

**BOARD ACTION/DISCUSSION ITEMS
JULY 2013 – SEPTEMBER 2013**

PRIORITY*	PROJECT/ISSUE	TYPE OF ACTION	TIMING**
<i>AS NEEDED</i>			
H	Update on LCA/City 537 Plan Study	Status Report	As needed
H	Acquisition/Growth Strategy Activities	Status Report	As needed
H	Jordan Creek Wastewater Plant	Status Report	As needed

WITHIN 45 DAYS

H	Arcadia Water Pump Station Upgrades, Construction Phase	Approval	Aug (B)
----------	---------------------------------------------------------	----------	---------

WITHIN 75 DAYS

L	Upper Milford Central Division – Radon Study Alternatives	Report	Sept (B)
M	Crestwood Alternate Water Supply-Design Phase	Approval	Sept (B)
M	Madison Park Division Water Pump Station Upgrades, Design Phase	Approval	Sept (B)
H	Pine Lakes Division - Water Pump Station Upgrades, Design Phase	Approval	Sept (B)

7/22/13 July Board Meeting

8/12/13 August Workshop Meeting

* **H – High**
M – Medium
L – Low

** **(W) – Workshop**
(B) – Board
(W/B) - Either

LEHIGH COUNTY AUTHORITY
WORKSHOP AGENDA
Monday, July 8, 2013 – 12:00 PM

INITIAL ITEMS (*Collectively 5 Minutes*)

1. **Identify items for July Board Meeting**

- *Review Board Discussion items, July 2013 – September 2013*

ACTION/DISCUSSION ITEMS

1. **Water and Sewer Bonds (Allentown Concession): Resolution No. 7-2013-1**

It is anticipated to have this action taken at the Workshop as presently that is the planned printing of the Preliminary Official Statement and at that time the maximum bond size parameters need to be established. The Resolution is attached (**green**).

INFORMATION ITEMS

1. ***None.***

OTHER ITEMS

1. ***None.***

RESOLUTION NO. 7-2013-1
OF THE BOARD OF THE
LEHIGH COUNTY AUTHORITY

Adopted: July ____, 2013

AUTHORIZING THE UNDERTAKING OF A PROJECT UNDER WHICH THE LEHIGH COUNTY AUTHORITY (THE "AUTHORITY") SHALL ACQUIRE A LEASEHOLD INTEREST IN THE WATER SYSTEM AND SEWER SYSTEM (THE "SYSTEM") OF THE CITY OF ALLENTOWN (THE "CITY") PURSUANT TO A CONCESSION AGREEMENT BETWEEN THE AUTHORITY AND THE CITY (THE "CONCESSION AGREEMENT"); AUTHORIZING AND DIRECTING THE ISSUANCE OF THE AUTHORITY'S WATER AND SEWER REVENUE BONDS, (CITY OF ALLENTOWN CONCESSION) SERIES 2013A (THE "2013A BONDS") IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$_____; AUTHORIZING AND DIRECTING THE ISSUANCE OF THE AUTHORITY'S WATER AND SEWER CAPITAL APPRECIATION REVENUE BONDS, (CITY OF ALLENTOWN CONCESSION) SERIES 2013B (THE "2013B BONDS") IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$_____; AUTHORIZING AND DIRECTING THE ISSUANCE OF THE AUTHORITY'S WATER AND SEWER REVENUE BONDS, (CITY OF ALLENTOWN CONCESSION) SERIES 2013C (FEDERALLY TAXABLE) (THE "2013C BONDS," AND TOGETHER WITH THE 2013A BONDS AND THE 2013B BONDS, THE "BONDS") IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$_____; AUTHORIZING AND DIRECTING THE USE OF THE BOND PROCEEDS TO FINANCE (1) A SINGLE, UP-FRONT LEASE PAYMENT TO THE CITY PURSUANT TO THE CONCESSION AGREEMENT TO ACQUIRE A LEASEHOLD INTEREST IN THE CITY'S SYSTEM, (2) CERTAIN CAPITAL IMPROVEMENTS TO THE SYSTEM, (3) DEPOSITS INTO CERTAIN RESERVE AND OTHER FUNDS, AND (4) TRANSACTION COSTS AND EXPENSES IN CONNECTION WITH THE ACQUISITION OF THE SYSTEM AND THE ISSUANCE OF THE BONDS; SETTING FORTH THE SECURITY FOR THE BONDS; APPROVING THE TERMS OF, AND AUTHORIZING AND DIRECTING THE EXECUTION, AUTHENTICATION AND DELIVERY OF, THE BONDS SECURED BY THE TRUST INDENTURE DESCRIBED HEREIN; APPROVING THE FORM

OF AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A CONSENT AGREEMENT, A SERVICES AGREEMENT AND CERTAIN ESCROW AGREEMENTS; AUTHORIZING THE PREPARATION OF A PURCHASE CONTRACT TO BE SUBMITTED BY THE UNDERWRITER NAMED HEREIN OF THE BONDS AND AUTHORIZING AND DIRECTING UPON CERTAIN CONDITIONS THE EXECUTION AND DELIVERY OF THE PURCHASE CONTRACT AND THE AWARD OF THE BONDS TO THE UNDERWRITER; APPROVING THE FORM OF AND AUTHORIZING THE USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE PREPARATION AND EXECUTION OF A FINAL OFFICIAL STATEMENT; UNDERTAKING CERTAIN TAX COVENANTS WITH REGARD TO THE BONDS; AUTHORIZING THE ENTERING INTO OF A CONTINUING DISCLOSURE AGREEMENT BY THE NECESSARY OR APPROPRIATE ACTION IN CONNECTION WITH THE FOREGOING; AUTHORIZING THE DISPOSITION OF THE BOND PROCEEDS; AUTHORIZING AND DIRECTING THE PAYMENT OF FEES AND EXPENSES; AUTHORIZING AND DIRECTING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY TO CARRY OUT THIS RESOLUTION; AND RESCINDING ALL INCONSISTENT RESOLUTIONS

WHEREAS, the Lehigh County Authority (the “Authority”) is a body corporate and politic organized by the Board of County Commissioners of the County of Lehigh, Pennsylvania under the provisions of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. § 5601 *et seq.*, as amended (the “Act”); and

WHEREAS, the City of Allentown, Pennsylvania (the “City”) owns and operates the Allentown Sewer Utility System and the Allentown Water Utility System (the “System”); and

WHEREAS, pursuant to the terms and conditions of the Allentown Water and Sewer Utility System Concession and Lease Agreement dated as of May 1, 2013 (the “Concession Agreement”), by and between the City and the Authority, the City intends to lease the System to the Authority, as concessionaire, and to grant to the Authority the right to operate the System in order to provide utility services and collect revenues therefrom and in connection therewith, all in accordance with the provisions of the Concession Agreement; and

WHEREAS, the Authority is empowered under the Act to enter into the Concession Agreement to operate water treatment, storage and distribution systems and sewerage collection, treatment and disposal systems; and

WHEREAS, pursuant to the Act, the Authority has authorized and approved a project (the "Project") consisting of: (i) the up-front, lump-sum payment to the City as consideration for the lease of the System by the City to the Authority, of such amount as prescribed in the Concession Agreement; (ii) the funding of certain capital improvements to the System; (iii) the funding of certain debt service reserve funds and other funds created under the Indenture (as such term is defined herein); and (iv) the payment of transaction costs and expenses in connection with the acquisition of the System and the issuing of the Bonds (as hereinafter defined); and

WHEREAS, in order to finance the Project, the Authority desires to duly authorize the issuance and sale of its \$_____ maximum aggregate principal amount Lehigh County Authority Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2013A (the "2013A Bonds"), \$_____ maximum aggregate principal amount Lehigh County Authority Water and Sewer Capital Appreciation Bonds (City of Allentown Concession), Series 2013B (the "2013B Bonds") and \$_____ maximum aggregate principal amount Lehigh County Authority Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2013C (Federally Taxable) (the "2013C Bonds," and together with the 2013A Bonds and the 2013B Bonds, the "Bonds"); and

WHEREAS, the Bonds will be issued under and secured by a Trust Indenture (the "Indenture") from the Authority to Manufacturers and Traders Trust Company, as trustee (the "Trustee"); and

WHEREAS, in order to secure the payment of the principal or redemption price of and interest on the Bonds and other amounts due under the Indenture, the Authority shall assign, transfer and pledge to the Trustee all of its right, title and interest in the Concessionaire Interest (as such term is defined in the Indenture), to the extent and in the manner provided in the Indenture; and

WHEREAS, the Authority and the City will enter into a Consent Agreement (the "Consent Agreement") whereby, *inter alia*, the City shall consent to the Authority's grant of a first lien on and security interest in the Concessionaire Interest to the Trustee; and

WHEREAS, the Authority and City will enter into a Services Agreement (the "Services Agreement"), addressing, among other things, the servicing by the Authority, as agent of the City of the collection of certain municipal customer payments pursuant to municipal service agreements, as described in the Concession Agreement; and

WHEREAS, the Authority and the City will enter into a City Payment Reserve Fund Escrow Agreement (the "City Payment Reserve Fund Escrow Agreement") and a Capex Fund Escrow Agreement (the "Capex Fund Escrow Agreement," and together with the City Payment Reserve Fund Escrow Agreement, the "Escrow Agreements"), regarding the City Payment Reserve Fund and Capex Fund, respectively, as each is described and required under the Concession Agreement; and

WHEREAS, Goldman, Sachs & Co. (the “Underwriter”) is expected to present to the Board of the Authority (the “Board”) a form of Bond Purchase Agreement (the “Purchase Contract”) for the purchase of the Bonds; and

WHEREAS, the Authority expects to determine, after due deliberation and investigation, to accept the Purchase Contract and to award the Bonds to the Underwriter at the price and pursuant to the terms set forth therein; and

WHEREAS, there has also been presented to this Board a Preliminary Official Statement dated _____, 2013 (the “Preliminary Official Statement”) in connection with the public offering and sale of the Bonds; and

WHEREAS, the Authority desires to approve the content and form of the Preliminary Official Statement and to authorize the use and distribution thereof in connection with the public offering and sale of the Bonds; and

WHEREAS, certain action is required to be taken by the Authority as a prerequisite to the public offering of the Bonds, the execution and delivery of the Purchase Contract in connection therewith and the issuance of the Bonds.

NOW, THEREFORE, the Board of the Lehigh County Authority resolves as follows:

Section 1. Authorizing the Project. The Project as heretofore described is hereby authorized and directed to be undertaken.

Section 2. Authorizing Issuance of Bonds; Terms of Bonds; Execution, Authentication and Delivery Thereof. For the purpose of providing funds to finance the Project, the Authority hereby authorizes and directs (i) the issuance of the Bonds; (ii) the execution of the Indenture; (iii) the execution of the Consent Agreement; (iv) the execution of the Services Agreement, and (v) the execution of the Escrow Agreements, all pursuant to the provisions of the Act and subject to the conditions hereinafter set forth.

The Bonds initially shall be dated as of such date, shall bear interest, mature and be subject to redemption, all as set forth in the Purchase Contract referenced below and the Indenture, subject to the conditions herein set forth. The Bonds may be in the form of a single, fully registered bond for each maturity of the Bonds, in denominations equal to the principal amount of the Bonds maturing on each maturity date (unless and until replacement certificates are issued in accordance with the terms of the Indenture), and shall be registered in the name of The Depository Trust Company, or its nominee, Cede & Co. Payment of the principal or redemption price of, and interest on, the Bonds shall be made to the registered owner of each Bond in the manner and at the times set forth in the Bonds and in the Indenture.

The Bonds shall be executed by the manual or facsimile signature of the Chairman, Vice Chairman of the Board, or the General Manager or Chief Financial Officer of the Authority (collectively, the "Authority Officials") and shall have the corporate seal or a facsimile thereof impressed thereon, duly attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Customer Care & Communications Manager or Solicitor of the

Authority (collectively, the "Attesting Officials") and such officers are hereby authorized and directed to execute, or cause to be executed, the Bonds in such manner.

The Authority Officials are further authorized and directed to deliver the Bonds to the Trustee for authentication and delivery, and the Trustee is hereby requested, authorized and directed to authenticate and deliver the same to, or upon the order of, the Authority Officials in accordance with the provisions of the Indenture.

Payment of the principal of the Bonds shall be made to the registered owner thereof, when due, in lawful money of the United States of America at the designated office of the Trustee. Interest on the Bonds is to be paid by check mailed to the registered owner of each Bond as his or her name appears on the registration books of the Authority kept for that purpose by the Trustee.

Section 3. Security for Bonds; Limited Obligations; Confirmation of Trustee. The Bonds shall be secured by the Indenture from the Authority to the Trustee, whose appointment as Trustee under the Indenture is hereby ratified and confirmed. Under the terms of the Indenture the Concessionaire Interest (as therein defined) is assigned, transferred and pledged to the Trustee for, *inter alia*, the payment of the principal or redemption price of and interest on the Bonds and such assignment, transfer and pledge is hereby confirmed.

The Bonds shall not in any manner pledge the credit or taxing power of the Commonwealth of Pennsylvania, County of Lehigh, or of any political subdivision thereof; nor shall they be deemed to be obligations of the Commonwealth of Pennsylvania, the County of Lehigh, or any political subdivision thereof; nor shall the Commonwealth of Pennsylvania, the County of Lehigh, or any political subdivision thereof be liable for the payment of the principal of, and interest on, such obligations but they shall be secured upon and be payable from the sources referred to above and from such other moneys as may be available for such purpose.

Section 4. Approval of Indenture. The form, terms and conditions of the Indenture, prepared by Bond Counsel for the Authority, to be substantially in the form as submitted to this meeting (a copy of which shall be filed with the records of the Authority), as well as the form, terms and conditions of the Bonds secured thereby, are hereby approved. The Authority Officials are hereby authorized and directed to execute the Indenture in such form on behalf of the Authority, with the advice of counsel to the Authority and McNees Wallace & Nurick LLC, bond counsel for the Bonds ("Bond Counsel"), subject to such changes and modifications, if any, as may be approved by such Authority Officials, the execution of the Indenture to be conclusive evidence of such approval, and the Attesting Officials of the Authority are hereby authorized and directed to cause the corporate seal of the Authority to be affixed thereto and to attest the same. The Authority Officials are further authorized and directed to acknowledge the same on behalf of the Authority and to deliver the Indenture to the Trustee.

Section 5. Approval of Consent Agreement. The form, terms and conditions of the Consent Agreement, prepared by counsel for the Authority, to be substantially in the form as submitted to this meeting (a copy of which shall be filed with the records of the Authority) are hereby approved. The Authority Officials are hereby authorized and directed to execute the Consent Agreement in such form on behalf of the Authority, with the advice of counsel to the

Authority and Bond Counsel, subject to such changes and modifications, if any, as may be approved by such Authority Officials, the execution of the Consent Agreement to be conclusive evidence of such approval, and the Attesting Officials are hereby authorized and directed to cause the corporate seal of the Authority to be affixed thereto and to attest the same.

Section 6. Approval of Services Agreement. The form, terms and conditions of the Services Agreement, prepared by counsel for the Authority, to be substantially in the form as submitted to this meeting (a copy of which shall be filed with the records of the Authority) are hereby approved. The Authority Officials are hereby authorized and directed to execute the Services Agreement in such form on behalf of the Authority, with the advice of counsel to the Authority and Bond Counsel, subject to such changes and modifications, if any, as may be approved by such Authority Officials, the execution of the Services Agreement to be conclusive evidence of such approval, and the Attesting Officials are hereby authorized and directed to cause the corporate seal of the Authority to be affixed thereto and to attest the same.

Section 7. Approval of Escrow Agreements. The forms, terms and conditions of the Escrow Agreements, prepared by counsel for the Authority, to be substantially in the form as submitted to this meeting (a copy of which shall be filed with the records of the Authority) are hereby approved. The Authority Officials are hereby authorized and directed to execute the Escrow Agreements in such form on behalf of the Authority, with the advice of counsel to the Authority and Bond Counsel, subject to such changes and modifications, if any, as may be approved by such Authority Officials, the execution of the Escrow Agreements to be conclusive evidence of such approval, and the Attesting Officials are hereby authorized and directed to cause the corporate seal of the Authority to be affixed thereto and to attest the same.

Section 8. Approval, Acceptance and Execution of Purchase Contract. The Authority Officials, upon receipt of favorable advice from the Authority's counsel and Bond Counsel with respect thereto, is hereby authorized and directed to accept, approve, execute and deliver the Purchase Contract for the Bonds as presented to the Authority by the Underwriter; provided, however, that prior to such acceptance, approval, execution and delivery, the Authority shall have executed an acceptance of the Purchase Contract and provided further that the maximum aggregate principal amount of the 2013A Bonds shall not exceed \$_____, the maximum aggregate principal amount of the 2013B Bonds shall not exceed \$_____ and the maximum aggregate principal amount of the 2013C Bonds shall not exceed \$_____ (each exclusive of original issue discount); the latest maturity date of the Bonds shall not be later than _____ years from the date of issuance of the Bonds; the maximum rate of interest on the Bonds shall not exceed _____% per annum; and, the Underwriter's compensation with respect thereto shall not exceed _____% of the original aggregate principal amount of the Bonds. The Authority further authorizes and directs that (i) the Bonds be awarded to the Underwriter upon the terms and conditions set forth in the Purchase Contract subject to the execution thereof in accordance with the provisions of this Section 8, and (ii) the Bonds shall be delivered to the Underwriter after execution and authentication thereof, upon receipt of the full purchase price plus accrued interest and the performance of all other conditions of the Purchase Contract as fully executed.

The Authority Officials are hereby authorized and directed to execute the Purchase Contract (subject, however, to compliance with the aforementioned limitations) in such

form as the Authority's counsel and Bond Counsel may advise and the officer executing the Purchase Contract may approve, such approval to be conclusively evidenced by the execution thereof, and to deliver a signed copy thereof to the Underwriter.

Section 9. Approval of Preliminary Official Statement, Official Statement and Use and Distribution Thereof. The Preliminary Official Statement presented at this meeting (a copy of which shall be filed with the records of the Authority), is hereby approved and is hereby found to be an official statement relating to the Bonds that the Authority "deems final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"). The Authority Officials are hereby authorized to execute one or more copies of the Preliminary Official Statement. The use and distribution by the Underwriter of the Preliminary Official Statement prior to the date hereof in connection with the public offering of the Bonds in the form presented to this meeting is hereby ratified and confirmed and the distribution thereof on and after the date hereof is hereby approved. An Official Statement in substantially the same form as the Preliminary Official Statement, with such changes, if any, as may be advised by the Authority's solicitor and Bond Counsel and as may be approved by the Authority's officer executing the same, such approval to be conclusively evidenced by the execution thereof, is hereby authorized and directed to be prepared and upon its preparation, to be executed by the Authority Officials. The Authority hereby further approves the distribution and use of the Official Statement as so prepared and executed in connection with the public offering and sale of the Bonds.

Section 10. Tax Covenants and Representations. So long as the 2013A Bonds and the 2013B Bonds (for purposes of this Section 7, the "Tax-Exempt Bonds") are outstanding, the Authority hereby represents and covenants that:

(a) The Authority shall make no use of the proceeds of the Tax-Exempt Bonds during the term thereof which would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and shall comply with the requirements of all Code sections necessary to ensure that the Tax-Exempt Bonds are described in Code section 103(a) and not described in Code section 103(b) throughout the term of the Tax-Exempt Bonds.

(b) If and to the extent the Authority is required to remit any amounts to the United States pursuant to Code section 148(f) (the "Rebate Amounts") in order to cause the Tax-Exempt Bonds not to be arbitrage bonds, the Authority will remit the Rebate Amounts at such times and in the manner required by Code section 148(f) and the regulations thereunder. The obligation to remit the Rebate Amounts and to comply with all other requirements of this Section 7 shall survive the defeasance and payment in full of the Tax-Exempt Bonds.

(c) The Authority shall file IRS Form 8038-G and any other forms or information required by the Code with respect to the Tax-Exempt Bonds to be filed in order to permit the interest on the Tax-Exempt Bonds to be excluded from gross income for federal income tax purposes.

Section 11. Disposition of Bond Proceeds. The Authority, upon receipt of the proceeds of the Bonds, shall deposit the same with the Trustee to be held and disbursed all as provided in the Indenture.

Section 12. Payment of Fees and Expenses. The proper officers of the Authority are hereby authorized and directed to pay or cause to be paid all fees and expenses to the extent required in the Purchase Contract in connection with the issuance and sale of the Bonds at the time of delivery of the Bonds to the Underwriter.

Section 13. Liability of the Authority. No covenant, stipulation, obligation or agreement contained in this Resolution, the Indenture, the Concession Agreement, the Consent Agreement, the Services Agreement, the Escrow Agreements, the Bonds or other related and appropriate documents shall be deemed to be a covenant, stipulation, obligation or agreement of any past, present or future member, officer, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officer executing the Bonds shall be liable personally on the Bonds, or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 14. Authorizing Incidental Actions. The proper officers of the Authority are hereby authorized, directed and empowered on behalf of the Authority to execute any and all papers and documents, including the Authority's Continuing Disclosure Agreement described in the Official Statement under the caption "Continuing Disclosure Undertaking", enabling the Underwriter to meet the requirements imposed upon it by SEC Rule 15c2-12(b)(5), and the related certificate described in the Purchase Contract; and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the provisions of this Resolution, the Indenture, the Consent Agreement, the Services Agreement, the Escrow Agreement and the Concession Agreement; and in the issuance, sale and delivery to the Underwriter of the Bonds.

Section 15. Rescinding Inconsistent Resolutions. All resolutions or parts of resolutions inconsistent herewith be and the same hereby are rescinded, canceled and annulled.

I, the undersigned officer of the Lehigh County Authority, DO HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution duly adopted by the Board of the Authority at a public meeting of the Authority held the ___ day of July, 2013, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and is now in full force and effect on the date of this certification.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Authority this ___ day of July, 2013.

Secretary

(SEAL)