination.
3. Professional Service – Additional expenses were the result of PaDOT design change direction to relocate the future carrier pipe, changes before and after bid and excessive reviews.

FUTURE AUTHORIZATIONS:

Construction Phase, to include CPA Amendment 2 and contract award.

**CAPITAL PROJECT AUTHORIZATION
Amendment No. 1**

PROJECT NO.: W-12-4 BUDGET FUND: WATER CAPITAL - NWD

PROJECT TITLE: Route 309 Crossing @ Sand Spring Road

- PROJECT TYPE:
 Construction
 Engineering Study
 Equipment Purchase
 Amendment

THIS AUTHORIZATION \$34,300
 TO DATE (W/ ABOVE) \$46,200

DESCRIPTION AND BENEFITS:

This Amendment covers the construction cost of 100 feet of 24" casing crossing Rt. 309, via open cut, completed January 29, 2013. Design/construction efforts through this phase have accommodated placing the casing into the PaDOT construction contract at a cost savings of \$5,000 over separately bidding a boring contract. Staff time and Professional Services were incurred due to PaDOT direction and multiple design changes after project bid. For more detail, see the attached memo.

A separate authorization will be requested prior to installation of the 12-inch carrier pipe in late 2013, or early 2014.

AUTHORIZATION STATUS:

Previous Authorizations	
<i>Design Phase</i>	\$ 11,900

Requested This Authorization	
<i>Route 309 Crossing @ Sand Spring Road - Construction Phase</i>	
Staff	\$ 3,500
Professional Services	\$ 2,700
Construction Contracts	\$ 25,600
Misc	\$ 500
Contingency	\$ 2,000
Total This Authorization	\$ 34,300

Future Authorization	
12-inch DIP carrier pipe.	\$ -
Total Future Authorization	\$ 142,000
<i>Total Estimated Project</i>	<i>\$ 188,200</i>

REVIEW AND APPROVALS:

_____	_____	_____	_____
Project Manager	Date	General Manager	Date
_____	_____	_____	_____
Capital Works Manager	Date	Chairman	Date



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MEMORANDUM

Date: February 20, 2013

To: Board of Directors & Management Staff
From: Lance M. Babbitt
Re: Sand Spring Road Waterline Relocation, W-12-3
Amendment #1- Construction Phase

MOTIONS /APPROVALS REQUESTED

No.	Motions/Approval Items	Brief Description	Amount
1	Capital Project Authorization	Construction Phase	\$82,700.00

BACKGROUND

Pennsylvania Department of Transportation (PaDOT) plans on widening of the intersection of Route 309 and Sand Spring Road, North Whitehall Township. This activity will impact our water facilities as they parallel Sand Spring Road. Due to curbing changes and storm water control facilities approximately 110 feet of waterline, three valves and a fire hydrant have been relocated. Prior authorization took this project through all surveys, designs, easement acquisitions and permitting. Construction was incorporated into the PaDOT contract. This project is to be 63.4% reimbursable through PaDOT Cost Sharing Agreement of September 10, 2012. Therefore, of the \$ 94,800 estimated total project cost, the LCA share is estimated at \$34,700.00.

PROJECT STATUS

Initially, waterline relocation efforts were anticipated to be completed in July 2013. All waterline work was completed February 16, 2013, due to PaDOT revising the schedule. Based upon the latest PaDOT schedule the remaining project work should be completed by October 2013.

THIS APPROVAL- CONSTRUCTION PHASE

1. Contracts - Reflects the estimated cost of the relocation work performed by the PaDOT Contractor.
2. LCA Staff Costs - Staffing expenses were the result of PaDOT design changes before and after bid, excessive reviews, inspection and project coordination. LCA Operations Department relocated a service line utilizing our equipment.
3. Professional Service – Additional expenses were the result of PaDOT design changes before and after bid.

FUTURE AUTHORIZATIONS:

No future authorizations are anticipated.

**CAPITAL PROJECT AUTHORIZATION
Amendment No. 1**

PROJECT NO.: W-12-3 BUDGET FUND: WATER CAPITAL - NWD

PROJECT TITLE: Sand Spring Road Waterline Relocation

- PROJECT TYPE:
 Construction
 Engineering Study
 Equipment Purchase
 Amendment

THIS AUTHORIZATION \$82,500
 TO DATE (W/ ABOVE) \$94,800

DESCRIPTION AND BENEFITS:

Widening of the intersection of Route 309 and Sand Spring Road, North Whitehall Township has impacted our water facilities along Sand Spring Road. Due to curbing changes and storm water control facilities approximately 110 feet of waterline, three valves and a fire hydrant were relocated. Previous project authorization approved the work through surveys, designs, easement acquisitions and permitting. Construction was incorporated into the PaDOT contract, constructed and completed by February 16, 2013. See attached Memo for additional explanation of costs.

By PaDOT Cost Sharing Agreement of September 10, 2012, reimburses 63.4% of the cost of improvements. An estimated total of \$34,700.00

AUTHORIZATION STATUS:

Previous Authorizations	
<i>Design Phase</i>	\$ 12,300
Requested This Authorization	
<i>Sand Spring Road Waterline Relocation</i>	
<i>Construction Phase</i>	
Staff	\$ 16,400
Professional Services	\$ 3,550
Construction Contracts	\$ 50,750
Materials & Equipment	\$ 3,300
Misc	\$ 500
Contingency	\$ 8,000
Total This Authorization	\$ 82,500
Future Authorization	
None Anticipated	\$ -
Total Project	\$ 94,800

REVIEW AND APPROVALS:

_____	_____	_____	_____
Project Manager	Date	General Manager	Date
_____	_____	_____	_____
Capital Works Manager	Date	Chairman	Date