



## LEHIGH COUNTY AUTHORITY

**LCA Main Office:**  
1053 Spruce Road  
Wescosville, PA 18106  
610-398-2503

**Agendas & Minutes Posted:**  
[www.lehighcountyauthority.org](http://www.lehighcountyauthority.org)

Published: September 17, 2018

### BOARD MEETING AGENDA – September 24, 2018

1. Call to Order

- NOTICE OF MEETING RECORDINGS

Meetings of Lehigh County Authority's Board of Directors that are held at LCA's Main Office at 1053 Spruce Road, Wescosville, PA, may be recorded for viewing online at [lehighcountauthority.org](http://lehighcountauthority.org). Recordings of LCA meetings are for public convenience and internal use only and are not considered as minutes for the meeting being recorded, nor are they part of public record. Recordings may be retained or destroyed at LCA's discretion.

- *Public Participation Sign-In Request*

2. Review of Agenda / Executive Sessions

3. Approval of Minutes

- *September 10, 2018 Board meeting minutes*

4. Public Comments

5. Action / Discussion Items:

#### **FINANCE AND ADMINISTRATION**

- *Resolution No. 9-2018-1 – Allentown Division 2013C Bond Refinancing (yellow)*
- *2019 Preliminary Budget – Presentation & handouts will be available at meeting*
- *LCA Pension Program – 2019 Minimum Municipal Obligation (MMO) – Information Only (blue)*

#### **WATER**

#### **WASTEWATER**

6. Monthly Project Updates / Information Items (1<sup>st</sup> Board meeting per month)

7. Monthly Financial Review (2<sup>nd</sup> Board meeting per month) – **August 2018 report attached**

8. Monthly System Operations Overview (2<sup>nd</sup> Board meeting per month) – **August 2018 report attached**

9. Staff Comments

10. Solicitor's Comments

11. Public Comments / Other Comments

12. Executive Sessions

13. Adjournment

#### **UPCOMING BOARD MEETINGS**

*Meetings begin at Noon at LCA's Main Office, unless noted otherwise below.*

October 8, 2018

October 22, 2018

November 12, 2018

#### **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. During the Public Comment portions of 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.

## **REGULAR MEETING MINUTES**

### **September 10, 2018**

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The Meeting of the Lehigh County Authority was called to order at 12:02 p.m. on Monday, September 10, 2018, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Jeff Morgan, Richard Bohner, Norma Cusick, and Ted Lyons. Authority Staff present were Liesel Gross, Brad Landon, Chuck Volk, Ed Klein, Pat Mandes, Susan Sampson, Chris Moughan, John Parsons, Amy Kunkel and Lisa Miller.

#### **REVIEW OF AGENDA**

Chairman Nagle announced that today's Board meeting is being videotaped and streaming live and recordings will be posted to the Authority's website.

Liesel Gross stated there are no changes to the agenda but there is one item for Executive Session at the end of the meeting to discuss matters of potential litigation.

#### **APPROVAL OF MINUTES**

##### **August 27, 2018 Regular Meeting Minutes**

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of the August 27, 2018 meeting (5-0).

#### **PUBLIC COMMENTS**

None.

#### **ACTION AND DISCUSSION ITEMS**

Chairman Nagle announced that the Board previously received an electronic copy of the Allentown Division – Water Main Replacement Program Cycle 4 project updated from the version in the mailed packet and a hardcopy of that information was received at today's meeting.

##### **Allentown Division – Water Main Replacement Program Cycle 4**

Chuck Volk gave an overview of the project noting the project was rebid using a reduced scope. Mr. Volk is asking for the approval of the Capital Project Authorization – Amendment No. 1 for the Construction Phase, Cycle 4 in the amount of \$1,799,411.00 which includes the Professional Services Authorization Cycle 4 for Construction Engineering and Managements Services, Amendment No. 1 to Gannett Fleming Inc. in the amount of \$53,395.00 and award of the Cycle 4 contract for General Construction to DOLI Construction Corporation in the amount of \$1,526,016.00.

On a motion by Norma Cusick, seconded by Richard Bohner, the Board approved the Capital Project Authorization – Amendment No. 1 for the Construction Phase, Cycle 4 in the amount of \$1,799,411.00 which includes the Professional Services Authorization Cycle 4 for Construction Engineering and Managements Services, Amendment No. 1 to Gannett Fleming Inc. in the amount of \$53,395.00 and award of the Cycle 4 contract for General Construction to DOLI Construction Corporation in the amount of \$1,526,016.00 (5-0).

Scott Bieber arrived at 12:06 p.m.

**Suburban Division – Water Meter Replacement Project Change Order**

Chuck Volk gave an overview of the project whereby radio units for reading meters are being replaced with upgraded units, along with other meter replacement activity. Amy Kunkel explained that the original project is substantially complete but as the project has progressed, additional radio units have failed and need to be replaced. The change order is to replace approximately 600 additional radio units that have failed due to aging battery life. Ms. Kunkel explained that the radio units that are failing had an expected battery life of seven (7) years, but have lasted up to 15 years or longer before failing. The new units have a battery life expectancy of 20 years. The change order is requested to make additional progress on replacing these failing units, and the contractor has agreed to conduct this work at the same cost and on the same terms included in the current contract.

Ms. Kunkel is asking for approval of the Capital Project Authorization Amendment No. 1 for the Construction Phase Change Order to Core and Main in the amount of \$100,000.00.

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved the Capital Project Authorization Amendment No. 1 for the Construction Phase Change Order to Core and Main in the amount of \$100,000.00 (6-0).

**MONTHLY PROJECT UPDATES/INFORMATION ITEMS**

Liesel Gross highlighted two topics under Finance & Administration for the upcoming September 24, 2018 meeting. Information about the 2013C bond refinancing is expected to be ready at this meeting and there will also be a presentation of the 2019 preliminary budget. As to the Information Items, Scott Bieber asked what the structural improvements are for Heidelberg Heights Wastewater Treatment plant. Chuck Volk said the cross bracing in the tank is severely corroded and needs to be replaced and reinforced which would prolong the life of the tank by 15 years. Liesel Gross explained that the equalization tank is the only piece left of the original plant after the Authority built a new plant in 2001.

**STAFF COMMENTS**

None.

**SOLICITOR'S COMMENTS**

None.

**PUBLIC COMMENTS / OTHER COMMENTS**

None.

Chairman Nagle called a recess at 12:15 p.m. The meeting reconvened at 12:20 p.m.

Deana Zosky joined the meeting by telephone at 12:20 p.m.

**EXECUTIVE SESSION**

An Executive Session was held at 12:20 p.m. to discuss potential litigation. The Executive Session ended at 1:01 p.m.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 1:01 p.m.

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Richard Bohner  
Assistant Secretary



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## MEMORANDUM

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**TO:** LCA Board of Directors  
**FROM:** Liesel Gross, CEO  
**DATE:** September 17, 2018  
**RE:** Resolution 9-2018-1 – Allentown Division 2013C Bond Refinancing

### **Proposed Board Action: Approval of the Resolution No. 9-2018-1**

Lehigh County Authority has previously issued its Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2013C (Federally Taxable), in the outstanding principal amount of \$18,735,000 in connection with the Allentown Water and Sewer Utility System Concession and Lease Agreement. The 2013C Bonds mature in their entirety on December 1, 2018.

Working with the Authority's bond counsel, McNees Wallace & Nurick LLC, and its financial advisor, Concord Public Financial Advisors, Inc., LCA staff has been working on a plan to refinance the outstanding 2013C Bonds prior to their maturity date. On Friday, September 14, 2018, LCA received a fully executed copy of a revised consent agreement, signed by LCA, the City of Allentown, and the bond trustee, M&T Bank, allowing the refinancing of the 2013C Bonds to be completed on a parity basis with the original bond issue. On this basis, LCA also received a proposal from Lafayette Ambassador Bank to purchase the 2018 Bond in the maximum principal amount of \$18,735,000. Completion of this refinancing also requires execution of a Second Supplemental Indenture to the original bonds.

Attached to this memo are the following documents:

- Resolution 9-2018-1, which the Authority Board is requested to approve on September 24, 2018 to allow the refinancing activity to be completed.
- Bank proposal and commitment.
- Second Supplemental Indenture to be executed as part of this transaction.
- Amortization schedule and cash flow statement.

It is worth noting that the amortization schedule and cash flow statements provided here align with the information presented to the LCA Board earlier this year in the long-term financial evaluation completed by Jacobs, in which this refinancing activity was incorporated into future cash flow calculations.

Representatives from Concord Financial and McNees Wallace & Nurick will attend the LCA Board meeting on September 24, 2018 to review the financing and answer questions prior to Board consideration of Resolution 9-2018-1.

# RESOLUTION NO. 9-2018-1

(Duly adopted 24 September, 2018)

*AUTHORIZING THE UNDERTAKING OF A REFUNDING PROJECT AS DESCRIBED HEREIN; AUTHORIZING AND DIRECTING THE ISSUANCE OF THE AUTHORITY'S WATER AND SEWER REVENUE BOND (CITY OF ALLENTOWN CONCESSION), SERIES 2018 (FEDERALLY TAXABLE), IN THE MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$18,735,000; AUTHORIZING AND DIRECTING THE AUTHORIZED OFFICERS OF THE AUTHORITY TO APPROVE AND ACCEPT A PROPOSAL FOR THE PURCHASE OF THE 2018 BOND FROM LAFAYETTE AMBASSADOR BANK; APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A SECOND SUPPLEMENTAL INDENTURE; APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED CONSENT AGREEMENT; AUTHORIZING AND DIRECTING THE PAYMENT OF FEES AND EXPENSES; AUTHORIZING AND DIRECTING THE PROPER AUTHORIZED OFFICERS OF THE AUTHORITY TO EXECUTE OTHER DOCUMENTS AND AGREEMENTS AND TO DO ALL THINGS NECESSARY TO CARRY OUT THIS RESOLUTION; AND RESCINDING ALL INCONSISTENT RESOLUTIONS.*

## WITNESSETH:

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 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, as amended and supplemented from time to time (collectively, the "Concession Agreement"), by and between the City and the Authority, the City leased to the Authority, and the Authority leased from the City, the System, upon the terms and conditions set forth therein; and

WHEREAS, pursuant to the Act, the Authority authorized and approved a project (the "2013 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 Original 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 2013 Project, the Authority issued its Lehigh County Authority Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2013A (the "2013A Bonds"), its Lehigh County Authority Water and Sewer Capital Appreciation Bonds (City of Allentown Concession), Series 2013B (the "2013B Bonds") and its 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") in the aggregate principal amount of \$307,683,598.90; and

WHEREAS, the Bonds are issued under and secured by a Trust Indenture, as amended and supplemented by First Supplemental Trust Indenture dated as of August 1, 2015 (collectively, the "Existing Indenture"), each from the Authority to Manufacturers and Traders Trust Company, as trustee (the "Trustee"); and

WHEREAS, the Authority has determined to issue an Additional Bond under the Existing Indenture in the maximum principal amount of \$18,735,000 and designated as the Authority's Water and Sewer Revenue Bond (City of Allentown Concession), Series 2018 (Federally Taxable) (the "2018 Bond") to provide funds which, together with other funds of the Authority, shall be used to finance a project consisting of: (i) the payment at maturity of all of the 2013C Bonds (the "Refunded 2013C Bonds") in the outstanding amount of \$18,735,000 on December 1, 2018 (the "Refunding Project"), (ii) the funding of a debt service reserve fund with respect to the 2018 Bond, and (iii) the payment of costs and expenses of issuing the 2018 Bond ((i) - (iii) collectively, the "Project"); and

WHEREAS, Lafayette Ambassador Bank (the "Bank") has submitted to the Board of the Authority its proposal to purchase the 2018 Bond, under and pursuant to the terms and conditions of its Financing Proposal dated September 7, 2018 (the "Proposal"), and the Authority desires to accept the Bank's Proposal for the purchase of the 2018 Bond; and

WHEREAS, the Authority desires to amend the definition of "Authorized Officer" contained in section 1.02 of the Existing Indenture to correct inconsistencies contained therein, and to remove redundant language in section 10.09(m) of the Existing Indenture (regarding Financial Statements and Other Reporting Requirements); and

WHEREAS, the Existing Indenture provides that the Authority, under certain conditions, may issue, from time to time, one or more Series of Additional Bonds for the purposes set forth in Article III thereof, which purposes encompass the financing of the Project; and

WHEREAS, the Existing Indenture provides that the Authority, prior to issuance of Additional Bonds for such purposes, shall enter into a supplement to the

Existing Indenture, which supplement shall comply with certain requirements set forth in the Existing Indenture; and

WHEREAS, the Existing Indenture provides that the Authority and the Trustee may from time to time, subject to the conditions and restrictions therein, enter into Supplemental Indentures to, *inter alia*, make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained in the Existing Indenture, or for other purposes as the Authority and the Trustee may deem desirable but only to the extent that such Supplemental Indenture does not materially adversely affect the rights of the Bondholders under the Existing Indenture; and

WHEREAS, the Authority desires to accomplish the Project under and pursuant to the Existing Indenture and a Second Supplemental Trust Indenture thereto, from the Authority to the Trustee (the "Second Supplemental Indenture," and together with the Existing Indenture, the "Indenture"); and

WHEREAS, to ensure the qualification of the 2018 Bond as "Leasehold Mortgage Debt" under the Concession Agreement and the Indenture, the Authority has entered into an *Amended and Restated Consent Agreement* with the City and Trustee, amending and restating that Consent Agreement, dated as of August 1, 2013, among the Authority, the City and the Trustee (the "Amended and Restated Consent Agreement"); and

WHEREAS, certain action is required to be taken by the Authority as a prerequisite to the undertaking of the Project and the execution and delivery of the Second Supplemental Indenture; and

WHEREAS, all capitalized terms utilized herein and not otherwise defined shall have such meanings as ascribed in the Indenture;

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 2018 Bond; Terms of 2018 Bond; 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 2018 Bond in the maximum principal amount of \$18,735,000, and (ii) the execution of the Second Supplemental Indenture, all pursuant to the provisions of the Act and subject to the conditions hereinafter set forth.

The 2018 Bond initially shall be dated as of such date, shall bear interest, mature and be subject to redemption, all as set forth in the Proposal and in the Indenture, subject to the conditions herein set forth. Payment of the principal or redemption price of, and interest on, the 2018 Bond shall be made to the registered owner of the 2018 Bond in



the manner and at the times set forth in the 2018 Bond and in the Indenture. The Bank shall be the initial registered owner of the 2018 Bond.

The 2018 Bond shall be executed by the manual or facsimile signature of the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer of the Authority (collectively, the "Authorized Officers") 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, Solicitor or Human Resources Manager of the Authority (collectively, the "Attesting Officials") and such officers are hereby authorized and directed to execute, or cause to be executed, the 2018 Bond in such manner.

The Authorized Officers are further authorized and directed to deliver the 2018 Bond 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 Authorized Officers in accordance with the provisions of the Indenture.

Payment of the principal of and interest on the 2018 Bond shall be made to the registered owner thereof, when due, in lawful money of the United States of America as provided in the Second Supplemental Indenture.

Section 3. Security for 2018 Bond; Limited Obligation; Confirmation of Trustee. The 2018 Bond shall be secured under the Indenture by the Trust Estate defined therein 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 2018 Bond 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 Second Supplemental Indenture. The form, terms and conditions of the Second Supplemental Indenture (a copy of which shall be filed with the records of the Authority) shall be acceptable to the Authorized Officers with the advice of counsel to the Authority and Bond Counsel, and the form, terms and conditions of the Second Supplemental Indenture are hereby approved. The Authorized Officers are hereby authorized and directed to execute and deliver the Second Supplemental Indenture in such form on behalf of the Authority, subject to such changes and modifications, if any, as may be approved by such Authorized Officers, the execution and delivery of the Second Supplemental Indenture 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, if necessary, and to attest the same. The Authorized Officers are further authorized and directed to acknowledge the same on behalf of the Authority and to deliver the Second Supplemental Indenture to the Trustee.

Section 5. Ratification and Approval of Amended and Restated Consent Agreement. The execution and delivery by the Authorized Officers and the Attesting Officers of the Amended and Restated Consent Agreement (a copy of which has been filed with the records of the Authority) is hereby ratified, confirmed, and approved.

Section 6. Approval and Acceptance of Bank Proposal. The Authorized Officers, upon receipt of favorable advice from the Financial Advisor, counsel to the Authority and Bond Counsel with respect thereto, are hereby authorized and directed to accept, approve, execute and deliver the Proposal for the purchase of the 2018 Bond as presented to the Authority by the Bank. The Authority hereby approves the designation of the Bank so selected as the purchaser of the 2018 Bond. The Authority authorizes and directs that: (a) the 2018 Bond be issued and sold to the Bank upon the terms and conditions set forth in the Proposal and the Indenture, as fully executed, and (b) the 2018 Bond shall be delivered to the Bank, upon execution thereof by the Authority, against receipt from the Bank of the full purchase price plus accrued interest, if any, and the performance of all other conditions of the Proposal and Indenture, as fully executed.

Section 7. Disposition of Bond Proceeds. The Authority, upon receipt of the proceeds of the 2018 Bond, shall deposit the same with the Trustee to be held and disbursed all as provided in the Indenture.

Section 8. Refunding Project. The Authority, exercising its option to do so, hereby authorizes and directs the payment at maturity of the Refunded 2013C Bonds contemplated herein in the manner set forth herein and in the Indenture, and authorizes the delivery of any written notice to the Trustee required to effectuate such payment at maturity of the Refunded 2013C Bonds.

Subject only to completion of delivery of, and settlement for, the 2018 Bond, the Authority hereby authorizes and directs the irrevocable deposit in trust, with the Trustee, proceeds of the 2018 Bond in an amount which will be sufficient, together with other funds of the Authority, to effect the payment in full of the Refunded 2013C Bonds on December 1, 2018 (the "Payment Date"). On the Payment Date, the Trustee is irrevocably authorized and directed to pay the principal of, and interest due on, the Refunded 2013C Bonds. The Authority hereby gives and grants the Trustee full authority to do and perform all and every act and thing whatsoever requisite and necessary to effectuate said purposes as the Authority might do on its own behalf, and hereby ratifies and confirms all that said agent shall do or cause to be done by virtue hereof.

Section 9. Appointment of Financial Advisor and Bond Counsel. The Authority hereby confirms its appointment of the law firm of McNees Wallace & Nurick LLC to serve as Bond Counsel in connection with the undertaking of the Project and the issuance of the 2018 Bond. The Authority hereby confirms its appointment of Concord

Public Financial Advisors, Inc. to serve as the Financial Advisor in connection with the undertaking of the Project and the issuance of the 2018 Bond.

Section 10. 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 of accomplishing the Project and effectuating the purposes thereunder, including the payment of all appropriate fees and expenses of the Financial Advisor and Bond Counsel.

Section 11. Liability of the Authority. No covenant, stipulation, obligation or agreement contained in this Resolution, the Indenture, the Amended and Restated Consent Agreement 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 any documents associated with the undertaking of the Project and the issuance of the 2018 Bond shall be liable personally, or be subject to any personal liability or accountability by reason of the issuance of the 2018 Bond.

Section 12. Ratification and Confirmation of Prior Actions; Authorizing Incidental Actions. All prior actions taken by the proper officers of the Authority in furtherance of the transactions contemplated by this Resolution on behalf of the Authority are hereby ratified, confirmed and affirmed. The proper officers of the Authority are hereby authorized, directed and empowered on behalf of the Authority to execute any and all papers, documents, agreements, deposit account agreements, 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 Proposal, the Indenture, the Amended and Restated Consent and the Project; and in the issuance, sale and delivery to the Bank of the 2018 Bond.

Section 13. Rescinding Inconsistent Resolutions. All resolutions or parts of resolutions inconsistent herewith be and the same hereby are rescinded, canceled and annulled.

*[Remainder of Page Intentionally Left Blank]*

Section 14. Effective Date. This Resolution shall take effect immediately.

On motion of \_\_\_\_\_, seconded by \_\_\_\_\_, this resolution was adopted the 24<sup>th</sup> day of September, 2018.

☞ ☞

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 the 24<sup>th</sup> day of September, 2018, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and which resolution No. 9-2018-1 is now in full force and effect on the date of this certification.

\_\_\_\_\_  
Bradford E. Landon, Solicitor

# FINANCING PROPOSAL



LISTENING IS JUST THE BEGINNING.®

Lehigh County Authority

September 7, 2018

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**Type:** Term loan

**Amount:** up to \$18,735,000

**Term:** 15 year term/ 15 year amortization

**Rate:**

**Option One**

The interest rate will be fixed for 5 years at the taxable bank rate of 4.45%, followed by a floating rate of One-month LIBOR plus 165 bps with a cap of 6.50%.

**Option Two**

The interest rate will be fixed for 7 years at the taxable bank rate of 4.57%, followed by a floating rate of One-month LIBOR plus 165 bps with a cap of 6.50%.

**Option Three**

The interest rate will be fixed for 10 years at the taxable bank rate of 4.75%, followed by a floating rate of One-month LIBOR plus 165 bps with a cap of 6.50%.

Interest shall be calculated as outlined in the request for proposal provided.

**Repayment:** Accrued interest shall be paid semiannually on June 1 and December 1, commencing on June 1, 2019. Principal payments shall fully amortized over the term of the loan on December 1 of each year commencing on December 1, 2019, in an amount to effect level debt service through the final maturity of December 1, 2033.

**Collateral:** Secured under the Trust Indenture initially dated as of July 1, 2013. The Bond will be on parity, to the extent provided in the Indenture, to all Bonds currently outstanding under the Indenture. The Bond will constitute "Leasehold Mortgage Debt" as defined in the Indenture.

**Fees:** The Bank shall require an origination fee of \$5,000. The borrower shall be responsible for all applicable documentation costs associated with this transaction including attorney's fees (up to the \$12,500 dollar amount).

**Financial**

**Covenants:** The Financial Covenants will mirror the covenants defined in the Indenture, including but not limited to the requirement that the Cash Available for Debt Service shall be at least sufficient to provide annually an amount equal to 120% of the Debt Service Requirements during the current Fiscal Year of the Authority.

**Prepayment**

**Penalty:** None

**Deposits:** During the term of the 2018 Bond the Authority shall: (i) establish a depository and cash management relationship with the Bank in such amounts as may be mutually agreed upon by the Authority and the Bank (provided, however, that failure to establish such a relationship shall not constitute an event of default under the Indenture); and (ii) deposit with the Bank funds sufficient to satisfy the Debt Service Reserve Fund Requirement with respect to the 2018 Bond.


**Closing**

**Documents:** As a condition of closing, the Authority shall deliver to the lender all necessary documentation for the transaction.

This proposal is valid for acceptance through September 25, 2018 with an October 11, 2018 anticipated settlement date; not to settle after October 31, 2018.

We appreciate the opportunity to review your banking needs. I encourage you to contact me at 610-332-7175 if you would have any questions related to this proposal.

Sincerely,



Kate R. Hart Zayaitz

Vice President- Commercial Banking Group

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SECOND SUPPLEMENTAL TRUST INDENTURE

LEHIGH COUNTY AUTHORITY

to

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Trustee

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Dated as of October 1, 2018

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Securing  
Water and Sewer Revenue Bond (City of Allentown Concession), Series 2018 (Federally  
Taxable)

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## SECOND SUPPLEMENTAL TRUST INDENTURE

THIS SECOND SUPPLEMENTAL TRUST INDENTURE dated as of October 1, 2018 (this “Second Supplemental Indenture”), between LEHIGH COUNTY AUTHORITY (the “Authority”), a body corporate and politic duly organized and validly existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), and MANUFACTURERS AND TRADERS TRUST COMPANY (together with its successors hereunder, the “Trustee”), a corporation with trust powers organized and existing under the laws of the state of New York acting through its corporate trust office in Harrisburg, Dauphin County, Pennsylvania, and supplements and amends that certain Trust Indenture dated as of August 1, 2013 (the “Original Indenture”), as amended by that First Supplemental Trust Indenture dated as of August 1, 2015 (the “First Supplemental Indenture,” and together with the Original Indenture, the “Existing Indenture”) between the Authority and the Trustee.

### WITNESSETH:

WHEREAS, 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 the Allentown Sewer Utility System and the Allentown Water Plant and Distribution 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, as amended and supplemented from time to time (collectively, the “Concession Agreement”), by and between the City and the Authority, the City leased to the Authority, and the Authority leased from the City, the Sewer Utility System and the Water Plant and Distribution System, upon the terms and conditions set forth therein; and

WHEREAS, the Authority, in connection with the Concession Agreement, authorized the undertaking of the 2013 Project, and has issued its Water and Sewer Revenue Bonds (City of Allentown Concession), Series 2013C (Federally Taxable) in the original aggregate principal amount of \$18,735,000 (the “2013C Bonds”) under and pursuant to the Original Indenture from the Authority to the Trustee; and

WHEREAS, the Authority has determined to issue an Additional Bond under the Existing Indenture, by this Second Supplemental Indenture, in the principal amount of \$18,735,000 and designated as the Authority’s Water and Sewer Revenue Bond (City of Allentown Concession), Series 2018 (Federally Taxable) (the “2018 Bond”) to provide funds which, together with other funds of the Authority, shall be used to finance a project consisting of: (i) the payment at maturity of all of the 2013C Bonds (the “Refunded 2013C Bonds”) in the outstanding principal amount of \$18,735,000 on December 1, 2018 (the “Refunding Project”), (ii) the funding of the Debt Service Reserve Fund Requirement with respect to the 2018 Bond; and (iii) the payment of costs and expenses of issuing the 2018 Bond ((i) and (ii) collectively, the “Project”); and

WHEREAS, the Authority desires to amend the definition of “Authorized Officer” contained in section 1.02 of the Existing Indenture to correct inconsistencies contained therein, and to remove redundant language in section 10.09(m) of the Existing Indenture (regarding Financial Statements and Other Reporting Requirements); and

WHEREAS, the Existing Indenture provides that the Authority, under certain conditions, may issue, from time to time, one of more Series of Additional Bonds for the purposes set forth in Article III thereof, which purposes encompass the financing of the Project; and

WHEREAS, the Existing Indenture provides that the Authority, prior to issuance of Additional Bonds for such purposes, shall enter into a supplement to the Existing Indenture, which supplement shall comply with certain requirements set forth in the Existing Indenture; and

WHEREAS, the Existing Indenture provides that the Authority and the Trustee may from time to time subject to the conditions and restrictions therein enter into Supplemental Indentures to, *inter alia*, make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained in the Existing Indenture, or for other purposes as the Authority and the Trustee may deem desirable but only to the extent that such Supplemental Indenture does not materially adversely affect the rights of the Bondholders under the Existing Indenture; and

WHEREAS, the Board of the Authority has duly adopted a resolution authorizing and directing the execution and delivery of this Second Supplemental Indenture, the acceptance of the proposal from Lafayette Ambassador Bank (the “Bank”) for the purchase of the 2018 Bond, and the issuance of the 2018 Bond in favor of the Bank; and

WHEREAS, the 2018 Bond shall bear interest and shall mature as hereinafter set forth; and

WHEREAS, in order to secure (equally and ratably, except as otherwise provided in the Indenture) payment of the Bonds of each series issued and outstanding under the Indenture, the Authority has assigned and pledged to the Trustee the rights of the Authority in and to the Trust Estate (as defined in the Existing Indenture).

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

## **ARTICLE I DEFINITIONS**

Section 1.01 Definitions. All defined terms used but not defined herein shall have the meanings set forth in the Existing Indenture. The terms defined in this Second Supplemental Indenture, in the preambles hereto and in this Article I (including such terms defined in the Existing Indenture as are modified or supplemented in the preambles hereto or in this Article I), shall for all purposes of the Indenture, have the meanings herein specified, unless the context clearly otherwise requires:

“Bank” means Lafayette Ambassador Bank, which is the initial Registered Owner of the 2018 Bond.

“Closing Statement” means with respect to the 2018 Bond the Closing Statement, Closing Receipt and Settlement Reconciliation dated as of the date of issuance and delivery of the 2018 Bond.

“Debt Service Reserve Fund Requirement” means with respect to the 2018 Bond, \$\_\_\_\_\_.

“Final Maturity Date” means December 1, 2033.

“Indenture” means the Original Indenture as supplemented by the First Supplemental Indenture and this Second Supplemental Indenture.

“Initial Reset Date” means December 1, 2028.

“Interest Payment Date” means with respect to the 2018 Bond each June 1 and December 1, commencing on December 1, 2018.

“LIBOR Rate” means the London Interbank Offered Rate of interest for an interest period of one (1) month, which appears on Bloomberg on the day that is two Business Days preceding the first day of each month.

“Maximum Rate” means 6.50% per annum.

“Original Issuance Date” means October 11, 2018.

“2018 Bond Debt Service Fund Account” means the account established in the Debt Service Fund pursuant to Section 5.01 of this Second Supplemental Indenture.

“2018 Settlement Fund” means the fund so created pursuant to Section 3.03 of this Second Supplemental Indenture.

“Variable Rate” means the rate per annum equal to the LIBOR Rate plus one hundred sixty-five basis points (1.65%).

## **ARTICLE II CREATION, AUTHORIZATION AND DESCRIPTION OF THE 2018 BOND**

Section 2.01 Terms. There is hereby authorized for issuance one series of bonds, bearing the descriptive title “Lehigh County Authority Water and Sewer Revenue Bond (City of Allentown Concession), Series 2018 (Federally Taxable).” The 2018 Bond shall be an Additional Bond issued, authenticated and delivered in accordance with the provisions of Section 3.02 of the Existing Indenture and in all respects shall be subject to terms, conditions, covenants, provisions, and the requirements of the Existing Indenture, as supplemented by this Second Supplemental Indenture.

The 2018 Bond shall be issued initially in definitive form, shall be dated the date of issuance, and shall be issued only as a single fully registered bond in the denomination of the issue. So long as the 2018 Bond is held by the Bank and its participating bank or banks, if any, the 2018 Bond shall not require numbering as recommended by the Committee on Uniform Security Identification Procedures and may be held in any denomination.

Commencing on the Original Issuance Date and continuing through and excluding the Initial Reset Date or the earlier prepayment thereof, the 2018 Bond shall bear interest at a rate per annum of 4.75%. Commencing on the Initial Reset Date and continuing through the Maturity Date of the 2018 Bond, the 2018 Bond shall bear interest at the Variable Rate, reset monthly. In no event shall the interest rate of the 2018 Bond exceed the Maximum Rate.

The 2018 Bond shall be in substantially the form as set forth in Exhibit A attached hereto and hereby made a part hereof. Interest on the 2018 Bond shall be payable on each Interest Payment Date, commencing on December 1, 2018. Principal of the 2018 Bond shall be paid in annual installments on December 1 in accordance with the Maturity Schedule attached hereto as Exhibit B.

As set forth in the Indenture, the principal of, premium, if any, and interest on the 2018 Bond shall be payable only out of the Trust Estate, which consists of: (1) a pledge and assignment by the Authority of all of its right, title and interest in, and a first lien on and security interest in the Concessionaire Interest; (2) the leasehold interest of the Authority, as concessionaire, in the Concessioned System created by the Concession Agreement; (3) the rights of the Authority, as concessionaire under the Concession Agreement, including the right to charge Service Charges and collect Concession Revenues (as such terms are defined herein); (4) the System Assets, subject to the reversion rights of the City upon the termination of the Concession Agreement as set forth in Section 16.4(a) of the Concession Agreement; (5) except as provided herein, the amounts on deposit from time to time in the funds and accounts established hereunder and under each Supplemental Indenture; (6) any Swap Receipts and Swap Termination Payments; and (7) investment income with respect to any moneys held by the Trustee in the funds and accounts established hereunder (except the Rebate Fund)..

The principal of and interest on the 2018 Bond shall be payable in lawful money of the United States, and such principal and interest shall be payable at the places set forth in the 2018 Bond, in the manner specified in, and in accordance with the terms and conditions of, the Indenture.

Section 2.02 Registration and Transfer of the 2018 Bond. Principal and interest will be payable in such coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts. Principal and interest on the 2018 Bond, including any earlier prepayment thereof, is payable to the Registered Owner in immediately available funds by wire transfer to a bank account number of such Registered Owner within the continental United States, whose name and address shall appear, at the close of business on May 15 and November 15 (whether or not such day is a Business Day) next preceding each corresponding Interest Payment Date, and principal payment date, as applicable, in the registration books maintained by the Registrar and Paying Agent on behalf of the

Authority. In the case of the final payment of principal on the 2018 Bond, the Registered Owner shall present the 2018 Bond for payment and cancellation.

The Authority shall keep at the principal corporate trust office of the Trustee books for the registration and transfer of the 2018 Bond and hereby appoints the Trustee, its registrar and transfer agent to keep such books and to make such registrations and transfers under such regulations as the Authority or the transfer agent may prescribe and as set forth in the form of 2018 Bond herein.

The 2018 Bond may be transferred upon the registration books upon delivery to the Trustee of the 2018 Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Registered Owner of the 2018 Bond to be transferred or his duly authorized attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such 2018 Bond. No transfer of the 2018 Bond shall be effective until entered on the registration books maintained by the Trustee or its successor.

In all cases of the transfer of the 2018 Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered 2018 Bond of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Indenture. Any such transfer as described herein will be made without charge to the Bondholder, except for the payment of any taxes or other governmental charges relating to such transfer.

A new 2018 Bond delivered upon any transfer shall be a valid limited obligation of the Authority, evidencing the same debt as the 2018 Bond surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the 2018 Bond surrendered.

Section 2.03 Ownership of 2018 Bond. (a) The final principal payment or redemption payment of the 2018 Bond shall be payable upon surrender thereof at the principal corporate trust office of the Trustee. Such payments shall be made to the Registered Owner of the 2018 Bond so surrendered, as shown on the registration books of the Authority on the date of payment. In the case of any redemption of less than the entire principal amount of the 2018 Bond, the Trustee shall authenticate and deliver to the Registered Owner, without charge, a new 2018 Bond of the same series and maturity in an authorized denomination equal to the unredeemed principal amount of such 2018 Bond.

(b) The Authority, the Trustee and any Paying Agent of the Authority may treat and consider the Registered Owner of the 2018 Bond as the absolute owner thereof for all purposes whether or not such 2018 Bond shall be overdue, any notice to the contrary shall not be binding upon the Authority, the Trustee or any such paying agent.

**ARTICLE III**  
**AUTHENTICATION AND DELIVERY OF 2018 BOND; DISPOSITION OF PROCEEDS**  
**OF SALE THEREOF**

Section 3.01 Authentication and Delivery of 2018 Bond. As provided in Section 3.02 of the Original Indenture, the Authority shall execute and deliver to the Trustee, for authentication, the 2018 Bond described in Article II hereof. Upon receipt thereof the Trustee shall execute this Second Supplemental Indenture, authenticate the 2018 Bond and deliver the same, as appropriate, but only after compliance by the Authority with all requirements of the Existing Indenture with respect to the execution and delivery of this Second Supplemental Indenture and the issuance of the 2018 Bond.

Section 3.02 Purpose. The 2018 Bond shall be issued for the purpose of providing funds for and toward the payment of costs and expenses of the Project.

Section 3.03 Application of Proceeds of 2018 Bond. The Authority, in the Closing Statement, shall direct the Bank to pay over the proceeds of the 2018 Bond to the Trustee, as described in the Closing Statement to the Trustee. Upon receipt of the proceeds of the 2018 Bond, the Trustee immediately shall deposit the same in the “2018 Settlement Fund,” which is hereby created, and the Trustee shall apply such amounts as directed in the Closing Statement and as set forth below.

The Trustee, upon the order of the Authority and on behalf of the Authority, promptly shall pay from the 2018 Settlement Fund all costs, fees and expenses incurred or to be incurred in connection with issuance of the 2018 Bond as specifically set forth in the Closing Statement.

The Trustee, upon receipt of the proceeds of the 2018 Bond, shall also transfer from the 2018 Settlement Fund to the 2013C Bonds Debt Service Fund Account of the Debt Service Fund, the amount specified in the Closing Statement to accomplish the Refunding Project.

Any moneys remaining in the 2018 Settlement Fund after payment of the costs of the Project shall be transferred by the Trustee to the 2018 Bond Debt Service Fund Account of the Debt Service Fund created pursuant to Section 5.01 hereof and applied to the first debt service payment on the 2018 Bond.

**ARTICLE IV**  
**REDEMPTION**

Section 4.01 Redemption. The 2018 Bond is subject to redemption prior to maturity, at the option of the Authority, as a whole at any time or in part from time to time, on any date, without premium, all as set forth in the form of 2018 Bond set forth in Exhibit A hereto.

## **ARTICLE V REVENUES, FUNDS AND INVESTMENTS**

Section 5.01 2018 Bond Debt Service Fund Account. Section 6.06 of the Existing Indenture is hereby amended to allow the creation within the Debt Service Fund of an account for the 2018 Bond issued pursuant to this Second Supplemental Indenture and any future supplements thereto, called the “2018 Bond Debt Service Fund Account” which shall be held by the Trustee, in trust, for the Registered Owner of the 2018 Bond, until applied as hereinafter provided in Section 5.02 hereof.

Section 5.02 Deposits to the Debt Service Fund. Section 6.03(c)(2) of the Existing Indenture is hereby amended by adding the word “and” at the end of Section 6.03(c)(2)(v), and adding new Sections 6.03(c)(2)(vi) and 6.03(c)(2)(vii), as follows:

- (vi) the amount which is necessary to accumulate in equal monthly installments the principal coming due on the 2018 Bond on the immediately succeeding December 1; and
- (vii) the amount which is necessary to accumulate in equal monthly installments the amount required to provide for the payment of interest coming due on the 2018 Bond on the immediately succeeding Interest Payment Date;

Section 5.03 Debt Service Reserve Fund. Upon the issuance of the 2018 Bond, the Authority shall cause to be provided to the Trustee for deposit in the Debt Service Reserve Fund, an amount which will cause the balance therein to be equal to the Debt Service Reserve Fund Requirement for all Bonds Outstanding under the Indenture, after giving effect to the issuance of the 2018 Bond and the application of the proceeds thereof. In accordance with Section 4.01(a) of the Existing Indenture amounts held in the Debt Service Reserve Fund related to the 2018 Bond, together with any income from the investment of such amounts, shall be held solely for the benefit of the 2018 Bond. During the period in which the 2018 Bond is Outstanding, the Trustee shall invest the portion of the funds held in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement with respect to the 2018 Bond with the Bank.

## **ARTICLE VI AMENDMENTS TO EXISTING INDENTURE**

Section 6.01 Amendments to Existing Indenture. In accordance with Section 13.01 of the Existing Indenture, the Existing Indenture is modified, as follows:

(a) The definition of “Authorized Officer” appearing in Section 1.02 of the Existing Indenture is amended and restated in its entirety, as follows:

“Authorized Officer” means: (1) in the case of the Authority, the Chairman, Vice Chairman, Secretary, Treasurer Chief Executive Officer or Chief Financial Officer and when used with reference to any act or document also means any other person authorized by resolution of the Authority to perform such act or



execute such documents; and (2) in the case of the Trustee, any officer in the Trustee's corporate trust department.

(b) Section 10.09(m) of the Existing Indenture is amended and restated in its entirety, as follows:

(m) Simultaneously with their delivery to the City, Authority updates to the Five-Year Capex Plan as submitted pursuant to Section 4.1(b)(iii) of the Concession Agreement;

## **ARTICLE VII CONCERNING THE TRUSTEE**

Section 7.01 Acceptance of Duties by Trustee. The Trustee accepts the additional duties provided herein and agrees to perform the same upon, under and subject to terms, provisions, covenants and conditions of the Indenture.

Section 7.02 No Responsibility for Recitals, etc. The Trustee shall not be responsible, in any manner whatsoever, for or with respect to the validity or sufficiency hereof, or for or with respect to the due execution hereof by the Authority, or for or with respect to recitals contained herein, all of which recitals are made by the Authority solely. In general, all terms, provisions, covenants and conditions contained in Article XII of the Existing Indenture with respect to the Trustee shall apply hereto with the same force and effect as if the same were set forth, in full, herein, with such omissions, variations and modifications thereof as may be appropriate to give effect to provisions hereof.

## **ARTICLE VIII MISCELLANEOUS**

Section 8.01 Ratification and Confirmation of Existing Indenture. All terms, conditions and covenants of the Existing Indenture, except to the extent that the same are modified or amended or supplemented hereby, are ratified and confirmed and are declared to be and shall be and shall remain in full force and effect and shall apply in all respects to this Second Supplemental Indenture, all as shall be applicable and appropriate, with like effect, as applicable and appropriate, as if the same were repeated substantively, in full herein; provided, however, that the Existing Indenture always shall be construed so as to give proper effect and meaning to the intent and purposes hereof.

Section 8.02 Confirmation of Assignment, Transfer and Pledge. The Authority specifically confirms the assignment, transfer and pledge with the Trustee under the Indenture of all right, title and interest of the Authority in and to the Trust Estate.

Section 8.03 [Reserved].

Section 8.04 Integral Part. This Second Supplemental Indenture, being a supplement to the Existing Indenture, shall be construed as an integral part thereof.



Section 8.05 Use of Article and Section Numbers. Use of Article and Section numbers herein is for convenience only and such Article and Section numbers do not bear any relationship to Article and Section numbers of the Existing Indenture which may be numbered similarly.

Section 8.06 Counterparts. This Second Supplemental Indenture may be executed and delivered in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, LEHIGH COUNTY AUTHORITY has caused this Second Supplemental Indenture to be executed by the below-identified officers and MANUFACTURERS AND TRADERS TRUST COMPANY has caused this Second Supplemental Indenture to be executed by an Authorized Officer, all as of the day and year first written above.

LEHIGH COUNTY AUTHORITY

Attest:

\_\_\_\_\_  
Solicitor

By: \_\_\_\_\_  
Chief Executive Officer

MANUFACTURERS AND TRADERS  
TRUST COMPANY, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

## EXHIBIT A

### [FORM OF 2018 BOND]

LEHIGH COUNTY AUTHORITY  
LEHIGH COUNTY, PENNSYLVANIA  
WATER AND SEWER REVENUE BOND (CITY OF ALLENTOWN CONCESSION),  
SERIES 2018 (Federally Taxable)

<u>Original Issuance Date</u>	<u>Final Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
October 11, 2018	December 1, 2033	\$18,735,000	Variable

Lehigh County Authority (the “Authority”), a body corporate and politic organized and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. Cons. Stat. §§ 5601-5622, as amended (the “Act”), for value received, promises to pay to Lafayette Ambassador Bank (the “Bank” or “Holder”), or registered assigns, in installments, as hereinafter provided on Schedule I, the principal amount stated above, and to pay semiannually on June 1 and December 1 of each year (each, an “Interest Payment Date”), beginning December 1, 2018, interest on said principal amount, at a fixed rate of interest equal to 4.75% per annum from the Original Issuance Date through and excluding December 1, 2028 (the “Initial Reset Date”), and thereafter at a variable rate of interest equal to the Variable Rate (as hereinafter defined), reset monthly, but at no time shall such rate be more than 6.50%, for the period beginning on the Initial Reset Date through and including the Final Maturity Date of this Bond. Interest accruing on the Bond shall be computed on the basis of a 360-day year of twelve 30-day months.

The interest on this Bond, which is payable by check drawn on Manufacturers and Traders Trust Company (the “Trustee”), acting through its corporate trust office in Harrisburg, Dauphin County, Pennsylvania, as paying agent, and the principal of this Bond, which is payable upon surrender, is payable in lawful money of the United States of America at a designated corporate trust office of the Trustee or any successor paying agent under the Indenture (hereinafter defined), or, at the option of the Holder, by wire transfer to an account at a financial institution in the United States designated in writing.

When used in this Bond, the phrase “Variable Rate” shall mean the rate per annum equal to the LIBOR Rate plus one hundred sixty-five basis points (1.65%). The phrase “LIBOR Rate” shall mean the London Interbank Offered Rate of interest for an interest period of one (1) month, which appears on Bloomberg on the day that is two Business Days preceding the first day of each month.

If the date for payment of the principal or redemption price of, or interest on, this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or

required to close, any payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

The principal of and interest on this Bond shall be payable only from the “Trust Estate” as defined and more fully set forth in a Trust Indenture, dated as of August 1, 2013 (the “Original Indenture”), as amended by that First Supplemental Trust Indenture dated as of August 1, 2015 (the “First Supplemental Indenture”), and by that Second Supplemental Indenture dated as of October 1, 2018 (the “Second Supplemental Indenture,” and together with the Original Indenture and the First Supplemental Indenture, the “Indenture”), duly executed and delivered by the Authority to the Trustee, which consists of: (1) a pledge and assignment by the Authority of all of its right, title and interest in, and a first lien on and security interest in the Concession Interest; (2) the leasehold interest of the Authority, as concessionaire, in the Concession System created by the Concession Agreement; (3) the rights of the Authority, as concessionaire under the Concession Agreement, including the right to charge Service Charges and collect Concession Revenues; (4) the System Assets, subject to certain reversion rights of the City of Allentown, Pennsylvania (the “City”) upon the termination of the Concession Agreement; (5) except as provided in the Indenture, the amounts on deposit from time to time in the funds and accounts established under the Indenture; (6) any Swap Receipts and Swap Termination Payments; and (7) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture, except as otherwise set forth in the Indenture.

This Bond is the \$18,735,000 original principal amount of water and sewer revenue bond of the Authority, known as “Water and Sewer Revenue Bond (City of Allentown Concession), Series 2018 (Federally Taxable),” issued under and secured by the Indenture. Reference is made to the Indenture, executed counterparts of each of the documents that constitute the Indenture being on file at the corporate trust office of the Trustee, for, *inter alia*, a statement of the Trust Estate pledged for payment of the principal of and interest on the Bond, the nature, extent and manner of enforcement of the security for the Bond, the rights of holders of the Bond and of the Trustee with respect to such security, the terms and conditions upon which one or more series of Additional Bonds may be issued. Capitalized terms not otherwise defined herein shall have such meaning as set forth in the Indenture.

REFERENCE IS MADE TO THE FURTHER PROVISIONS RELATING TO THIS BOND SET FORTH IN THE INDENTURE, WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond may be transferred or exchanged as follows:

(a) This Bond may be transferred if endorsed for such transfer by the Holder and surrendered, along with such other documentation as the Bond Registrar may reasonably require, by the Holder or its duly appointed attorney at the designated corporate trust or corporate trust agency office of the Bond Registrar, whereupon the Trustee or the Authenticating Agent shall authenticate and deliver to the transferee a new Bond of the same maturity and in the same denomination as the Bond surrendered for transfer;

(b) In the case of a partial redemption of this Bond, the Trustee or the Authenticating Agent shall authenticate and deliver a new Bond in exchange therefor, such new Bond to be of the same maturity and in a denomination equal to the unredeemed principal amount of the surrendered Bond; provided that, at its option, the Trustee or the Authenticating Agent may certify the amount and date of partial prepayment upon the partial redemption certificate, if any, printed on the surrendered Bond and return such surrendered Bond to the Holder in lieu of an exchange.

This Bond is subject to redemption prior to maturity, at the option of the Authority, in whole or, from time to time, in part, on any date, upon ten days' written notice by the Authority to the Holder, which notice may be waived by the Holder, upon payment of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Certain modifications and alterations of the Indenture, Concession Agreement or Major Project Document not adversely affecting rights of holders of bonds outstanding thereunder may be made without consent of holders of such bonds in the manner and upon terms and conditions provided in the Indenture. Any other modification or alteration of the Indenture, Concession Agreement or Major Project Document or of rights and obligations of the Authority or of holders of bonds outstanding thereunder may be made in the manner and upon terms and conditions provided in the Indenture. Any consent by the Holder of this Bond, when required by the Indenture (unless revoked as provided in the Indenture), shall be conclusive and binding upon such Holder and its assigns, irrespective of whether any notation of such consent is made upon this Bond.

In case an event of default, as defined in the Indenture, shall occur, the principal of all bonds then outstanding under the Indenture may be declared or may become due and payable upon conditions, in the manner and with the effect provided in the Indenture. Specifically, and upon the happening and continuance of any event of default specified in the Indenture, the Trustee shall provide written notice to the City under and pursuant to the Concession Agreement, and in the event the City fails to exercise its right and option to purchase from all Leasehold Mortgagees, including the Trustee, their Leasehold Mortgages under the circumstances described, and in accordance with, the provisions of the Concession Agreement, then and in every such case the Trustee may, and upon the written request of the Bondholders of a majority in aggregate principal amount of all Bonds (or the Compound Accreted Value with respect to the 2013B Bonds) then Outstanding, shall, by notice in writing delivered to the Authority, declare the principal of all Bonds (or the Compound Accreted Value with respect to the 2013B Bonds) then Outstanding to be due and payable immediately, and upon such declaration the said principal (or the Compound Accreted Value with respect to the 2013B Bonds), together with the interest accrued thereon to the date of such declaration, shall become due and payable immediately, at the place of payment provided therein.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond and in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Authority, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Authority.

This Bond shall not be entitled to any benefit under the Indenture nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Trustee.

The Holder of this Bond, by acceptance hereof, shall be deemed to have assented to all terms and conditions of the Indenture.

IN WITNESS WHEREOF, the Lehigh County Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chief Executive Officer and its corporate seal or a facsimile thereof to be imprinted hereon and attested by the manual or facsimile signature of its Solicitor, all as of the day and year first above written.

[SEAL]

LEHIGH COUNTY AUTHORITY

ATTEST:

By: \_\_\_\_\_  
Solicitor

By: \_\_\_\_\_  
Chief Executive Officer

This Bond is the Water and Sewer Revenue Bond (City of Allentown Concession), Series 2018 (Federally Taxable), described in the within-mentioned Indenture.

Manufacturers and Traders Trust Company, Trustee

By: \_\_\_\_\_  
Authorized Officer

AUTHENTICATION DATE:



## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ [Please print or typewrite name, address and social security number or tax identification number of assignee or transferee] the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer said bond on the books of the Authority maintained by the within named Trustee with full power of substitution in the premises.

Dated:

Witness:

\_\_\_\_\_  
NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an institution that is a participant in a signature guarantee program recognized by the Securities Transfer Association

## ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though the terms which they represent were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TENANT - as tenants by the entireties

JT TEN - as joint tenants with the right of  
survivorship and not as tenants in common

UNIFORM GIFT MIN ACT \_\_\_\_\_Custodian.\_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act.\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

Schedule I

Principal Payment Schedule

Year (December 1)	Amount
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	

## **EXHIBIT B**

### **2018 BOND MATURITY SCHEDULE**

<b>Year (December 1)</b>	<b>Amount</b>
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	



**Lehigh County Authority**

**Water and Sewer Revenue Bond, (City of Allentown Concession), Series of 2018 Federally Taxable  
Ten Year Fixed Rate of 4.75%; Interest rate cap of 6.50% Thereafter**

Composition of the Issue		1	2	3	4	5	6
		Date	Principal	Rate	Interest	Debt Service	Annual Debt Service
<b>Assumptions</b>							
Dated Date	10/11/2018						
Settlement Date	10/11/2018	6/1/2019		4.750	568,555.21	568,555.21	
		12/1/2019	795,000	4.750	444,956.25	1,239,956.25	1,808,511.46
		6/1/2020		4.750	426,075.00	426,075.00	
		12/1/2020	955,000	4.750	426,075.00	1,381,075.00	1,807,150.00
		6/1/2021		4.750	403,393.75	403,393.75	
		12/1/2021	1,000,000	4.750	403,393.75	1,403,393.75	1,806,787.50
		6/1/2022		4.750	379,643.75	379,643.75	
		12/1/2022	1,050,000	4.750	379,643.75	1,429,643.75	1,809,287.50
<b>Sources</b>							
Bond	18,735,000.00	6/1/2023		4.750	354,706.25	354,706.25	
Authority Contribution DSRF Contribution	1,810,500.00	12/1/2023	1,100,000	4.750	354,706.25	1,454,706.25	1,809,412.50
Authority Contribution - Issuance Costs	<u>277,500.00</u>	6/1/2024		4.750	328,581.25	328,581.25	
Total	20,823,000.00	12/1/2024	1,150,000	4.750	328,581.25	1,478,581.25	1,807,162.50
		6/1/2025		4.750	301,268.75	301,268.75	
		12/1/2025	1,205,000	4.750	301,268.75	1,506,268.75	1,807,537.50
		6/1/2026		4.750	272,650.00	272,650.00	
		12/1/2026	1,260,000	4.750	272,650.00	1,532,650.00	1,805,300.00
<b>Uses</b>							
Refund Series 2013 C	18,735,000.00	6/1/2027		4.750	242,725.00	242,725.00	
Debt Service Reserve Fund	1,810,500.00	12/1/2027	1,320,000	4.750	242,725.00	1,562,725.00	1,805,450.00
Costs of Issuance		6/1/2028		4.750	211,375.00	211,375.00	
Bond Counsel	45,000.00	12/1/2028	1,385,000	4.750	211,375.00	1,596,375.00	1,807,750.00
Financial Advisor	165,000.00	6/1/2029		6.500 *	244,237.50	244,237.50	
Trustee (estimated)	5,000.00	12/1/2029	1,320,000	6.500 *	244,237.50	1,564,237.50	1,808,475.00
Trustee Counsel (estimated)	10,000.00	6/1/2030		6.500 *	201,337.50	201,337.50	
Bank	5,000.00	12/1/2030	1,405,000	6.500 *	201,337.50	1,606,337.50	1,807,675.00
Bank Counsel	12,500.00	6/1/2031		6.500 *	155,675.00	155,675.00	
Authority Engineer	25,000.00	12/1/2031	1,495,000	6.500 *	155,675.00	1,650,675.00	1,806,350.00
Miscellaneous	<u>10,000.00</u>	6/1/2032		6.500 *	107,087.50	107,087.50	
Total	20,823,000.00	12/1/2032	1,595,000	6.500 *	107,087.50	1,702,087.50	1,809,175.00
		6/1/2033		6.500 *	55,250.00	55,250.00	
		12/1/2033	1,700,000	6.500 *	55,250.00	1,755,250.00	1,810,500.00
		Totals	18,735,000		8,381,523.96	27,116,523.96	27,116,523.96

\* Actual rate will be One Month LIBOR plus 1.65%; interest rate cap of 6.5%.

LEHIGH COUNTY AUTHORITY  
PROJECTION OF CASH FLOWS INCLUDING  
SERIES OF 2018 BOND

	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
<b>OPERATING FUND</b>								
Operating Revenues	33,872,640	35,651,022	37,258,022	38,789,022	40,415,022	42,111,022	43,901,022	45,420,022
Non-Operating Revenues	751,558	456,400	460,800	465,200	469,600	470,000	470,000	470,000
Interest Income	569,393	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Operating Expenses	(16,787,046)	(17,954,000)	(18,483,000)	(19,028,000)	(19,589,000)	(20,170,000)	(20,002,000)	(20,591,000)
Non-Operating Expenses	-	-	-	-	-	-	-	-
Additional Deposit to O&M Reserve Fund	(500,000)	(264,500)	(272,500)	(280,500)	(290,500)	84,000	(294,500)	(303,000)
Additional Deposit to City Reserve Fund	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Annual City Payment	(511,560)	(516,200)	(521,400)	(526,600)	(531,900)	(533,000)	(538,330)	(543,713)
<b>Available for Debt Service</b>	<b>17,390,985</b>	<b>17,718,722</b>	<b>18,787,922</b>	<b>19,765,122</b>	<b>20,819,222</b>	<b>22,308,022</b>	<b>23,882,192</b>	<b>24,798,309</b>
Debt Service - Series A	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)
Debt Service - Series B	-	(450,000)	(915,000)	(1,395,000)	(1,895,000)	(2,410,000)	(2,945,000)	(3,495,000)
Debt Service - Series C Interest	(644,484)							
Debt Service - Series C Principal	(17,111,641)							
Debt Service - Series 2018 Note	-	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)
Net Available After Debt Service	(12,768,378)	3,054,984	3,659,184	4,156,384	4,710,484	5,684,284	6,723,454	7,089,571
<b>BEGINNING BALANCE (UNRESTRICTED)</b>	<b>9,488,775</b>	<b>5,871,468</b>	<b>5,726,452</b>	<b>6,885,636</b>	<b>8,542,020</b>	<b>9,752,504</b>	<b>10,436,788</b>	<b>9,660,242</b>
Net Capital Expenditures	(7,495,929)	(3,200,000)	(2,500,000)	(2,500,000)	(3,500,000)	(5,000,000)	(7,500,000)	(7,500,000)
Net Cash	(10,775,532)	5,726,452	6,885,636	8,542,020	9,752,504	10,436,788	9,660,242	9,249,813
<b>Additional Sources/(Uses) of Funds</b>								
Operating and Maintenance Reserve Fund	-							
Transaction Costs	(277,500)							
Fund 2018 DSRF	(1,810,500)							
Loan Amount	18,735,000							
<b>Total Additional Net Sources of Funds</b>	<b>16,647,000</b>							
<b>ENDING BALANCE (UNRESTRICTED)</b>	<b>5,871,468</b>	<b>5,726,452</b>	<b>6,885,636</b>	<b>8,542,020</b>	<b>9,752,504</b>	<b>10,436,788</b>	<b>9,660,242</b>	<b>9,249,813</b>
Plus O&M Reserve	8,935,695	9,200,195	9,472,695	9,753,195	10,043,695	9,959,695	10,254,195	10,557,195
<b>Unrestricted Plus O&amp;M Reserve</b>	<b>14,807,163</b>	<b>14,926,647</b>	<b>16,358,331</b>	<b>18,295,215</b>	<b>19,796,199</b>	<b>20,396,483</b>	<b>19,914,437</b>	<b>19,807,008</b>
<b>DSCR (NOTE: FY 2018 Excludes SR C Principal)</b>	<b>1.37</b>	<b>1.23</b>	<b>1.26</b>	<b>1.28</b>	<b>1.31</b>	<b>1.34</b>	<b>1.41</b>	<b>1.42</b>

LEHIGH COUNTY AUTHORITY  
PROJECTION OF CASH FLOWS INCLUDING  
SERIES OF 2018 BOND

	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031	Forecast 2032	Forecast 2033
<b>OPERATING FUND</b>								
Operating Revenues	47,045,022	49,314,022	51,499,022	54,423,022	56,343,022	58,429,022	60,267,022	61,993,022
Non-Operating Revenues	470,000	470,000	470,000	470,000	470,000	470,000	470,000	470,000
Interest Income	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Operating Expenses	(21,197,000)	(21,818,000)	(22,455,000)	(23,111,000)	(23,788,000)	(24,484,000)	(25,196,000)	(25,930,000)
Non-Operating Expenses								
Additional Deposit to O&M Reserve Fund	(312,090)	(320,000)	(327,000)	(338,000)	(348,000)	(356,000)	(367,000)	(535,000)
Additional Deposit to City Reserve Fund	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Annual City Payment	(549,150)	(554,642)	(560,188)	(565,790)	(571,448)	(577,162)	(582,934)	(588,763)
<b>Available for Debt Service</b>	<b>25,802,782</b>	<b>27,437,380</b>	<b>28,972,834</b>	<b>31,224,232</b>	<b>32,451,574</b>	<b>33,827,860</b>	<b>34,937,088</b>	<b>35,755,259</b>
Debt Service - Series A	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)	(12,403,238)
Debt Service - Series B	(4,065,000)	(4,655,000)	(5,265,000)	(5,900,000)	(6,550,000)	(7,230,000)	(7,930,000)	(8,650,000)
Debt Service - Series C Interest								
Debt Service - Series C Principal								
Debt Service - Series 2018 Note	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)	(1,810,500)
Net Available After Debt Service	7,524,044	8,568,642	9,494,096	11,110,494	11,687,836	12,384,122	12,793,350	12,891,521
<b>BEGINNING BALANCE (UNRESTRICTED)</b>	<b>9,249,813</b>	<b>9,273,857</b>	<b>10,342,499</b>	<b>9,836,595</b>	<b>10,947,089</b>	<b>12,634,925</b>	<b>13,019,047</b>	<b>13,812,397</b>
Net Capital Expenditures	(7,500,000)	(7,500,000)	(10,000,000)	(10,000,000)	(10,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
Net Cash	9,273,857	10,342,499	9,836,595	10,947,089	12,634,925	13,019,047	13,812,397	14,703,918
<b>Additional Sources/(Uses) of Funds</b>								
Operating and Maintenance Reserve Fund								
Transaction Costs								
Fund 2018 DSRF								
Loan Amount								
<b>Total Additional Net Sources of Funds</b>								
<b>ENDING BALANCE (UNRESTRICTED)</b>	<b>9,273,857</b>	<b>10,342,499</b>	<b>9,836,595</b>	<b>10,947,089</b>	<b>12,634,925</b>	<b>13,019,047</b>	<b>13,812,397</b>	<b>14,703,918</b>
Plus O&M Reserve	10,869,285	11,189,285	11,516,285	11,854,285	12,202,285	12,558,285	12,925,285	13,460,285
<b>Unrestricted Plus O&amp;M Reserve</b>	<b>20,143,142</b>	<b>21,531,784</b>	<b>21,352,880</b>	<b>22,801,374</b>	<b>24,837,210</b>	<b>25,577,332</b>	<b>26,737,682</b>	<b>28,164,203</b>
<b>DSCR (NOTE: FY 2018 Excludes SR C Principal)</b>	<b>1.43</b>	<b>1.47</b>	<b>1.50</b>	<b>1.57</b>	<b>1.58</b>	<b>1.59</b>	<b>1.59</b>	<b>1.59</b>



**LEHIGH COUNTY AUTHORITY**

1053 SPRUCE ROAD - P.O. BOX 3348 - ALLENTOWN, PA 18106-0348  
610-398-2503 - FAX 610-351-8363

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**MEMORANDUM**

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**Date Presented:** September 11, 2018  
**To:** Lehigh County Authority Board of Directors  
**From:** Edward Klein, Chief Financial Officer  
**Subject:** 2019 Minimum Municipal Obligation (MMO) for the Lehigh County Authority Pension Plan (39-448-6N)

Act 205 of 1984, as amended, governs the funding requirements for all municipal pension plans. The law requires the Chief Administrative Officer of each pension plan to inform the governing board of the municipality of the plan's expected financial obligation for the coming year. This must be done by the last business day in September.

The calculation of the 2019 MMO required an estimate of the 2018 W-2 wages of the employees covered by the plan. I have indicated on the attached worksheet my best estimate of the same. Questions on the pension cost calculation may be addressed to either myself or the Pennsylvania Municipal Retirement System at (800) 622-7968.

The MMO is the municipality's 2019 bill for this pension plan and must be paid by December 31, 2019. The obligation must be met with general fund monies or with any General State Aid to Municipal Pensions to which we may be entitled to under Act 205.

Edward Klein  
Chief Financial Officer  
[edwardklein@lehighcountyauthority.org](mailto:edwardklein@lehighcountyauthority.org)  
(610) 398-2503, extension 160

Attachment: 2019 MMO Worksheet

**The Minimum Municipal Obligation Worksheet (MMO)**  
**For The**  
**Lehigh County Authority Pension Plan (39-448-6 N)**  
**For Plan Year 2019**

**CHARGES**

Estimated 2018 W-2 Payroll For Covered Plan Members:	(A)	\$9,441,320		
PMRS Determined Normal Cost Expressed as a Decimal:	(B)	.1201		
RESULT: (A) * (B) =				(C) \$1,133,902
Administrative Charge (PMRS Determined) # of Plan Members times \$20:			(D)	3,940
Amortization of Unfunded Liability (PMRS Determined)			(E)	371,205
TOTAL CHARGES: (C) + (D) + (E) =				(F) \$1,509,047

**CREDITS**

Repeat Estimated 2018 W-2 Payroll For Covered Plan Members:	(A)	\$9,441,320		
Employee Contribution Rate Expressed as a Decimal:	(G)	.01		
RESULT: (A) * (G) =				(H) \$94,413
Amortization of the Actuarial Surplus (PMRS Determined)			(I)	0
TOTAL CREDITS: (H) + (I) =				(J) \$94,413

**MINIMUM MUNICIPAL OBLIGATION**

(Based on 01/01/2017 Actuarial Valuation)

(MMO) \$1,414,634 **±**

Equals TOTAL CHARGES Minus

TOTAL CREDITS (F) - (J) = (Please round numbers to dollars)

Prepared By: Kathy A. Martin (Name) *Kathy A. Martin* (Signature)  
Human Resources Manager (Title) ( ) 610-351-6322 (Telephone #)

Please complete the above worksheet with your best estimates and return a copy to the Pennsylvania Municipal Retirement System by October 5. The official copy must be shared with the plan's governing board by the last business day in September.



**LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS  
AUGUST 2018**

LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUMMARY  
AUGUST 2018

MONTH			AUGUST 2018	YEAR-TO-DATE			FULL YEAR		
Actual	Forecast	FC Var		Actual	Forecast	FC Var	Forecast	Budget	Variance
			<b>Income Statement</b>						
(4,291)	(173,238)	168,947	Suburban Water	247,948	(155,993)	403,941	(473,858)	(305,584)	(168,274)
(264,649)	(67,126)	(197,523)	Suburban Wastewater	(671,288)	(656,704)	(14,584)	(950,008)	883,715	(1,833,723)
(964,921)	(1,848,442)	883,521	City Division	(3,379,699)	(4,655,383)	1,275,684	(9,598,436)	(7,267,990)	(2,330,446)
<u>(1,233,862)</u>	<u>(2,088,806)</u>	<u>854,944</u>	Total LCA	<u>(3,803,040)</u>	<u>(5,468,080)</u>	<u>1,665,040</u>	<u>(11,022,302)</u>	<u>(6,689,859)</u>	<u>(4,332,443)</u>
			<b>Cash Flow Statement</b>						
872,582	(904,435)	1,777,017	Suburban Water	3,698,902	465,748	3,233,155	(2,157,696)	(4,392,584)	2,234,888
(587,897)	(63,326)	(524,571)	Suburban Wastewater	1,649,186	1,349,900	299,286	1,748,931	(2,751,285)	4,500,216
<u>1,496,716</u>	<u>(805,335)</u>	<u>2,302,051</u>	City Division	<u>2,647,949</u>	<u>(111,254)</u>	<u>2,759,203</u>	<u>(12,137,668)</u>	<u>(5,085,490)</u>	<u>(7,052,178)</u>
<u>1,781,401</u>	<u>(1,773,096)</u>	<u>3,554,497</u>	Total LCA	<u>7,996,037</u>	<u>1,704,394</u>	<u>6,291,643</u>	<u>(12,546,433)</u>	<u>(12,229,359)</u>	<u>(317,074)</u>
			<b>Debt Service Coverage Ratio</b>						
1.39	0.76	0.63	Suburban Water	1.50	1.50	(0.00)	1.30	1.24	0.07
2.82	6.10	(3.28)	Suburban Wastewater	6.07	6.03	0.04	6.02	8.95	(2.93)
1.02	0.72	0.31	City Division	1.41	1.36	0.05	1.36	1.25	0.12

City cash forecast is expected to be off to budget by a little more than \$7m. The forecast has borrowing of \$10m to apply to paying off the \$18,735,000 principal payment on the Series C Bonds with the remainder coming out of cash reserves.

LEHIGH COUNTY AUTHORITY  
MONTHLY FINANCIAL STATEMENTS - CONSOLIDATED  
AUGUST 2018

MONTH					YEAR-TO-DATE				FULL YEAR FORECAST			
Suburban Water	Suburban Wastewater	City Division	LCA TOTAL		Suburban Water	Suburban Wastewater	City Division	LCA TOTAL	Suburban Water	Suburban Wastewater	City Division	LCA TOTAL
				AUGUST 2018 INCOME STATEMENT								
				<b>Operating Revenues</b>								
786,368	1,234,482	2,752,676	4,773,526	Charges For Services	6,067,571	11,147,591	22,587,203	39,802,365	9,219,406	17,219,174	33,304,933	59,743,513
7,481	-	-	7,481	Rent	60,707	-	-	60,707	87,860	-	-	87,860
23,538	-	139,670	163,208	Other Income	100,382	-	478,725	579,107	129,158	-	567,706	696,865
817,387	1,234,482	2,892,345	4,944,215	Total Operating Revenues	6,228,661	11,147,591	23,065,927	40,442,179	9,436,424	17,219,174	33,872,640	60,528,238
				<b>Operating Expenses</b>								
115,653	70,105	636,468	822,226	Salaries and Wages	745,003	308,036	3,755,208	4,808,248	1,129,114	396,344	5,418,938	6,944,396
117,699	66,452	608,835	792,985	General and Administrative	859,947	310,226	4,421,709	5,591,882	1,360,096	470,720	5,981,114	7,811,931
66,432	34,142	262,721	363,294	Utilities	335,307	194,799	1,418,461	1,948,566	544,741	347,377	2,105,775	2,997,893
24,426	23,411	171,250	219,088	Materials and Supplies	148,398	133,957	767,342	1,049,697	274,264	302,155	1,450,147	2,026,565
212,320	729,167	193,962	1,135,449	Miscellaneous Services	1,480,213	5,289,061	945,715	7,714,988	2,941,460	7,913,277	1,825,073	12,679,811
-	257,455	-	257,455	Treatment & Transportation	-	2,955,247	4,624	2,959,872	-	4,632,710	6,000	4,638,710
245,832	397,865	466,667	1,110,364	Depreciation and Amortization	1,966,656	3,182,920	3,733,336	8,882,912	2,949,994	4,775,190	5,600,000	13,325,184
782,362	1,578,598	2,339,903	4,700,863	Total Operating Expenses	5,535,523	12,374,246	15,046,396	32,956,165	9,199,670	18,837,773	22,387,046	50,424,489
35,026	(344,116)	552,443	243,352	<b>Operating Income</b>	693,138	(1,226,655)	8,019,531	7,486,014	236,755	(1,618,599)	11,485,593	10,103,749
				<b>Non-Operating Revenues (Expenses)</b>								
32,480	66,496	45,495	144,471	Tapping and Capital Recovery fees	160,185	525,562	299,820	985,567	472,950	788,788	321,751	1,583,489
11,795	-	1,483	13,278	Meter Sales	56,488	-	6,887	63,375	107,459	-	11,132	118,591
16,700	11,800	2,700	31,200	Inspection and Plan Reviews	110,898	27,652	24,595	163,144	157,913	311	206,695	364,918
-	-	-	-	Project Reimbursements	(0)	-	-	(0)	(0)	-	190,000	190,000
17,836	17,828	76,278	111,942	Interest Income	153,090	139,988	495,690	788,768	173,750	100,459	569,393	843,602
2,575	115	4,365	7,055	Other Income	18,165	1,125	30,442	49,732	18,065	935	21,980	40,980
(124,903)	(16,399)	(1,402,734)	(1,544,036)	Interest Expense	(941,712)	(131,051)	(11,221,872)	(12,294,635)	(1,638,942)	(206,346)	(18,544,404)	(20,389,692)
4,200	(373)	(244,950)	(241,124)	Other Expense	(2,304)	(7,908)	(1,034,792)	(1,045,004)	(1,808)	(15,555)	(3,860,576)	(3,877,939)
(39,317)	79,467	(1,517,364)	(1,477,214)	Total Non-Operating Revenues (Expenses)	(445,190)	555,367	(11,399,230)	(11,289,053)	(710,613)	668,592	(21,084,029)	(21,126,051)
(4,291)	(264,649)	(964,921)	(1,233,862)	<b>Net Income Before Capital Contributions</b>	247,948	(671,288)	(3,379,699)	(3,803,040)	(473,858)	(950,008)	(9,598,436)	(11,022,302)
-	-	-	-	<b>Capital Contributions</b>	-	-	-	-	-	-	-	-
(4,291)	(264,649)	(964,921)	(1,233,862)	<b>NET INCOME</b>	247,948	(671,288)	(3,379,699)	(3,803,040)	(473,858)	(950,008)	(9,598,436)	(11,022,302)

LEHIGH COUNTY AUTHORITY  
MONTHLY FINANCIAL STATEMENTS - CONSOLIDATED  
AUGUST 2018

MONTH				YEAR-TO-DATE				FULL YEAR FORECAST				
Suburban Water	Suburban Wastewater	City Division	LCA TOTAL	AUGUST 2018	Suburban Water	Suburban Wastewater	City Division	LCA TOTAL	Suburban Water	Suburban Wastewater	City Division	LCA TOTAL
				CASH FLOW STATEMENT								
				Cash Flows From Operating Activities								
817,387	1,234,482	2,892,345	4,944,215	Operating Revenues	6,228,661	11,147,591	23,065,927	40,442,179	9,436,424	17,219,174	33,872,640	60,528,238
(536,530)	(1,180,733)	(1,873,236)	(3,590,499)	Operating Expenses (ex D&A)	(3,568,867)	(9,191,326)	(11,313,060)	(24,073,253)	(6,249,676)	(14,062,583)	(16,787,046)	(37,099,305)
830,406	(267,675)	959,761	1,522,492	Non-Cash Working Capital Changes	(798,899)	(806,351)	(474,889)	(2,080,139)	-	-	-	-
1,111,264	(213,926)	1,978,871	2,876,208	Net Cash Provided by (Used in) Operating Activities	1,860,895	1,149,914	11,277,978	14,288,787	3,186,749	3,156,591	17,085,593	23,428,933
				Cash Flows From Financing Activities								
-	-	-	-	Lease Payments to City	-	-	(255,780)	(255,780)	-	-	(515,560)	(515,560)
-	-	-	-	Capital Contributions	-	-	-	-	-	-	-	-
-	-	-	-	Proceeds New Borrowing	-	-	-	-	-	-	10,000,000	10,000,000
(5,366)	(14,207)	-	(19,573)	Interest Payments	(765,859)	(114,919)	(6,523,861)	(7,404,639)	(1,638,942)	(194,435)	(13,797,722)	(15,631,099)
(29,652)	(40,510)	-	(70,162)	Principal Payments	(235,722)	(322,079)	-	(557,800)	(1,518,853)	(478,130)	(18,735,000)	(20,731,983)
(35,017)	(54,717)	-	(89,734)	Net Cash Provided by (Used in) Financing Activities	(1,001,580)	(436,998)	(6,779,641)	(8,218,219)	(3,157,795)	(672,566)	(23,048,282)	(26,878,642)
				Cash Flows from Capital and Related Activities								
63,550	78,411	54,043	196,004	Non-Operating Revenues	345,736	554,338	361,744	1,261,818	756,387	790,034	561,558	2,107,978
-	-	-	-	Project Reimbursement	(0)	-	-	(0)	(0)	-	190,000	190,000
4,579	4,486	-	9,065	Non-Operating Expenses	460	1,951	-	2,411	-	0	-	0
(289,629)	(419,979)	(612,475)	(1,322,083)	Capital Expenditures	(2,258,223)	(1,232,543)	(2,707,822)	(6,198,588)	(5,138,797)	(2,605,587)	(7,495,929)	(15,240,313)
(221,500)	(337,082)	(558,432)	(1,117,014)	Net Cash Provided By (Used In) Capital and Related Activities	(1,912,028)	(676,254)	(2,346,078)	(4,934,359)	(4,382,410)	(1,815,553)	(6,744,371)	(12,942,335)
				Cash Flows From Investing Activities								
(0)	-	-	(0)	Investments Converting To Cash	4,598,526	1,472,535	-	6,071,061	2,022,010	980,000	-	3,002,010
-	-	-	-	Purchased Invesments	-	-	-	-	-	-	-	-
17,836	17,828	76,278	111,942	Interest Income	153,090	139,988	495,690	788,768	173,750	100,459	569,393	843,602
17,836	17,828	76,278	111,941	Net Cash Provided By (Used In) Investing Activities	4,751,616	1,612,523	495,690	6,859,829	2,195,760	1,080,459	569,393	3,845,612
872,582	(587,897)	1,496,716	1,781,401	FUND NET CASH FLOWS	3,698,902	1,649,186	2,647,949	7,996,037	(2,157,696)	1,748,931	(12,137,668)	(12,546,433)
				DEBT SERVICE RATIO								
366,822	154,474	1,114,199	1,635,495	Total Cash Available For Debt Service	3,159,080	2,652,542	12,307,282	18,118,904	4,116,885	4,047,084	17,769,847	25,933,816
263,150	54,717	1,087,310	1,405,177	Debt Service	2,105,200	436,998	8,698,481	11,240,679	3,157,795	672,566	13,047,722	16,878,082
1.39	2.82	1.02	1.16	DSCR	1.50	6.07	1.41	1.61	1.30	6.02	1.36	1.54

LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUBURBAN WATER  
AUGUST 2018

MONTH					AUGUST 2018					YEAR-TO-DATE					FULL YEAR				
Actual	Forecast	Prior Yr	FC Var	PY Var	INCOME STATEMENT					Actual	Forecast	Prior Yr	FC Var	PY Var	Forecast	Budget	Prior Yr	FC vs Bud	FC vs PY
					<b>Operating Revenues</b>														
786,368	735,893	704,204	50,475	82,164	Charges For Services					6,067,571	5,978,817	5,721,761	88,754	345,811	9,219,406	9,591,000	8,863,788	(371,594)	355,618
7,481	7,474	7,152	7	329	Rent					60,707	57,317	59,771	3,390	936	87,860	91,000	91,019	(3,140)	(3,159)
23,538	2,593	2,481	20,945	21,057	Other Income					100,382	84,359	39,248	16,023	61,135	129,158	51,000	99,307	78,158	29,851
817,387	745,960	713,837	71,427	103,550	Total Operating Revenues					6,228,661	6,120,493	5,820,779	108,167	407,881	9,436,424	9,733,000	9,054,114	(296,576)	382,310
					<b>Operating Expenses</b>														
115,653	126,000	89,579	10,347	(26,074)	Salaries and Wages					745,003	769,114	662,911	24,111	(82,092)	1,129,114	1,064,358	1,042,565	(64,756)	(86,549)
117,699	122,000	127,524	4,301	9,825	General and Administrative					859,947	872,096	827,056	12,149	(32,891)	1,360,096	1,251,856	1,257,063	(108,240)	(103,033)
66,432	47,000	31,961	(19,432)	(34,471)	Utilities					335,307	356,741	287,970	21,435	(47,336)	544,741	584,346	420,812	39,605	(123,929)
24,426	24,000	14,557	(426)	(9,870)	Materials and Supplies					148,398	162,264	164,955	13,866	16,558	274,264	320,654	422,730	46,390	148,466
212,320	253,000	159,506	40,680	(52,814)	Miscellaneous Services					1,480,213	1,559,460	1,335,131	79,248	(145,081)	2,941,460	2,758,370	2,270,359	(183,090)	(671,101)
-	-	-	-	-	Treatment & Transportation					-	-	-	-	-	-	-	-	-	-
245,832	245,833	245,832	1	-	Depreciation and Amortization					1,966,656	1,966,658	1,966,656	2	-	2,949,994	2,950,000	2,695,548	6	(254,446)
782,362	817,833	668,958	35,471	(113,404)	Total Operating Expenses					5,535,523	5,686,334	5,244,680	150,811	(290,843)	9,199,670	8,929,584	8,109,077	(270,086)	(1,090,593)
35,026	(71,873)	44,879	106,899	(9,854)	<b>Operating Income</b>					693,138	434,160	576,099	258,978	117,039	236,755	803,416	945,037	(566,661)	(708,282)
					<b>Non-Operating Revenues (Expenses)</b>														
32,480	9,000	12,100	23,480	20,380	Tapping and Capital Recovery fees					160,185	126,950	268,900	33,235	(108,715)	472,950	485,000	455,405	(12,050)	17,545
11,795	4,000	9,516	7,795	2,279	Meter Sales					56,488	41,459	73,643	15,029	(17,155)	107,459	105,000	112,468	2,459	(5,009)
16,700	2,000	11,545	14,700	5,155	Inspection and Plan Reviews					110,898	49,913	43,635	60,985	67,262	157,913	156,000	154,433	1,913	3,480
-	-	-	-	-	Project Reimbursements					(0)	(0)	25,397	-	(25,397)	(0)	23,000	-	(23,000)	(0)
17,836	10,000	113,604	7,836	(95,768)	Interest Income					153,090	133,750	161,269	19,340	(8,178)	173,750	125,000	127,486	48,750	46,264
2,575	1,000	1,785	1,575	790	Other Income					18,165	14,065	17,445	4,100	720	18,065	-	109,343	18,065	(91,278)
(124,903)	(127,365)	(130,879)	2,462	5,976	Interest Expense					(941,712)	(954,482)	(1,151,278)	12,770	209,566	(1,638,942)	(2,003,000)	(1,371,796)	364,058	(267,146)
4,200	-	180,885	4,200	(176,685)	Other Expense					(2,304)	(1,808)	(5,026)	(496)	2,722	(1,808)	-	(427,991)	(1,808)	426,183
(39,317)	(101,365)	198,556	62,048	(237,872)	Total Non-Operating Revenues (Expenses)					(445,190)	(590,153)	(566,015)	144,963	120,825	(710,613)	(1,109,000)	(840,652)	398,387	130,039
(4,291)	(173,238)	243,435	168,947	(247,726)	<b>Net Income Before Capital Contributions</b>					247,948	(155,993)	10,084	403,941	237,863	(473,858)	(305,584)	104,385	(168,274)	(578,243)
-	-	-	-	-	<b>Capital Contributions</b>					-	-	-	-	-	-	-	6,324,208	-	(6,324,208)
(4,291)	(173,238)	243,435	168,947	(247,726)	<b>NET INCOME</b>					247,948	(155,993)	10,084	403,941	237,863	(473,858)	(305,584)	6,428,593	(168,274)	(6,902,451)

LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUBURBAN WATER  
AUGUST 2018

MONTH					AUGUST 2018					YEAR-TO-DATE					FULL YEAR				
Actual	Forecast	Prior Yr	FC Var	PY Var	CASH FLOW STATEMENT					Actual	Forecast	Prior Yr	FC Var	PY Var	Forecast	Budget	Prior Yr	FC vs Bud	FC vs PY
					<b>Cash Flows From Operating Activities</b>														
817,387	745,960	713,837	71,427	103,550	Operating Revenues					6,228,661	6,120,493	5,820,779	108,167	407,881	9,436,424	9,733,000	9,054,114	(296,576)	382,310
(536,530)	(572,000)	(423,126)	35,470	(113,404)	Operating Expenses (ex D&A)					(3,568,867)	(3,719,676)	(3,278,024)	150,809	(290,843)	(6,249,676)	(5,979,584)	(5,413,529)	(270,092)	(836,147)
830,406	-	-	830,406	830,406	Non-Cash Working Capital Changes					(798,899)	581,126	-	(1,380,025)	(798,899)	-	-	(174,761)	-	174,761
1,111,264	173,960	290,711	937,304	820,552	Net Cash Provided by (Used in) Operating Activities					1,860,895	2,981,944	2,542,755	(1,121,049)	(681,860)	3,186,749	3,753,416	3,465,824	(566,667)	(279,075)
					<b>Cash Flows From Financing Activities</b>														
-	-	-	-	-	Capital Contributions					-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	Proceeds New Borrowing					-	-	15,292,006	-	(15,292,006)	-	-	15,292,006	-	(15,292,006)
(5,366)	(127,365)	(130,879)	121,999	125,513	Interest Payments					(765,859)	(1,008,334)	(1,151,278)	242,475	385,419	(1,638,942)	(2,003,000)	(1,202,612)	364,058	(436,330)
(29,652)	(223,530)	(152,751)	193,878	123,099	Principal Payments					(235,722)	(623,533)	(1,094,413)	387,811	858,691	(1,518,853)	(1,741,000)	(1,667,818)	222,147	148,965
(35,017)	(350,895)	(283,630)	315,878	248,613	Net Cash Provided by (Used in) Financing Activities					(1,001,580)	(1,631,867)	13,046,315	630,286	(14,047,896)	(3,157,795)	(3,744,000)	12,421,576	586,206	(15,579,371)
					<b>Cash Flows from Capital and Related Activities</b>														
63,550	16,000	34,946	47,550	28,604	Non-Operating Revenues					345,736	232,387	403,623	113,349	(57,888)	756,387	746,000	722,306	10,387	34,081
-	-	-	-	-	Project Reimbursement					(0)	(0)	25,397	-	(25,397)	(0)	23,000	-	(23,000)	(0)
4,579	-	-	4,579	4,579	Non-Operating Expenses					460	-	-	460	460	-	-	-	-	-
(289,629)	(753,500)	(196,719)	463,871	(92,910)	Capital Expenditures					(2,258,223)	(3,272,476)	(1,612,005)	1,014,252	(646,218)	(5,138,797)	(9,296,000)	(5,698,875)	4,157,203	560,078
(221,500)	(737,500)	(161,773)	516,000	(59,726)	Net Cash Provided By (Used In) Capital and Related Activities					(1,912,028)	(3,040,089)	(1,182,985)	1,128,061	(729,043)	(4,382,410)	(8,527,000)	(4,976,569)	4,144,590	594,159
					<b>Cash Flows From Investing Activities</b>														
(0)	-	-	(0)	(0)	Investments Converting To Cash					4,598,526	2,022,010	-	2,576,516	4,598,526	2,022,010	4,000,000	5,520,144	(1,977,990)	(3,498,134)
-	-	-	-	-	Purchased Investments					-	-	-	-	-	-	-	(12,309,800)	-	12,309,800
17,836	10,000	113,604	7,836	(95,768)	Interest Income					153,090	133,750	161,269	19,340	(8,178)	173,750	125,000	127,486	48,750	46,264
17,836	10,000	113,604	7,836	(95,768)	Net Cash Provided By (Used In) Investing Activities					4,751,616	2,155,760	161,269	2,595,856	4,590,347	2,195,760	4,125,000	(6,662,170)	(1,929,240)	8,857,930
872,582	(904,435)	(41,088)	1,777,017	913,670	<b>FUND NET CASH FLOWS</b>					3,698,902	465,748	14,567,354	3,233,155	(10,868,452)	(2,157,696)	(4,392,584)	4,248,661	2,234,888	(6,406,357)
					<b>DEBT SERVICE RATIO</b>														
366,822	199,960	439,261	166,862	(72,438)	Total Cash Available For Debt Service					3,159,080	2,766,954	3,107,647	392,126	51,432	4,116,885	4,624,416	4,490,377	(507,531)	(373,492)
263,150	263,150	283,630	-	(20,480)	Debt Service					2,105,200	1,842,050	2,245,691	263,150	(140,491)	3,157,795	3,744,000	2,870,430	(586,206)	287,365
1.39	0.76	1.55	0.63	(0.15)	<b>DSCR</b>					1.50	1.50	1.38	(0.00)	0.12	1.30	1.24	1.56	0.07	(0.26)

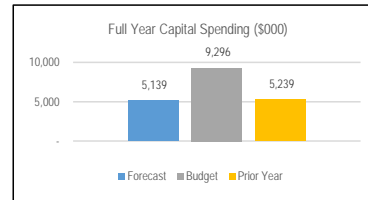
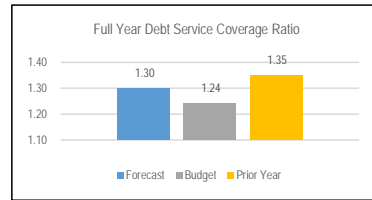
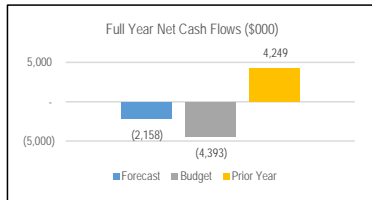
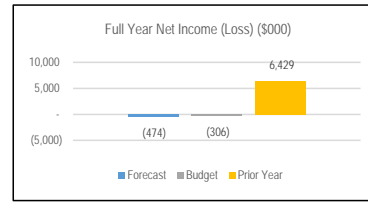
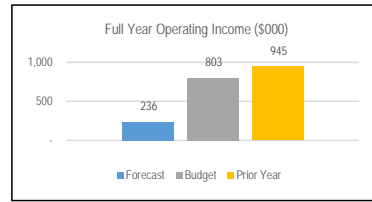
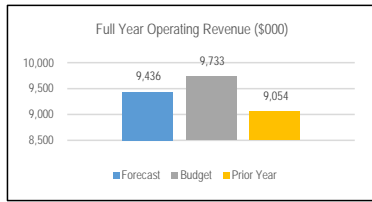
LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUBURBAN WATER  
AUGUST 2018

FORECAST VARIANCES - MONTH				
INCOME STATEMENT	Actual	Forecast	Variance	Comments
<b>Operating Revenues</b>				
Charges For Services	786,368	735,893	50,475	Higher industrial/commercial revenues
Rent	7,481	7,474	7	
Other Income	23,538	2,593	20,945	\$20k of revenue from T.Sanders Inc.
Total Operating Revenues	817,387	745,960	71,427	Higher charges for services
<b>Operating Expenses</b>				
Salaries and Wages	115,653	126,000	10,347	Lower labor charged in from internal services
General and Administrative	117,699	122,000	4,301	
Utilities	66,432	47,000	(19,432)	Catch up on timing of invoices
Materials and Supplies	24,426	24,000	(426)	
Miscellaneous Services	212,320	253,000	40,680	Lower water purchases
Treatment & Transportation	-	-	-	
Depreciation and Amortization	245,832	245,833	1	
Total Operating Expenses	782,362	817,833	35,471	Lower water purchases with some offset from other categories of spending
<b>Operating Income</b>	35,026	(71,873)	106,899	Higher operating revenues aided by lower operating expenses
<b>Non-Operating Revenues (Expenses)</b>				
Tapping and Capital Recovery fees	32,480	9,000	23,480	Higher revenues from developers
Meter Sales	11,795	4,000	7,795	
Inspection and Plan Reviews	16,700	2,000	14,700	Higher revenues from developers
Project Reimbursements	-	-	-	
Interest Income	17,836	10,000	7,836	Higher invested balances
Other Income	2,575	1,000	1,575	
Interest Expense	(124,903)	(127,365)	2,462	
Other Expense	4,200	-	4,200	
Total Non-Operating Revenues (Expenses)	(39,317)	(101,365)	62,048	Higher developer revenues
<b>Net Income Before Capital Contributions</b>	(4,291)	(173,238)	168,947	
<b>Capital Contributions</b>	-	-	-	
<b>NET INCOME</b>	(4,291)	(173,238)	168,947	Higher revenues, lower operating expenses

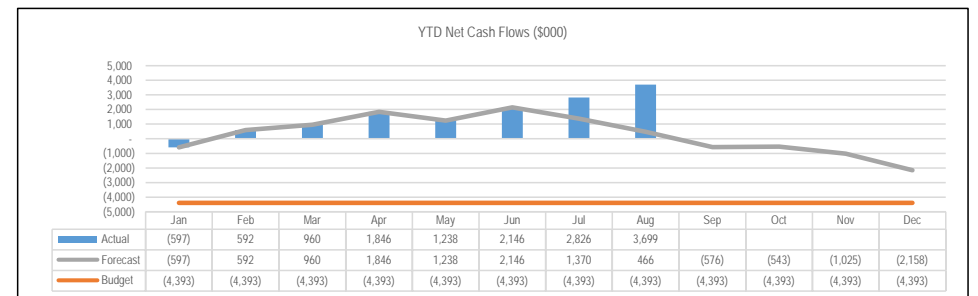
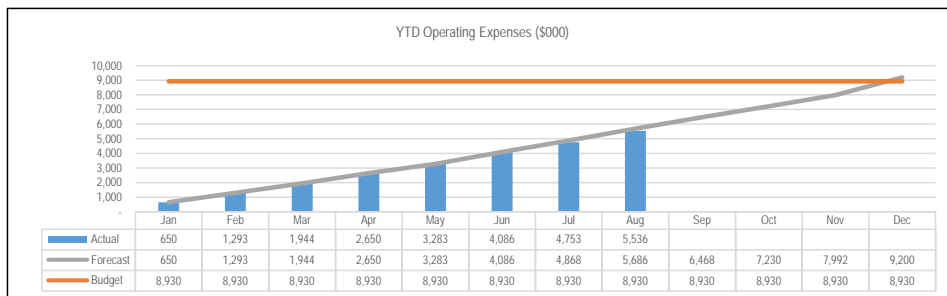
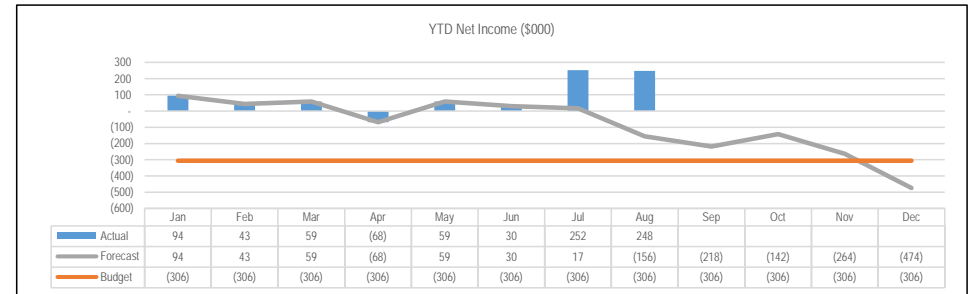
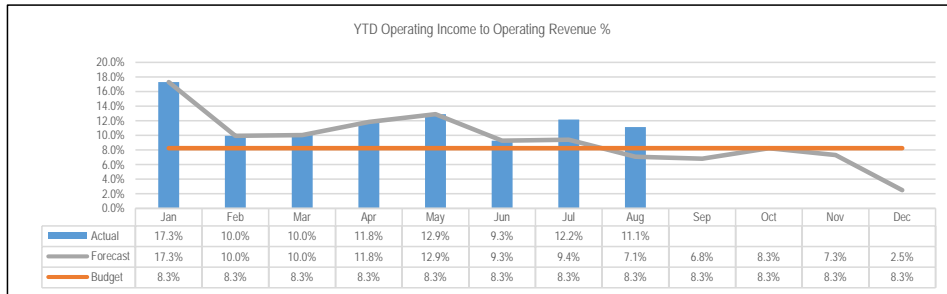
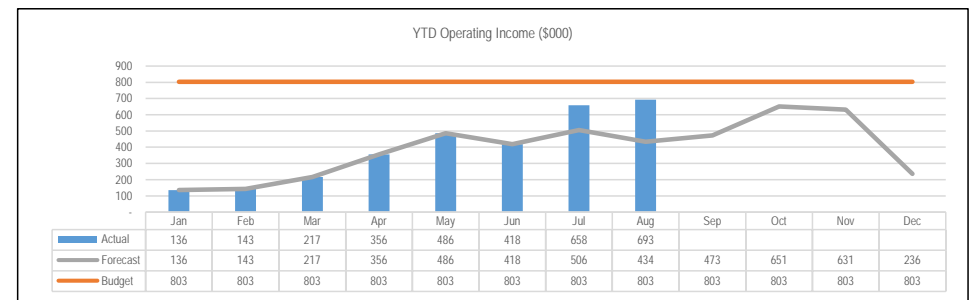
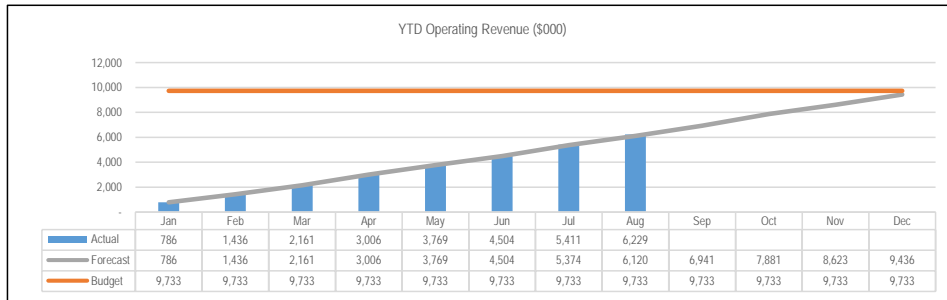
FORECAST VARIANCES - MONTH				
CASH FLOW STATEMENT	Actual	Forecast	Variance	Comments
<b>Cash Flows From Operating Activities</b>				
Operating Revenues	817,387	745,960	71,427	Higher charges for services
Operating Expenses (ex D&A)	(536,530)	(572,000)	35,470	Lower water purchases with some offset from other categories of spending
Non-Cash Working Capital Changes	830,406	-	830,406	Favorable working capital movements not forecasted
Net Cash Provided by (Used In) Operating Activities	1,111,264	173,960	937,304	Higher operating income aided by favorable working capital movements
<b>Cash Flows From Financing Activities</b>				
Capital Contributions	-	-	-	
Proceeds New Borrowing	-	-	-	
Interest Payments	(5,366)	(127,365)	121,999	Mis-forecast on payment timing
Principal Payments	(29,652)	(223,530)	193,878	Mis-forecast on payment timing
Net Cash Provided by (Used In) Financing Activities	(35,017)	(350,895)	315,878	Interest and Principal lower from missed timing
<b>Cash Flows from Capital and Related Activities</b>				
Non-Operating Revenues	63,550	16,000	47,550	higher revenues from developers
Project Reimbursement	-	-	-	
Non-Operating Expenses	4,579	-	4,579	
Capital Expenditures	(289,629)	(753,500)	463,871	Timing issue
Net Cash Provided By (Used In) Capital and Related Activities	(221,500)	(737,500)	516,000	Driven by lower capex
<b>Cash Flows From Investing Activities</b>				
Investments Converting To Cash	(0)	-	(0)	
Purchased Investments	-	-	-	
Interest Income	17,836	10,000	7,836	Higher invested balances
Net Cash Provided By (Used In) Investing Activities	17,836	10,000	7,836	
<b>FUND NET CASH FLOWS</b>	872,582	(904,435)	1,777,017	Higher cash from operations, favorable timing effect on debt service, lower capex

## DASHBOARD - SUBURBAN WATER AUGUST 2018



### FULL YEAR COMPARATIVE (\$000)

	Forecast	Budget	Prior Yr
Operating Revenues	9,436	9,733	9,054
Less: Operating Expenses	9,200	8,930	8,109
Operating Income	236	803	945
Other income (expenses)	(710)	(1,109)	5,484
Net Income	(474)	(306)	6,429
Debt Service Coverage Ratio	1.30	1.24	1.35
Net Cash Flows	(2,158)	(4,393)	4,249





LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUBURBAN WASTEWATER  
AUGUST 2018

MONTH					AUGUST 2018					YEAR-TO-DATE					FULL YEAR				
Actual	Forecast	Prior Yr	FC Var	PY Var	INCOME STATEMENT					Actual	Forecast	Prior Yr	FC Var	PY Var	Forecast	Budget	Prior Yr	Bud Var	PY Var
					<b>Operating Revenues</b>														
1,234,482	1,485,274	1,438,968	(250,792)	(204,486)	Charges For Services					11,147,591	11,248,078	11,236,256	(100,487)	(88,665)	17,219,174	19,197,000	12,568,375	(1,977,826)	4,650,799
-	-	-	-	-	Rent					-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	Other Income					-	-	-	-	-	-	-	290,406	-	(290,406)
1,234,482	1,485,274	1,438,968	(250,792)	(204,486)	Total Operating Revenues					11,147,591	11,248,078	11,236,256	(100,487)	(88,665)	17,219,174	19,197,000	12,858,781	(1,977,826)	4,360,393
					<b>Operating Expenses</b>														
70,105	33,000	33,871	(37,105)	(36,234)	Salaries and Wages					308,036	264,344	267,575	(43,693)	(40,461)	396,344	461,482	424,208	65,138	27,864
66,452	45,000	41,717	(21,452)	(24,735)	General and Administrative					310,226	290,720	279,862	(19,506)	(30,365)	470,720	464,057	559,911	(6,663)	89,191
34,142	32,000	19,963	(2,142)	(14,179)	Utilities					194,799	219,377	146,099	24,579	(48,700)	347,377	285,486	226,197	(61,891)	(121,180)
23,411	22,000	16,036	(1,411)	(7,375)	Materials and Supplies					133,957	114,155	82,449	(19,802)	(51,508)	302,155	372,250	155,503	70,095	(146,652)
729,167	680,000	674,509	(49,167)	(54,658)	Miscellaneous Services					5,289,061	5,193,277	4,818,920	(95,784)	(470,140)	7,913,277	8,579,017	6,369,014	665,740	(1,544,263)
257,455	378,000	601,519	120,545	344,063	Treatment & Transportation					2,955,247	3,120,710	3,188,145	165,462	232,898	4,632,710	3,969,993	3,516,548	(662,717)	(1,116,162)
397,865	398,000	364,694	135	(33,171)	Depreciation and Amortization					3,182,920	3,183,190	2,917,552	270	(265,368)	4,775,190	4,776,000	4,599,096	810	(176,094)
1,578,598	1,588,000	1,752,309	9,402	173,711	Total Operating Expenses					12,374,246	12,385,773	11,700,603	11,527	(673,643)	18,837,773	18,908,285	15,850,477	70,512	(2,987,296)
(344,116)	(102,726)	(313,341)	(241,390)	(30,775)	<b>Operating Income</b>					(1,226,655)	(1,137,695)	(464,347)	(88,960)	(762,309)	(1,618,599)	288,715	(2,991,696)	(1,907,314)	1,373,097
					<b>Non-Operating Revenues (Expenses)</b>														
66,496	55,000	57,266	11,496	9,229	Tapping and Capital Recovery fees					525,562	523,788	821,631	1,773	(296,070)	788,788	1,015,000	449,376	(226,212)	339,412
-	-	-	-	-	Meter Sales					-	-	-	-	-	-	-	-	-	-
11,800	-	500	11,800	11,300	Inspection and Plan Reviews					27,652	311	6,401	27,341	21,251	311	92,000	12,444	(91,689)	(12,133)
-	-	-	-	-	Project Reimbursements					-	-	-	-	-	-	-	-	-	-
17,828	600	394	17,228	17,434	Interest Income					139,988	97,859	3,129	42,129	136,859	100,459	5,000	162,034	95,459	(61,575)
115	-	60	115	55	Other Income					1,125	935	615	190	510	935	-	7,520	935	(6,585)
(16,399)	(18,000)	(17,768)	1,601	1,369	Interest Expense					(131,051)	(134,346)	(143,817)	3,295	12,766	(206,346)	(216,000)	(204,418)	9,654	(1,928)
(373)	(2,000)	(163)	1,627	(210)	Other Expense					(7,908)	(7,555)	(681)	(352)	(7,227)	(15,555)	(301,000)	(30,104)	285,445	14,549
79,467	35,600	40,289	43,867	39,177	Total Non-Operating Revenues (Expenses)					555,367	480,992	687,278	74,376	(131,911)	668,592	595,000	396,852	73,592	271,740
(264,649)	(67,126)	(273,052)	(197,523)	8,403	<b>Net Income Before Capital Contributions</b>					(671,288)	(656,704)	222,932	(14,584)	(894,219)	(950,008)	883,715	(2,594,844)	(1,833,723)	1,644,836
-	-	-	-	-	<b>Capital Contributions</b>					-	-	-	-	-	-	-	2,055,943	-	(2,055,943)
(264,649)	(67,126)	(273,052)	(197,523)	8,403	<b>NET INCOME</b>					(671,288)	(656,704)	222,932	(14,584)	(894,219)	(950,008)	883,715	(538,901)	(1,833,723)	(411,107)

LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUBURBAN WASTEWATER  
AUGUST 2018

MONTH					AUGUST 2018					YEAR-TO-DATE					FULL YEAR				
Actual	Forecast	Prior Yr	FC Var	PY Var	CASH FLOW STATEMENT					Actual	Forecast	Prior Yr	FC Var	PY Var	Forecast	Budget	Prior Yr	Bud Var	PY Var
					<b>Cash Flows From Operating Activities</b>														
1,234,482	1,485,274	1,438,968	(250,792)	(204,486)	Operating Revenues					11,147,591	11,248,078	11,236,256	(100,487)	(88,665)	17,219,174	19,197,000	12,858,781	(1,977,826)	4,360,393
(1,180,733)	(1,190,000)	(1,387,615)	9,267	206,882	Operating Expenses (ex D&A)					(9,191,326)	(9,202,583)	(8,783,051)	11,257	(408,275)	(14,062,583)	(14,132,285)	(11,251,381)	69,702	(2,811,202)
(267,675)	-	-	(267,675)	(267,675)	Non-Cash Working Capital Changes					(806,351)	(697,135)	-	(109,216)	(806,351)	-	-	(1,605,524)	-	1,605,524
(213,926)	295,274	51,353	(509,200)	(265,279)	Net Cash Provided by (Used in) Operating Activities					1,149,914	1,348,360	2,453,205	(198,446)	(1,303,292)	3,156,591	5,064,715	1,876	(1,908,124)	3,154,715
					<b>Cash Flows From Financing Activities</b>														
-	-	-	-	-	Capital Contributions					-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	Proceeds New Borrowing					-	-	-	-	-	-	-	-	-	-
(14,207)	(18,000)	(15,033)	3,793	827	Interest Payments					(114,919)	(122,435)	(121,242)	7,516	6,322	(194,435)	(216,000)	(204,418)	21,565	9,983
(40,510)	(39,500)	(26,023)	(1,010)	(14,487)	Principal Payments					(322,079)	(320,130)	(302,610)	(1,948)	(19,468)	(478,130)	(474,000)	(475,585)	(4,130)	(2,545)
(54,717)	(57,500)	(41,057)	2,783	(13,660)	Net Cash Provided by (Used in) Financing Activities					(436,998)	(442,566)	(423,852)	5,568	(13,146)	(672,566)	(690,000)	(680,003)	17,434	7,437
					<b>Cash Flows from Capital and Related Activities</b>														
78,411	55,000	57,826	23,411	20,584	Non-Operating Revenues					554,338	525,034	828,647	29,304	(274,309)	790,034	1,107,000	503,658	(316,966)	286,376
-	-	-	-	-	Project Reimbursement					-	-	-	-	-	-	-	-	-	-
4,486	-	-	4,486	4,486	Non-Operating Expenses					1,951	0	-	1,951	1,951	0	-	(130)	0	130
(419,979)	(356,700)	(168,672)	(63,279)	(251,307)	Capital Expenditures					(1,232,543)	(1,158,787)	(1,578,087)	(73,756)	345,544	(2,605,587)	(11,718,000)	(2,865,337)	9,112,413	259,750
(337,082)	(301,700)	(110,846)	(35,382)	(226,237)	Net Cash Provided By (Used In) Capital and Related Activities					(676,254)	(633,753)	(749,440)	(42,501)	73,186	(1,815,553)	(10,611,000)	(2,361,809)	8,795,447	546,256
					<b>Cash Flows From Investing Activities</b>														
-	-	-	-	-	Investments Converting To Cash					1,472,535	980,000	-	492,535	1,472,535	980,000	3,480,000	5,445,346	(2,500,000)	(4,465,346)
-	-	-	-	-	Purchased Investments					-	-	-	-	-	-	-	(5,618,502)	-	5,618,502
17,828	600	394	17,228	17,434	Interest Income					139,988	97,859	3,129	42,129	136,859	100,459	5,000	154,918	95,459	(54,459)
17,828	600	394	17,228	17,434	Net Cash Provided By (Used In) Investing Activities					1,612,523	1,077,859	3,129	534,664	1,609,394	1,080,459	3,485,000	(18,238)	(2,404,541)	1,098,697
(587,897)	(63,326)	(100,155)	(524,571)	(487,741)	<b>FUND NET CASH FLOWS</b>					<b>1,649,186</b>	<b>1,349,900</b>	<b>1,283,043</b>	<b>299,286</b>	<b>366,143</b>	<b>1,748,931</b>	<b>(2,751,285)</b>	<b>(3,058,174)</b>	<b>4,500,216</b>	<b>4,807,105</b>
					<b>DEBT SERVICE RATIO</b>														
154,474	350,874	109,573	(196,400)	44,901	Total Cash Available For Debt Service					2,652,542	2,668,388	3,284,982	(15,846)	(632,439)	4,047,084	6,176,715	2,265,976	(2,129,631)	1,781,108
54,717	57,500	41,057	(2,783)	13,660	Debt Service					436,998	442,566	423,852	(5,568)	13,146	672,566	690,000	680,003	(17,434)	(7,437)
<b>2.82</b>	<b>6.10</b>	<b>2.67</b>	<b>(3.28)</b>	<b>0.15</b>	<b>DSCR</b>					<b>6.07</b>	<b>6.03</b>	<b>7.75</b>	<b>0.04</b>	<b>(1.68)</b>	<b>6.02</b>	<b>8.95</b>	<b>3.33</b>	<b>(2.93)</b>	<b>2.69</b>

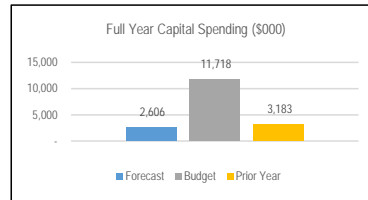
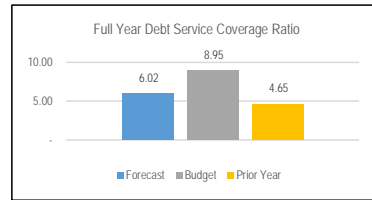
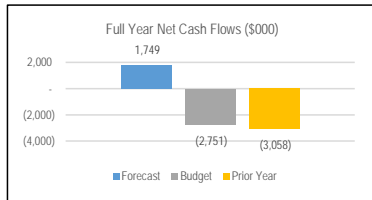
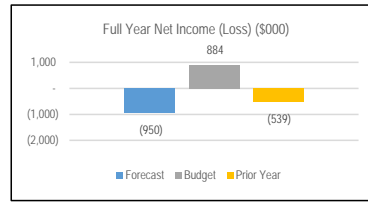
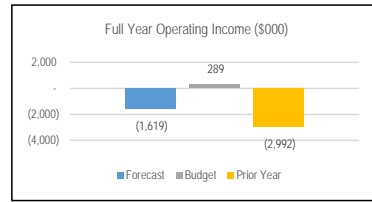
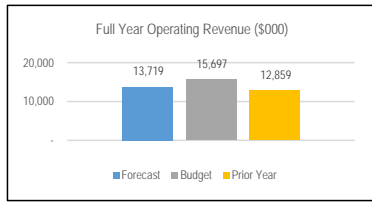
LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - SUBURBAN WASTEWATER  
AUGUST 2018

FORECAST VARIANCES - MONTH				
INCOME STATEMENT	Actual	Forecast	Variance	Comments
<b>Operating Revenues</b>				
Charges For Services	1,234,482	1,485,274	(250,792)	Adjustment to Washington Township revenues which was a reduction of overbooked revenues
Rent	-	-	-	
Other Income	-	-	-	
Total Operating Revenues	<u>1,234,482</u>	<u>1,485,274</u>	<u>(250,792)</u>	Lower charges for services
<b>Operating Expenses</b>				
Salaries and Wages	70,105	33,000	(37,105)	Higher support labor charges
General and Administrative	66,452	45,000	(21,452)	Higher internal service allocation
Utilities	34,142	32,000	(2,142)	
Materials and Supplies	23,411	22,000	(1,411)	
Miscellaneous Services	729,167	680,000	(49,167)	Higher contract operator charges and higher legal charges related to overcharge litigation
Treatment & Transportation	257,455	378,000	120,545	Lower overall volumes
Depreciation and Amortization	397,865	398,000	135	
Total Operating Expenses	<u>1,578,598</u>	<u>1,588,000</u>	<u>9,402</u>	Favorable variance from offsets
<b>Operating Income</b>	<u>(344,116)</u>	<u>(102,726)</u>	<u>(241,390)</u>	
<b>Non-Operating Revenues (Expenses)</b>				
Tapping and Capital Recovery fees	66,496	55,000	11,496	
Meter Sales	-	-	-	
Inspection and Plan Reviews	11,800	-	11,800	
Project Reimbursements	-	-	-	
Interest Income	17,828	600	17,228	Higher invested balances
Other Income	115	-	115	
Interest Expense	(16,399)	(18,000)	1,601	
Other Expense	(373)	(2,000)	1,627	
Total Non-Operating Revenues (Expenses)	<u>79,467</u>	<u>35,600</u>	<u>43,867</u>	Higher tapping fees, inspection & plan review revenues, and interest income
<b>Net Income Before Capital Contributions</b>	<u>(264,649)</u>	<u>(67,126)</u>	<u>(197,523)</u>	
<b>Capital Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>NET INCOME</b>	<u>(264,649)</u>	<u>(67,126)</u>	<u>(197,523)</u>	Unfavorable revenue adjustment partially offset by higher non-operating revenues

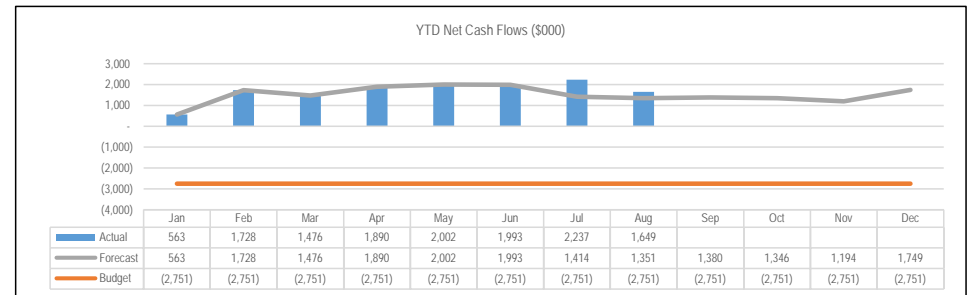
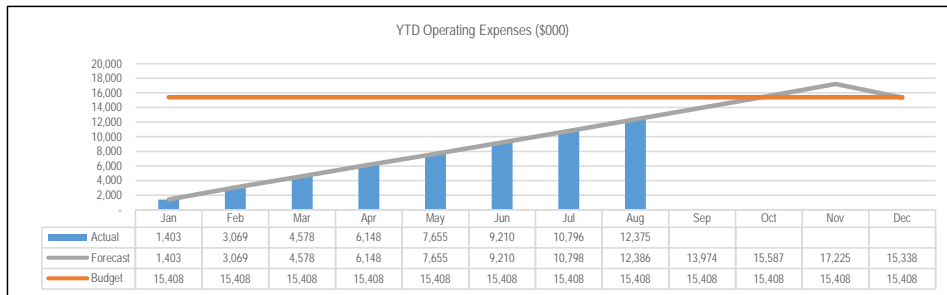
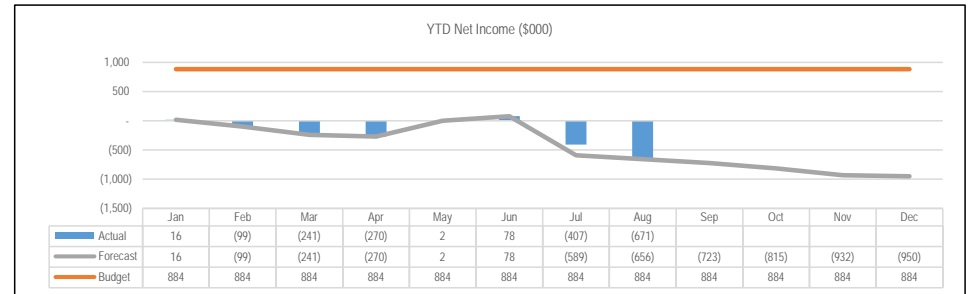
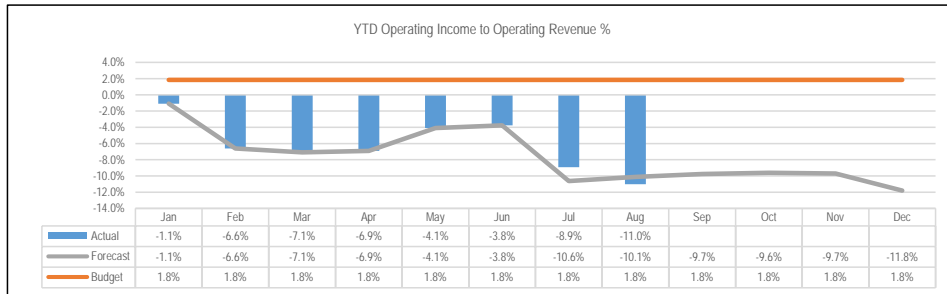
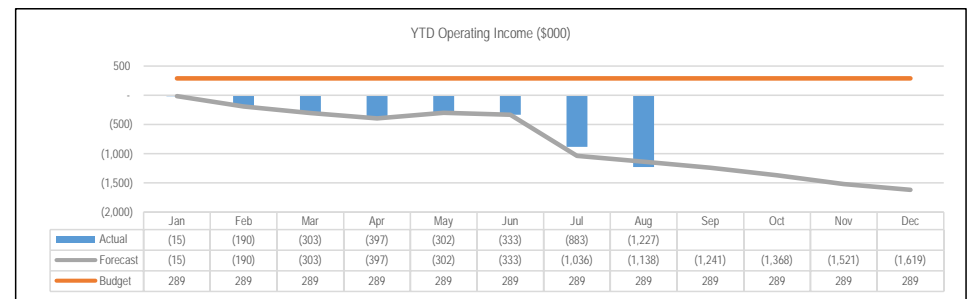
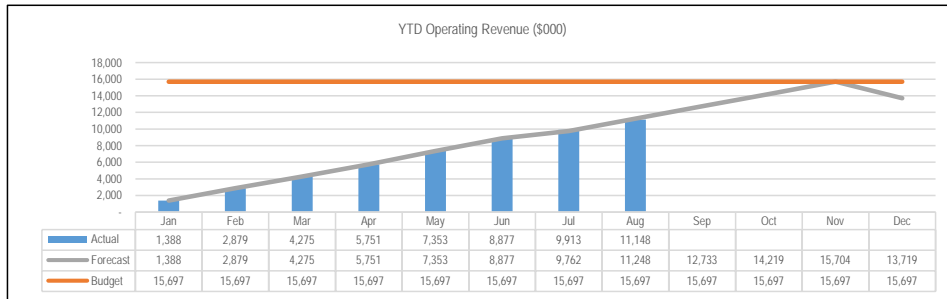
FORECAST VARIANCES - MONTH				
CASH FLOW STATEMENT	Actual	Forecast	Variance	Comments
<b>Cash Flows From Operating Activities</b>				
Operating Revenues	1,234,482	1,485,274	(250,792)	Unfavorable revenue adjustment partially offset by higher non-operating revenues
Operating Expenses (ex D&A)	(1,180,733)	(1,190,000)	9,267	Favorable variance from offsets
Non-Cash Working Capital Changes	<u>(267,675)</u>	<u>-</u>	<u>(267,675)</u>	Unfavorable working capital movements not budgeted
Net Cash Provided by (Used In) Operating Activities	<u>(213,926)</u>	<u>295,274</u>	<u>(509,200)</u>	Driven by unfavorable revenue variances along with unfavorable working capital movements
<b>Cash Flows From Financing Activities</b>				
Capital Contributions	-	-	-	
Proceeds New Borrowing	-	-	-	
Interest Payments	(14,207)	(18,000)	3,793	
Principal Payments	<u>(40,510)</u>	<u>(39,500)</u>	<u>(1,010)</u>	
Net Cash Provided by (Used In) Financing Activities	<u>(54,717)</u>	<u>(57,500)</u>	<u>2,783</u>	
<b>Cash Flows from Capital and Related Activities</b>				
Non-Operating Revenues	78,411	55,000	23,411	Higher developer revenues
Project Reimbursement	-	-	-	
Non-Operating Expenses	4,486	-	4,486	
Capital Expenditures	<u>(419,979)</u>	<u>(356,700)</u>	<u>(63,279)</u>	Capex spending timing
Net Cash Provided By (Used In) Capital and Related Activities	<u>(337,082)</u>	<u>(301,700)</u>	<u>(35,382)</u>	
<b>Cash Flows From Investing Activities</b>				
Investments Converting To Cash	-	-	-	
Purchased Investments	-	-	-	
Interest Income	17,828	600	17,228	Higher invested balances
Net Cash Provided By (Used In) Investing Activities	<u>17,828</u>	<u>600</u>	<u>17,228</u>	
<b>FUND NET CASH FLOWS</b>	<u>(587,897)</u>	<u>(63,326)</u>	<u>(524,571)</u>	Lower cash from operations

## DASHBOARD - SUBURBAN WASTEWATER AUGUST 2018



### FULL YEAR COMPARATIVE (\$000)

	Forecast	Budget	Prior Yr
Operating Revenues	13,719	15,697	12,859
Less: Operating Expenses	15,338	15,408	15,851
Operating Income	(1,619)	289	(2,992)
Other income (expenses)	669	595	2,453
Net Income	(950)	884	(539)
Debt Service Coverage Ratio	6.02	8.95	4.65
Net Cash Flows	1,749	(2,751)	(3,058)



LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - CITY DIVISION  
AUGUST 2018

MONTH					AUGUST 2018					YEAR-TO-DATE					FULL YEAR				
Actual	Forecast	Prior Yr	FC Var	PY Var	INCOME STATEMENT					Actual	Forecast	Prior Yr	FC Var	PY Var	Forecast	Budget	Prior Yr	Bud Var	PY Var
					<b>Operating Revenues</b>														
2,752,676	2,416,066	2,841,699	336,610	(89,024)	Charges For Services					22,587,203	22,226,377	21,432,476	360,826	1,154,727	33,304,933	33,039,000	32,802,663	265,933	502,270
-	-	-	-	-	Rent					-	-	-	-	-	-	-	-	-	-
139,670	49,160	43,825	90,510	95,845	Other Income					478,725	402,652	298,480	76,072	180,244	567,706	530,000	93,262	37,706	474,444
<u>2,892,345</u>	<u>2,465,225</u>	<u>2,885,524</u>	<u>427,120</u>	<u>6,821</u>	Total Operating Revenues					<u>23,065,927</u>	<u>22,629,029</u>	<u>21,730,956</u>	<u>436,898</u>	<u>1,334,971</u>	<u>33,872,640</u>	<u>33,569,000</u>	<u>32,895,925</u>	<u>303,640</u>	<u>976,715</u>
					<b>Operating Expenses</b>														
636,468	625,000	410,143	(11,468)	(226,325)	Salaries and Wages					3,755,208	3,733,938	3,218,853	(21,270)	(536,355)	5,418,938	5,483,083	5,756,508	64,145	337,570
608,835	535,000	538,772	(73,835)	(70,063)	General and Administrative					4,421,709	4,189,114	4,260,469	(232,596)	(161,240)	5,981,114	5,988,429	5,268,909	7,315	(712,205)
262,721	168,000	160,793	(94,721)	(101,927)	Utilities					1,418,461	1,433,775	1,174,628	15,314	(243,833)	2,105,775	1,983,202	1,903,666	(122,573)	(202,109)
171,250	165,000	143,552	(6,250)	(27,698)	Materials and Supplies					767,342	835,147	779,110	67,805	11,768	1,450,147	1,489,546	1,312,551	39,399	(137,596)
193,962	205,000	247,348	11,038	53,386	Miscellaneous Services					945,715	1,005,073	1,423,710	59,358	477,995	1,825,073	1,845,730	2,620,544	20,657	795,471
-	1,000	-	1,000	-	Treatment & Transportation					4,624	2,000	4,935	(2,624)	311	6,000	12,000	10,096	6,000	4,096
466,667	466,667	450,000	-	(16,667)	Depreciation and Amortization					3,733,336	3,733,336	3,600,000	-	(133,336)	5,600,000	5,600,000	5,887,307	-	287,307
<u>2,339,903</u>	<u>2,165,667</u>	<u>1,950,608</u>	<u>(174,236)</u>	<u>(389,294)</u>	Total Operating Expenses					<u>15,046,396</u>	<u>14,932,382</u>	<u>14,461,704</u>	<u>(114,014)</u>	<u>(584,692)</u>	<u>22,387,046</u>	<u>22,401,990</u>	<u>22,759,581</u>	<u>14,944</u>	<u>372,535</u>
<u>552,443</u>	<u>299,558</u>	<u>934,916</u>	<u>252,884</u>	<u>(382,473)</u>	<b>Operating Income</b>					<u>8,019,531</u>	<u>7,696,646</u>	<u>7,269,252</u>	<u>322,885</u>	<u>750,279</u>	<u>11,485,593</u>	<u>11,167,010</u>	<u>10,136,344</u>	<u>318,583</u>	<u>1,349,249</u>
					<b>Non-Operating Revenues (Expenses)</b>														
45,495	13,000	28,488	32,495	17,007	Tapping and Capital Recovery fees					299,820	269,751	113,359	30,069	186,461	321,751	144,000	725,230	177,751	(403,479)
1,483	1,000	581	483	902	Meter Sales					6,887	7,132	10,551	(245)	(3,664)	11,132	15,000	17,187	(3,868)	(6,055)
2,700	1,000	500	1,700	2,200	Inspection and Plan Reviews					24,595	22,695	8,500	1,900	16,095	206,695	293,000	1,132,206	(86,305)	(925,511)
-	-	-	-	-	Project Reimbursements					-	-	558,736	-	(558,736)	190,000	2,480,000	-	(2,290,000)	190,000
76,278	40,000	23,238	36,278	53,040	Interest Income					495,690	409,393	265,747	86,297	229,942	569,393	348,000	341,431	221,393	227,962
4,365	-	3,885	4,365	480	Other Income					30,442	21,980	28,410	8,462	2,032	21,980	-	1,123,827	21,980	(1,101,847)
(1,402,734)	(1,403,000)	(1,262,941)	266	(139,793)	Interest Expense					(11,221,872)	(11,222,404)	(10,103,528)	532	(1,118,344)	(18,544,404)	(16,735,000)	(18,516,650)	(1,809,404)	(27,754)
(244,950)	(800,000)	(166,436)	555,050	(78,514)	Other Expense					(1,034,792)	(1,860,576)	(984,437)	825,784	(50,355)	(3,860,576)	(4,980,000)	(3,312,624)	1,119,424	(547,952)
<u>(1,517,364)</u>	<u>(2,148,000)</u>	<u>(1,372,685)</u>	<u>630,636</u>	<u>(144,679)</u>	Total Non-Operating Revenues (Expenses)					<u>(11,399,230)</u>	<u>(12,352,029)</u>	<u>(10,102,661)</u>	<u>952,799</u>	<u>(1,296,569)</u>	<u>(21,084,029)</u>	<u>(18,435,000)</u>	<u>(18,489,393)</u>	<u>(2,649,029)</u>	<u>(2,594,636)</u>
(964,921)	(1,848,442)	(437,769)	883,521	(527,152)	<b>Net Income Before Capital Contributions</b>					(3,379,699)	(4,655,383)	(2,833,409)	1,275,684	(546,290)	(9,598,436)	(7,267,990)	(8,353,049)	(2,330,446)	(1,245,387)
-	-	-	-	-	<b>Capital Contributions</b>					-	-	-	-	-	-	-	-	-	-
<u>(964,921)</u>	<u>(1,848,442)</u>	<u>(437,769)</u>	<u>883,521</u>	<u>(527,152)</u>	<b>NET INCOME</b>					<u>(3,379,699)</u>	<u>(4,655,383)</u>	<u>(2,833,409)</u>	<u>1,275,684</u>	<u>(546,290)</u>	<u>(9,598,436)</u>	<u>(7,267,990)</u>	<u>(8,353,049)</u>	<u>(2,330,446)</u>	<u>(1,245,387)</u>

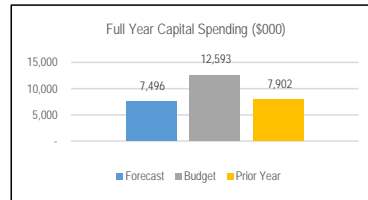
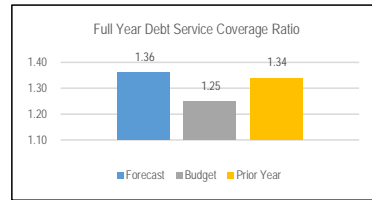
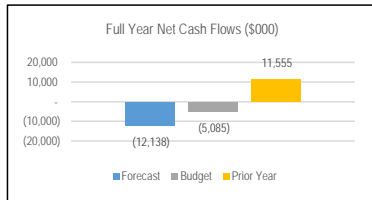
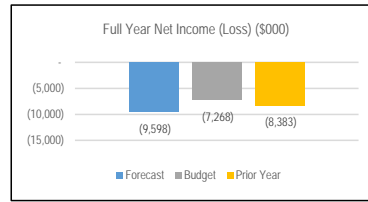
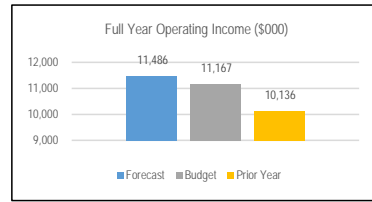
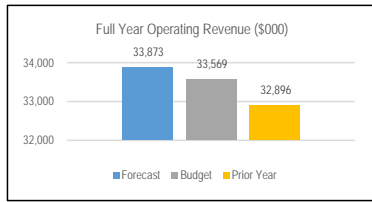
LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - CITY DIVISION  
AUGUST 2018

MONTH					AUGUST 2018					YEAR-TO-DATE					FULL YEAR				
Actual	Forecast	Prior Yr	FC Var	PY Var	CASH FLOW STATEMENT					Actual	Forecast	Prior Yr	FC Var	PY Var	Forecast	Budget	Prior Yr	Bud Var	PY Var
					<b>Cash Flows From Operating Activities</b>														
2,892,345	2,465,225	2,885,524	427,120	6,821	Operating Revenues					23,065,927	22,629,029	21,730,956	436,898	1,334,971	33,872,640	33,569,000	32,895,925	303,640	976,715
(1,873,236)	(1,699,000)	(1,500,608)	(174,236)	(372,627)	Operating Expenses (ex D&A)					(11,313,060)	(11,199,046)	(10,861,704)	(114,014)	(451,356)	(16,787,046)	(16,801,990)	(16,872,274)	14,944	85,228
959,761	-	-	959,761	959,761	Non-Cash Working Capital Changes					(474,889)	(1,374,617)	-	899,728	(474,889)	-	-	3,458,783	-	(3,458,783)
1,978,871	766,225	1,384,916	1,212,645	593,955	Net Cash Provided by (Used in) Operating Activities					11,277,978	10,055,365	10,869,252	1,222,613	408,726	17,085,593	16,767,010	19,482,434	318,583	(2,396,841)
					<b>Cash Flows From Financing Activities</b>														
-	-	-	-	-	Lease Payments to City					(255,780)	(255,780)	(252,000)	-	(3,780)	(515,560)	(512,000)	(504,000)	(3,560)	(11,560)
-	-	-	-	-	Capital Contributions					-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	Proceeds New Borrowing					-	-	-	-	-	10,000,000	1,720,000	-	8,280,000	10,000,000
-	-	-	-	-	Interest Payments					(6,523,861)	(6,523,861)	(6,523,861)	-	-	(13,797,722)	(13,748,000)	(13,047,721)	(49,722)	(750,001)
-	-	-	-	-	Principal Payments					-	-	-	-	-	(18,735,000)	-	-	(18,735,000)	(18,735,000)
-	-	-	-	-	Net Cash Provided by (Used in) Financing Activities					(6,779,641)	(6,779,641)	(6,775,861)	-	(3,780)	(23,048,282)	(12,540,000)	(13,551,721)	(10,508,282)	(9,496,561)
					<b>Cash Flows from Capital and Related Activities</b>														
54,043	15,000	33,454	39,043	20,589	Non-Operating Revenues					361,744	321,558	160,820	40,186	200,924	561,558	452,000	2,998,450	109,558	(2,436,892)
-	-	-	-	-	Project Reimbursement					-	-	558,736	-	(558,736)	190,000	2,480,000	-	(2,290,000)	190,000
-	-	-	-	-	Non-Operating Expenses					-	-	-	-	-	-	-	-	-	-
(612,475)	(1,626,560)	(381,609)	1,014,085	(230,866)	Capital Expenditures					(2,707,822)	(4,117,929)	(3,483,389)	1,410,107	775,567	(7,495,929)	(12,592,500)	(7,881,008)	5,096,571	385,079
(558,432)	(1,611,560)	(348,155)	1,053,128	(210,277)	Net Cash Provided By (Used In) Capital and Related Activities					(2,346,078)	(3,796,371)	(2,763,833)	1,450,293	417,755	(6,744,371)	(9,660,500)	(4,882,558)	2,916,129	(1,861,813)
					<b>Cash Flows From Investing Activities</b>														
-	-	-	-	-	Investments Converting To Cash					-	-	-	-	-	-	-	10,136,160	-	(10,136,160)
-	-	-	-	-	Purchased Investments					-	-	-	-	-	-	-	-	-	-
76,278	40,000	23,238	36,278	53,040	Interest Income					495,690	409,393	265,747	86,297	229,942	569,393	348,000	370,712	221,393	198,681
76,278	40,000	23,238	36,278	53,040	Net Cash Provided By (Used In) Investing Activities					495,690	409,393	265,747	86,297	229,942	569,393	348,000	10,506,872	221,393	(9,937,479)
1,496,716	(805,335)	1,059,999	2,302,051	436,717	<b>FUND NET CASH FLOWS</b>					2,647,949	(111,254)	1,595,306	2,759,203	1,052,643	(12,137,668)	(5,085,490)	11,555,027	(7,052,178)	(23,692,695)
					<b>DEBT SERVICE RATIO</b>														
1,114,199	778,595	1,421,996	335,603	(307,797)	Total Cash Available For Debt Service					12,307,282	11,848,756	11,062,240	458,527	1,245,042	17,769,847	17,129,856	18,325,297	639,991	(555,450)
1,087,310	1,087,310	1,087,310	-	-	Debt Service (Pro-Rated)					8,698,481	8,698,481	8,698,481	0	0	13,047,722	13,748,000	13,047,722	(700,278)	-
1.02	0.72	1.31	0.31	(0.28)	<b>DSCR</b>					1.41	1.36	1.27	0.05	0.14	1.36	1.25	1.40	0.12	(0.04)

LEHIGH COUNTY AUTHORITY  
FINANCIAL STATEMENTS - CITY DIVISION  
AUGUST 2018

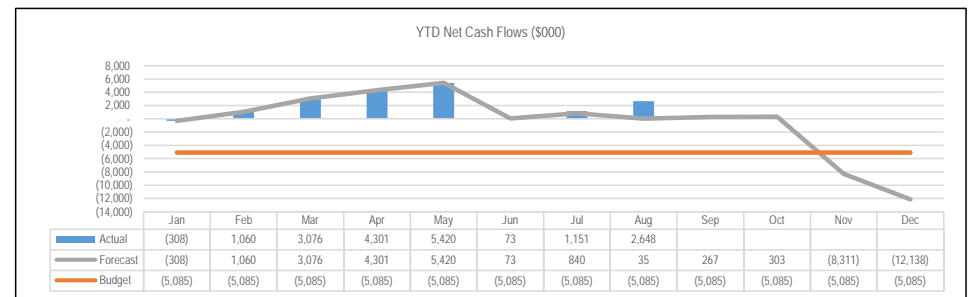
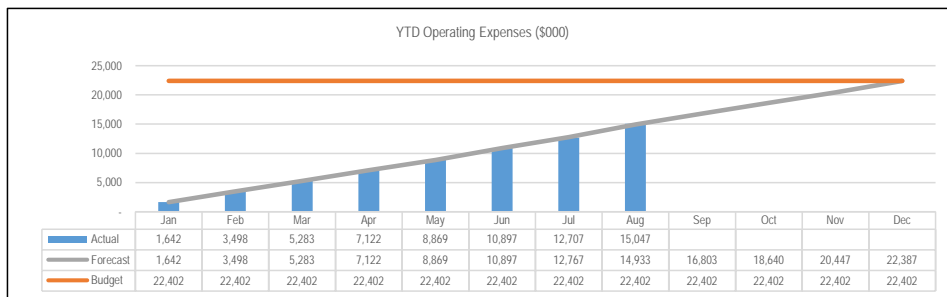
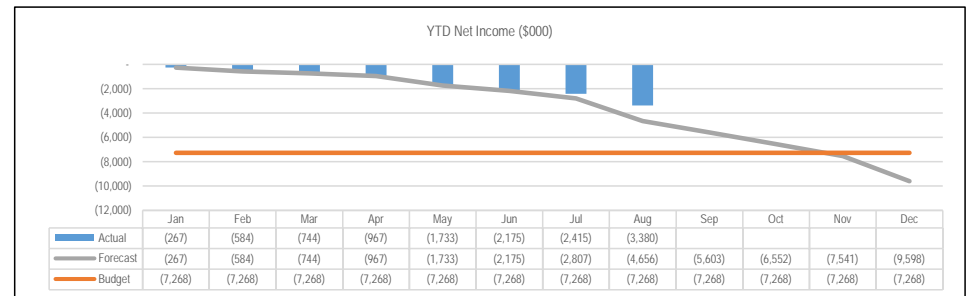
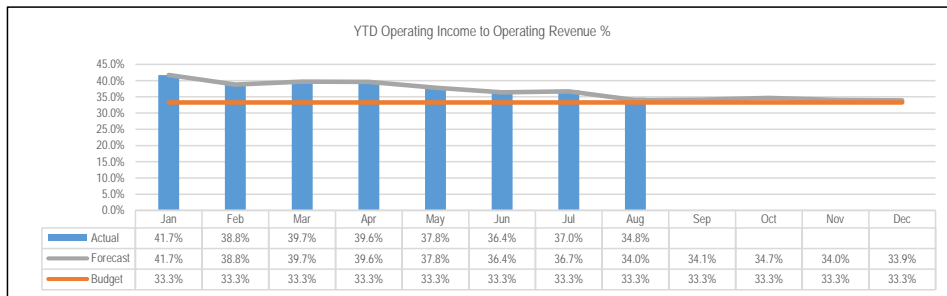
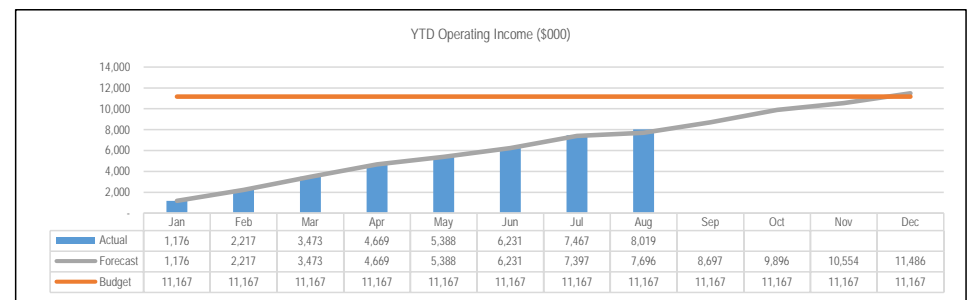
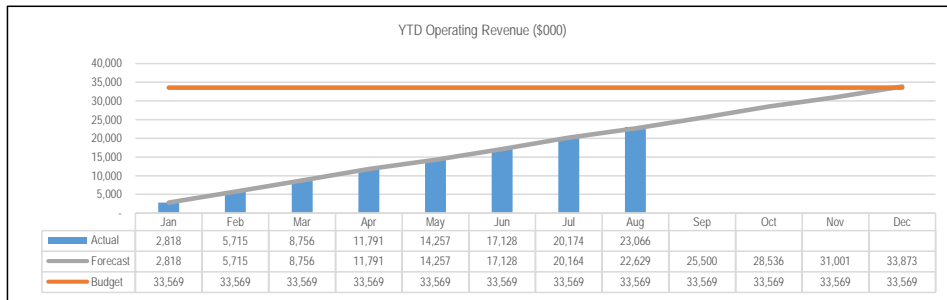
FORECAST VARIANCES - MONTH				
INCOME STATEMENT	Actual	Forecast	Variance	Comments
<b>Operating Revenues</b>				
Charges For Services	2,752,676	2,416,066	336,610	Higher water revenues along with higher along with higher wastewater revenues coming from Signatories
Rent	-	-	-	
Other Income	139,670	49,160	90,510	Higher water revenues from Salibury Township, South Whitehall Twonship, and hanover Township
Total Operating Revenues	2,892,345	2,465,225	427,120	Higher charges for services
<b>Operating Expenses</b>				
Salaries and Wages	636,468	625,000	(11,468)	
General and Administrative	608,835	535,000	(73,835)	Higher internal service allocations
Utilities	262,721	168,000	(94,721)	Catch up on timing of invoices
Materials and Supplies	171,250	165,000	(6,250)	
Miscellaneous Services	193,962	205,000	11,038	
Treatment & Transportation	-	1,000	1,000	
Depreciation and Amortization	466,667	466,667	-	
Total Operating Expenses	2,339,903	2,165,667	(174,236)	Higher utilities and higher internal service allocations
<b>Operating Income</b>	552,443	299,558	252,884	Higher operating revenues partially offset by higher operating expenses
<b>Non-Operating Revenues (Expenses)</b>				
Tapping and Capital Recovery fees	45,495	13,000	32,495	Higher revenues from developers
Meter Sales	1,483	1,000	483	
Inspection and Plan Reviews	2,700	1,000	1,700	
Project Reimbursements	-	-	-	
Interest Income	76,278	40,000	36,278	higher invested balances
Other Income	4,365	-	4,365	
Interest Expense	(1,402,734)	(1,403,000)	266	
Other Expense	(244,950)	(800,000)	555,050	Lower expensed project costs
Total Non-Operating Revenues (Expenses)	(1,517,364)	(2,148,000)	630,636	Mainly lower capex
<b>Net Income Before Capital Contributions</b>	(964,921)	(1,848,442)	883,521	
<b>Capital Contributions</b>	-	-	-	
<b>NET INCOME</b>	(964,921)	(1,848,442)	883,521	Higher total revenues partially offset by higher operating expenses
FORECAST VARIANCES - MONTH				
CASH FLOW STATEMENT	Actual	Forecast	Variance	Comments
<b>Cash Flows From Operating Activities</b>				
Operating Revenues	2,892,345	2,465,225	427,120	Higher operating revenues partially offset by higher operating expenses
Operating Expenses (ex D&A)	(1,873,236)	(1,699,000)	(174,236)	Higher utilities and higher internal service allocations
Non-Cash Working Capital Changes	959,761	-	959,761	Favorable working capital movements not forecasted
Net Cash Provided by (Used in) Operating Activities	1,978,871	766,225	1,212,645	
<b>Cash Flows From Financing Activities</b>				
Lease Payments to City	-	-	-	
Capital Contributions	-	-	-	
Proceeds New Borrowing	-	-	-	
Interest Payments	-	-	-	
Principal Payments	-	-	-	
Net Cash Provided by (Used in) Financing Activities	-	-	-	
<b>Cash Flows from Capital and Related Activities</b>				
Non-Operating Revenues	54,043	15,000	39,043	Higher developer revenues
Project Reimbursement	-	-	-	
Non-Operating Expenses	-	-	-	
Capital Expenditures	(612,475)	(1,626,560)	1,014,085	Timing of capex projects
Net Cash Provided By (Used In) Capital and Related Activities	(558,432)	(1,611,560)	1,053,128	
<b>Cash Flows From Investing Activities</b>				
Investments Converting To Cash	-	-	-	
Purchased Invesments	-	-	-	
Interest Income	76,278	40,000	36,278	Higher invested balances
Net Cash Provided By (Used In) Investing Activities	76,278	40,000	36,278	
<b>FUND NET CASH FLOWS</b>	1,496,716	(805,335)	2,302,051	Higher cash from operations and lower capex

## DASHBOARD - CITY DIVISION AUGUST 2018



### FULL YEAR COMPARATIVE (\$000)

	Forecast	Budget	Prior Yr
Operating Revenues	33,873	33,569	32,896
Less: Operating Expenses	22,387	22,402	22,760
Operating Income	11,486	11,167	10,136
Other income (expenses)	(21,084)	(18,435)	(18,519)
Net Income	(9,598)	(7,268)	(8,383)
Debt Service Coverage Ratio	1.36	1.25	1.34
Net Cash Flows	(12,138)	(5,085)	11,555





**CASH & INVESTMENT SUMMARY**  
**JULY 2018**

US Dollars	JULY 2018			
	Suburban Water	Suburban Wastewater	City Division	TOTAL LCA
<b>CASH</b>				
Operating	6,846,448.91	4,708,498.84	7,417,634.64	18,972,582.39
Capital	6,497,772.25	6,912,661.58	40,343.53	13,450,777.36
Restricted	1,557,131.95	337,458.70	44,289,379.24	46,183,969.89
Escrow	5,092,749.40	-	6,360.83	5,099,110.23
Total Cash	19,994,102.51	11,958,619.12	51,753,718.24	83,706,439.87
<b>INVESTMENTS</b>				
Operating	5,462,362.62	-	-	5,462,362.62
Capital	5,515,068.99	6,793,070.88	-	12,308,139.87
Restricted	25,513.80	-	7,940,640.00	7,966,153.80
Total Investments	11,002,945.41	6,793,070.88	7,940,640.00	25,736,656.29
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>30,997,047.92</b>	<b>18,751,690.00</b>	<b>59,694,358.24</b>	<b>109,443,096.16</b>
<b>TOTAL CASH</b>				
Unrestricted	13,344,221.16	11,621,160.42	7,457,978.17	32,423,359.75
Restricted	6,649,881.35	337,458.70	44,295,740.07	51,283,080.12
Total Cash	19,994,102.51	11,958,619.12	51,753,718.24	83,706,439.87
<b>TOTAL INVESTMENTS</b>				
Unrestricted	10,977,431.61	6,793,070.88	-	17,770,502.49
Restricted	25,513.80	-	7,940,640.00	7,966,153.80
Total Investments	11,002,945.41	6,793,070.88	7,940,640.00	25,736,656.29
<b>TOTAL CASH &amp; INVESTMENTS</b>				
Unrestricted	24,321,652.77	18,414,231.30	7,457,978.17	50,193,862.24
Restricted	6,675,395.15	337,458.70	52,236,380.07	59,249,233.92
Total Cash & Investments	30,997,047.92	18,751,690.00	59,694,358.24	109,443,096.16
<b>OPERATING RESERVES</b>				
Unrestricted Cash	6,846,448.91	4,708,498.84	7,417,634.64	18,972,582.39
Unrestricted Investments	5,462,362.62	-	-	5,462,362.62
Total Operating reserves	12,308,811.53	4,708,498.84	7,417,634.64	24,434,945.01
<b>PROJECT RESERVES (CAPITAL)</b>				
Unrestricted Cash	6,497,772.25	6,912,661.58	40,343.53	13,450,777.36
Unrestricted Investments	5,515,068.99	6,793,070.88	-	12,308,139.87
Total Project Reserves (Capital)	12,012,841.24	13,705,732.46	40,343.53	25,758,917.23

Lehigh County Authority

System Operations Review - August 2018

Presented: September 24, 2018

Critical Activities	System	Description	Aug-18	2018-to-Date	2017 Totals	Permit
			Daily Avg (MGD)	Daily Avg (MGD)	Daily Avg (MGD)	Daily Max (MGD)
Water Production	Allentown	Total	22.21	21.40	21.16	39.0
		Schantz Spring	7.73	6.35	6.39	9.0
		Crystal Spring	3.84	3.88	3.89	4.0
		Little Lehigh Creek	10.60	11.13	10.84	30.0
		Lehigh River	0.03	0.04	0.03	28.0
	Central Lehigh	Total	10.13	9.68	9.29	19.04 MGD Avg
		Feed from Allentown	7.02	6.57	6.94	7.0 MGD Avg 10.5 MGD Max
		Well Production (CLD)	3.11	3.11	2.35	8.54 MGD Avg
		Sum of all (12) other Suburban Water Systems	0.16	0.18	0.18	1.71 Sum of all wells
Wastewater Treatment		Kline's Island	43.76	34.45	30.78	40.0
		Pretreatment Plant	8.28	5.17	4.35	5.75 (design capacity)
		Sum of all (5) other Suburban WW Systems	0.26	0.19	0.16	0.36
			Aug-18	2018-to-Date	2017 Totals	2016 Totals
Precipitation Totals (inches)			12.21	41.09	50.18	36.82
Compliance Reports Submitted to Allentown			18	203	291	269
Notices of Violation (NOVs)		(Allentown + Suburban)	0	0	3	3
Sanitary Sewer Overflows (SSOs)/Bypasses		(Allentown + Suburban)	36	51	22	16
Main Breaks Repaired		Allentown	5	27	19	19
		Suburban	2	19	12	11
Customer Service Phone Inquiries		(Allentown + Suburban)	2,274	18,608	27,313	28,099
Water Shutoffs for Non-Payment		(Allentown + Suburban)	149	1,333	1,577	1,685
Injury Accidents		(Allentown + Suburban)	1	9	8	10
Emergency Declarations		Allentown	0	(4) @ \$52,719	(2) @ \$51,235	(2) @ \$87,079
		Suburban	0	(1) @ \$21,197	(1) @ \$72,554	(1) @ \$33,495

**Significant Repairs:**

Park Pump Station Pump #3 has been repaired and it has been placed back into service. Spring Creek Pump Station Pump #2 has been replaced with a brand new unit. Both stations are as ready as they can be for the rest of Hurricane Season.

**Description of NOVs and/or SSOs:** For Storm #1 on 8/3-8/4 producing 3.29" rain in 17 hours, there were (16) SSOs: Allentown (2), WLI (8) and Wynnewood (6). There were (3) plant bypasses: KIWWT, Heidelberg and Lynn Township. For Storm #2 on 8/13-8/14 producing 2.63" rain in 13 hours, there were (7) SSOs: WLI (4), Wynnewood (2) and Heidelberg (1). There were (3) plant bypasses: KIWWT, Heidelberg and Lynn Township. For Storm #3 on 8/21-8/22 producing 2.42" rain in 3 hours, there were (4) SSOs: Allentown (2) and WLI (2). There were (2) plant bypasses: KIWWT and Heidelberg. Repairs on the damaged manholes from all (3) storms are in the process of being completed.

**Other Highlights:** Primary Digester #2 at Kline's Island WWTP is undergoing a cleaning and mechanical upgrades. The project is expected to be completed by the end of September.