

BETHLEHEM AUTHORITY

Minutes of the Regular Meeting Of the Board of Directors March 8, 2018

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, March 8, 2018 in Room B504 of the City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Mr. John Tallarico, Chair. Also in attendance were:

- Ms. Sharon Zondag, Vice Chair
- Mr. Dennis Domchek, Treasurer
- Mr. Vaughn Gower, Assistant Secretary/Treasurer
- Mr. James Broughal, Esq., Solicitor
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Daniel Meixell, Special Police Officer

Mr. Tom Donchez, Secretary, participated via teleconference, and Mr. John Filios, Controller, could not attend.

APPROVAL OF MINUTES

S. Zondag moved and D. Domchek seconded to approve the minutes of the February 8, 2018 meeting. Motion passed unanimously 5-0.

RECOGNITION OF VISITORS

- Mr. Stephen Antalics, private citizen.
- Mr. Michael Harrington, private citizen.
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Nate Jastremski, Bethlehem Press
- Mr. Ron Madison, Maser Consulting and Authority Consulting Engineer

COURTESY OF THE FLOOR

Mr. Michael Harrington: Mr. Harrington said he is a trainee in the Master Watershed Steward Program sponsored by Penn State Extension. He is anxious to learn as much as he can about the Authority to compliment what he is learning in the program. A master watershed steward is a volunteer who promotes sustainable water practices within the community. It is an educational and, in certain ways, a hands-on work commitment. J. Tallarico said the Board looks forward to seeing and hearing from him in the future.

CHAIRMAN

J. Tallarico recognized the passing of former Authority Board member John "Jack" Abel. Jack was a good man, Board member and friend.

EXECUTIVE DIRECTOR

Wind Energy Project. S. Repasch reported he attended the Penn Forest Township Zoning Board hearing on March 2 for Atlantic Wind's second application for special exception. Craig Poff testified, and Atlantic Wind's acoustical expert from Oregon also testified about the sound issues.

The opponents did not have any witnesses come forward yet. The legal position they are taking is that the primary use of the property stated in The Nature Conservancy (TNC) conservation easement is the production of drinking water, and there cannot be two primary uses on the same property. The hearing is continued until April 4 at 6 PM, and the location has not yet been determined.

Compensation Review Proposal. S. Repasch requested ratification of the email approval of the compensation review proposal with Michele Sciortino in the amount of \$3,250. The review will include creating new job descriptions for each Authority employee and a compensation statement. He and Ms. Sciortino will be meeting with the City HR Director so City packages and policies can be supplied. S. Zondag said the new job descriptions are well done and truly reflect the work being done now in each position. Amendments and adjustments can be made as needed. S. Repasch will provide all Board members with the new job descriptions and keep all apprised of the review's progress. J. Tallarico moved and V. Gower seconded to ratify the email approval of the compensation review proposal as discussed. Motion passed unanimously 5-0.

William Street Cell Tower Lease. S. Repasch reported the owner of a cell tower on Authority-owned property wants to expand and raise the height of the tower. This is a one-carrier tower; there are no co-locators. The Authority Solicitor has marked up the company's lease with comments but no agreement has been reached. A conference call with the company's legal team is anticipated tomorrow. The Authority rejected the company's original monthly rent offer of \$1,290 with a 10% minimum/25% maximum increase every five years. The company then offered monthly rent of \$1,690 with a 3% annual increase. If the Board is satisfied with the monthly rental fee, the lease can be approved conditioned upon reaching mutually agreeable lease language. V. Gower moved and S. Zondag seconded to approve the William Street Cell Tower Lease with the terms agreed to by the Authority Executive Director and Solicitor. Motion passed unanimously 5-0.

Hecktown Road Cell Tower Lease. S. Repasch reported that the Authority received a letter from T-Mobile that stated all leases are being reviewed and some high rent leases might be dropped. T-Mobile's cellular array on the Hecktown Road 5MG water tank could be dropped unless the Authority agrees to a rent reduction. He asked if the Board would like to entertain this proposal. V. Gower questioned if there is a reason to not have a tower on this tank. S. Repasch responded the City required certain conditions and they were met. The tank is also under a maintenance and management contract with Utility Services Corporation. The Authority Solicitor added that in the proposed lease amendment, T-Mobile conveniently increased the lease term 13 years and there is no termination for convenience clause. The Authority has to have the ability to cancel the lease. The Board said to negotiate the best deal possible.

By-Laws Revision. S. Repasch reported this item will be on next month's agenda. D. Domchek noted that some By-Laws items need to be cleared up related to bonding, the delegation of duties to the staff and gender neutral.

Arbitrage Calculations. S. Repasch reported arbitrage calculations are due on the 1998 Capital Appreciation Bonds this year and on the 2014 Water Revenue Bonds in 2019. The Authority Financial Advisor, PRAG, sent out RFQs to a few firms to do the calculations. One is BNY Mellon, which performed that last calculations; another is the John Rodgers Corporation. This is an action item for the April meeting.

Palmerton Fishing & Hunting Club. S. Repasch reported the outstanding issues with Palmerton Fishing & Hunting Club will be discussed in Executive Session due to potential litigation.

Forest Management. S. Repasch reported that a requirement of the Forest Management Plan is to meet annually with TNC to review and work on issues. Himself, D. Meixell and the Authority Forester met with TNC and discussed the following:

- The wind project
- The PennEast pipeline
- Forest Stewardship Council (FSC) chain of custody-type issues. (E.g. the timber contractor we have been using has Society of American Foresters (SAF) certification but not FSC.)
- The gypsy moth spray plan, which is acceptable with TNC.
- The spotted lantern fly.

TNC commented that "the Bethlehem Authority has proven to be our most diligent member of our group of Working Woodlands team in terms of systems in place, documentation and FSC audit reporting."

Emergency Water Supply Study. S. Repasch reported meetings were held with the three major regional water suppliers with interconnections to Bethlehem's system: Easton Suburban Water Authority (ESWA), Northampton Borough Municipal Authority (NBMA) and Lehigh County Authority (LCA). Much was learned about the interconnections and their capabilities. There is a conference call next week to discuss the hydraulics and water quality of each system. At some point in time, the interconnections will have to be tested. Short and long-term water quality concerns in the event of an outage or emergency will be investigated by AECOM, including the compatibility of the chemicals each supplier uses to treat the water. AECOM is doing a thorough job and the other authorities are happy the Authority has taken this initiative.

1Q18 Income/Expense Projections. The Revised 1Q18 Income and Expense Projections report was circulated and filed. There were no comments.

Expense Budget Comparative. The Expense Budget Comparative for the two months ended February 28, 2018 was circulated and filed. There were no comments.

TREASURER REPORT

Investment Policy. D. Domchek reported that the Authority Financial Advisor, PRAG, has re-evaluated the Investment Policy and recommended some changes. Most are for clarification, and there are two to point out:

- Money market investments shall be made in securities of the highest rating; currently the policy states of the two highest ratings.
- Investments in money market funds in any one institution shall be increased from 10% to 20%. If at some point in the future when there is a large project to execute, it would be administratively simpler to have the money for the project in one or two institutions instead of four or five.

D. Domchek moved and V. Gower seconded to approve the changes to the Investment Policy as discussed. Motion passed unanimously 5-0.

ACT 72. Following up to V. Gower's request last month, PRAG evaluated the risks associated with (PA) ACT 72 investments. The Authority can reduce risk by using the CDARS program (there were some problems that arose with the Trustee in the past due to the program's mechanics). Also,

there has never been a bank that defaulted under ACT 72. PRAG believes the separate agreements the Authority has with the banks are sound and a step ahead of other authorities. The Authority requires 101% pledged collateral that is marked to market, where most others require 100%. The collateral reports are required quarterly and some banks provide them monthly. PRAG said in the event a bank would fail, which is the risk, FDIC steps in and the money moves to another institution. The security remains in the FHL Bank in Pittsburgh, with the first \$250,000 secured by FDIC. Everything should be OK. V. Gower said we pay Saxon a fee to have the convenience of investing in remaining-balance CDs that are below the FDIC limit. The only conceivable option would be to have more ACT 72 banks and less than 15% in any one bank, perhaps 7 ½%. We might have to look outside of the region. The policy can be updated at any time. We will do some more work and propose a change if and when necessary.

BRIF Investments. CDs with Embassy and ESSA Banks matured on February 17. Seven banks submitted bids and \$405,865 was invested with the following four banks:

- ESSA Bank, nine months, 1.95%
- American Bank, nine months, 1.88%
- Embassy Bank, 12 months, 2.00%
- Peoples Bank, 12 months, 1.90%

PennEast Pipeline. Funds were received totaling \$420,000. \$55,000 replenished the deficit in the pipeline escrow account for consulting fees, and \$365,000 was deposited into a PA Local Government Investment Trust (PLGIT) account currently earning 1.30%.

Controller. The Controller's Report for the month of February, 2018 was circulated and filed. There were no comments.

Resolution 417 – Approval of Expenses. J. Tallarico presented Resolution 417 to the Board For the payment of expenses and transfers from the Administrative and Reserve accounts totaling \$48,359.72. S. Zondag moved and V. Gower seconded the approval of Resolution 417 as presented. Motion passed unanimously 5-0.

SOLICITOR

Route 329/Allen Township Easement and Right-of-Way Agreements. J. Broughal reported that Allen Township needs a small portion of Authority property for roadwork it agreed to do along a State highway related to the FedEx project. PennDOT will not take a deed from the Authority. The Authority must deed the property to Allen Township and the township will then deed it to PennDOT. The developer will provide a new driveway from Savage Road so the City can access the water system facility. He has reviewed the following three agreements from the township and presented them for approval and execution:

- Deed of Dedication, for the Authority property to be used for the road.
- Temporary Construction and Grading Easement, for the roadwork on Authority property.
- Drainage Easement, to handle the storm water on the road.

D. Domchek moved and V. Gower seconded to approve the Chair and Assistant Secretary to execute the Deed of Dedication, the grant of a Temporary Construction and Grading Easement and the grant of Drainage and Storm Water Easement. Motion passed unanimously 5-0.

CONSULTING ENGINEER

R. Madison had no report except for Executive Session.

SPECIAL POLICE

D. Meixell's report for the month of March, 2018 was circulated and filed.

WATER REPORT

The Water Report for the month of February, 2018 was circulated and filed. The reservoirs are at an average combined capacity of 83.05%. The reservoir graph shows the levels continue on an upward trend.

CITY OF BETHLEHEM DIRECTOR OF WATER/SEWER RESOURCES

E. Boscola's report on the Water Fund as of February, 2018 and status of Major Initiatives was circulated and filed. E. Boscola could not attend the meeting.

There was no Other Business.

COURTESY OF THE FLOOR

Mr. Stephen Antalics: Concerning wind energy, he questioned if there is a regulation as to how close a wind turbine can be to a residence. He asked because he came upon a wind turbine farm very close to Highway 6. It was imposing, intimidating and the swooshing noise scared him. He can appreciate what the people are saying at the wind project hearings. S. Repasch responded a municipality's zoning ordinance would dictate setbacks. For the project on Authority property, the closest turbine to a residence is 2,895 feet and the second closest is over one mile. Mr. Antalics said he would not want to see the Authority jeopardize the well-being of people for the sake of money. J. Tallarico said that is not the Authority's intention.

NEXT MEETING

The next regular meeting is scheduled for April 12, 2018 at 3:30 PM.

ADJOURNMENT

V. Gower moved and J. Tallarico seconded to adjourn the regular meeting at 4:37 PM and convene an Executive Session to discuss contract negotiations and personnel issues.

Thomas F. Donchez

Board Secretary