

## **BETHLEHEM AUTHORITY**

### **Minutes of the Regular Meeting Of the Board of Directors September 13, 2018**

The regular meeting of the Board of Directors of the Bethlehem Authority (“Authority”) was held on September 13, 2018 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order by Ms. Sharon Zondag, Authority Chair. Also in attendance were:

- Mr. Thomas Donchez, Vice Chair
- Mr. Vaughn Gower, Secretary
- Mr. Dennis Domchek, Treasurer
- Mr. John Tallarico, Assistant Secretary/Treasurer
- Mr. James Broughal, Esq., Solicitor
- Mr. John Filipos, CPA, Controller
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Steven Mertz, Officer/Ranger

#### **APPROVAL OF MINUTES**

D. Domchek moved and V. Gower seconded to approve the minutes of the August 9, 2018 regular meeting. Motion passed unanimously 5-0.

#### **RECOGNITION OF VISITORS**

- Mr. Jason Du Terroil, Avangrid Renewables
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Nate Jastremski, Bethlehem Press
- Mr. Gene Auman, City of Bethlehem Deputy Controller

*There were no comments during Courtesy of the Floor.*

#### **CHAIR**

**Benefits Review/Personnel Study.** S. Zondag thanked the Board members and Executive Director for their time and efforts spent on the many studies and projects the Authority has undertaken: AECOM, personnel and benefits and land use policy development. Much good work has been accomplished. On September 26, the Board will hold an Executive Session for standard work, information gathering and presentations related to the AECOM and personnel studies, as well as discussions on the City’s capital plan.

***(Mr. Ron Madison, Authority Consulting Engineer, entered the meeting at 3:35 PM.)***

**EXECUTIVE DIRECTOR**

**Wind Energy Project.** S. Repasch reported that this past Monday, he met with the partners from the Authority Solicitor's office on the Penn Forest Township (PFT) Zoning Board hearing to be held that same night. He had been subpoenaed to testify for information on the Palmerton Fishing and Hunting Association (PFHA) boundary issue. It was suggested he not attend the hearing and the information requested from the Zoning Board will not be made available. J. Broughal explained a motion to quash was filed because under current case law, a high government official (*i.e.*, Executive Director) cannot be subpoenaed to provide information available through other means. The reasons for the subpoena must make clear that Steve Repasch and only Steve Repasch has the requested information; however, information that Steve Repasch alone possesses is almost exclusively decisional information which is privileged as a matter of law. Because the PFT Zoning Board and its attorney have not always acted according to regular rules and business conduct, there is a chance the quash motion will be denied. The Zoning Board's attorney has taken the motion to quash under advisement. At Monday's hearing, an engineer representing the objectors was cross examined for three hours. The next hearing is October 10.

Mr. Jason Du Terroil, Business Developer from Avangrid Renewables ("Avangrid"), introduced himself to the Board and presented a slideshow about Avangrid and the Penn Forest wind energy project. Avangrid considers itself the best in the business, environmentally conscious and respectful. Zoning application number one is with the courts and should be decided in early 2019. Zoning application number two is currently before the PFT Zoning Board and is for a 98MW project with 29 turbines, 3.6MW each and 567' total height to the tip of the blade. It should be determined by the end of 2018 or early 2019.

Construction is anticipated at the end of 2020 and the project operational in 2021. There is no buyer yet for the power to be produced, but it is believed a commercial or industrial customer will most likely be the buyer. Discussions were held with PennEast and there will be an agreement with them as well.

The met towers measure the wind speeds. Lidar and sonar units verify the met tower data. The first two met towers, which have been up for almost five years, are currently being taken down. The homes on the north side of the project are approximately one mile away and other homes are approximately a half mile away.

Moving equipment is a logistical challenge. Modifications must be made at turns to accommodate the blades. The manufacturers of the blades determine the delivery route. All projects in the east are on ridge lines and face similar challenges. Only enough area is cleared for the actual turbine and cranes. Roads will be built first, then foundations, tower assembly and installation, electrical system connections. The electrical system is trenched underground. The substation will be built on Authority property near the PennEast

pipeline in the Hatchery/Reservoir Road area. The operations building will not be on Authority property and at a site yet to be determined.

Community benefits to do the project are a factor. 200 jobs at peak of construction, nine months to build out the project, and five to nine permanent jobs.

The Board thanked Mr. Du Terroil for his presentation, which will be circulated to the Board.

**Forestry Management.** S. Repasch reported that he met with The Nature Conservancy (“TNC”) last week on the FSC audit and related topics. TNC has proposed a meeting of the entire TNC Eastern Region (13 states) in Long Pond in mid-October. One of the main topics will be on the Authority’s property and its relationship with TNC and the Working Woodlands program. He suggested that a Board member could sit on a panel with himself, Dan Meixell and Robin Wildermuth, the Authority Forester, to present and answer questions. Three weeks ago, he and Dan Meixell spent a half day training with Maser on the GIS and ESRI mapping programs. The Authority Forester will work on integrating our forestry projects into the Authority GIS. With regard to the carbon credits revenue, the verifier will complete its report tomorrow and then VCS will have to approve it. We are on target to receive +/- \$250,000 in mid-October, the same amount as reported last month.

**Security Transition.** S. Repasch and S. Mertz reported the security transition is going well. The UTV has been purchased and was used for patrols on Labor Day weekend along with the ATV. The officers were able to get into areas inaccessible by truck. The staggered patrol schedule has reduced incidents, and with hunting season approaching, we will see if the trend continues.

**Police Report.** S. Mertz’s Police Report for the month of September, 2018 was circulated and filed. The Board questioned the following:

- What is the outcome of the discovery of deceased person on Authority property? *There is no foul play, it is believed to be a medical related issue.*
- How were the mushroom pickers handled, and is this activity allowed as it relates to the land use policy and providing access to these kinds of interests and community benefits? *The activity is allowed. The pickers were observed and questioned.*
- Does the PA Game Commission (“PGC”) have the right to do herbicide spraying on Authority property? *This spraying was done two weeks ago and was part of a PGC-approved grant project that was determined to be a good fit. The Authority Forester identified several areas that were previously timbered that were being overtaken by invasives. The herbicides used are consistent with what is used by the City and accepted by the FSC. The impact on pollinators is not known.*

- Is the Tree of Heaven present Authority lands to attract the Spotted Lantern Fly? *The Spotted Lantern Fly is attracted to all fruit species. There are a lot of orchards nearby and there are cherry and apple on Authority land. The fly that was discovered in the reservoir and on the water was alive, captured and bagged. It was reported to the USDA and we anticipate hearing from them soon.*
- What projects were shared with and shown to TNC staff members? *The herbicide spraying, wind damage areas and timbering sites were shown so TNC could witness the regeneration at these different project areas. They were also shown the Berger Farm, an area of approximately 50 to 60 acres that was not originally included in the carbon project. This and several other properties are being considered to include in the carbon project in 2021, when the 10 year commitment expires.*

**PFHA Boundary Review Project.** S. Repasch reported that the Art Swallow Associates Task 2 is complete. Representatives will be present to discuss the findings in today's Executive Session.

**Land Use Policy.** S. Repasch distributed a draft of the Land Use Policy that he, T. Donchez and J. Tallarico worked on.

S. Zondag commented that in terms of our relationship with the people who actually live in the watershed, the Authority benefits to the community are missing. Many things happen that are associated with our 22,000 acres. Public use of the property should be its own paragraph with examples of allowable and prohibited activities to address this comprehensively (although said activities are enumerated under the PGC cooperative agreement and game law). The land use policy can then be posted on our web page for the public to reference.

V. Gower commented that the first bullet should state that the Authority will undertake the inventory of all available properties and consider possible acquisition case by case. T. Donchez responded that although this was thought of as an on-going process, the intent is to prepare ourselves for an opportunity that may arise for a piece of property we know we want and so we are not surprised.

V. Gower commented that in the second bullet, he does not follow what poses a liability to the Authority or the City. He thinks it should read "divest of lands that are not strategic to the Authority or to the mission." S. Repasch responded the liability statement was a carry-over from the previous policy. There are a few properties that are part of the water system that may no longer be strategic.

V. Gower commented that the first two bullets really could be moved to the end of the document. D. Domchek said that when the policy is approved, there should be an action item to deal with the inventory. S. Repasch added that the Authority Forester will be providing a proposal for an all-inclusive properties inventory that will be brought before the Board next month.

V. Gower commented that the first paragraph before the bullets is a mission statement. The title should read "Bethlehem Authority Mission and Policies for Watershed Land Use and Water Supply Protection."

S. Repasch commented that the sixth bullet should include wording related to the City's review and approval of timbering projects to ensure that water quality is not compromised, as suggested by E. Boscola.

In summary, S. Zondag said this policy is good work and will be brought back to the Board next month with the modifications as discussed, the proposal from the Authority Forester to do the inventory, more discussion and action. She thanked the committee for their work.

**Emergency Water Supply Study.** S. Repasch reported that tomorrow, he and E. Boscola will review the AECOM matrix, the various projects, prioritize them and compile results. AECOM will present at the Executive Session on September 26.

**LIBOR Settlement.** S. Repasch reported on a LIBOR class action lawsuit and settlement notice we recently received and that the Authority Financial Advisor reviewed. It was determined that the Authority is not a party to this suit; however, we did benefit from a few in the past.

***The 3Q18 Income/Expense Projections and Expense Budget Comparative reports were filed and discussion deferred until the October meeting.***

**2019 Budget Process.** S. Repasch reported the budget process is beginning and he will provide a preliminary budget for the Board to review in October.

## **TREASURER**

**Investment Summary.** D. Domchek reported that the Act 72 CD with Peoples Security matured in August. Interest rate bids were solicited and ~\$409,000 was invested with the Saxon program for 12 months at 2.25% and \$409,500 was invested with American Bank for six months at 2.09%. All Act 72 CDs are now below 10% at each bank and is a more comfortable level.

**Controller.** J. Filipos's report for the month of August, 2018 was circulated and filed. He noted that \$11,517 was withdrawn from the pipeline account to pay for the UTV, the \$35,000 wind license fee was received and \$20,000 was transferred from the money market account to the reserve checking account.

**Resolution 423 - Approval of Expenses.** S. Zondag presented Resolution 423 to the Board for the payment of expenses and transfers from the General and Reserve accounts totaling \$75,899.96. V. Gower moved and D. Domchek seconded to approve Resolution 423 as presented. Motion passed unanimously 5-0.

***The Solicitor and Consulting Engineer had no reports. The Police Report was discussed under the Executive Director's Report.***

## **WATER REPORT**

The Water Report for the month of August, 2018 was circulated and filed. The reservoirs are at a combined capacity of 100.88%.

## **CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES**

E. Boscola's report on the Water Fund and Major Initiatives as of August, 2018 was circulated and filed. Finances are in good shape and there is enough cash to meet the November debt service and lease payment. \$2 million to date has been spent on capital projects and have not used the BRIF.

**DSIC.** A strategic decision has been made to postpone the application. The City will wait until the next general PUC rate case in 2020, since the DSIC is a mini rate case with a lot of legal costs and accounting resources. Another reason is the on-going regulatory burden of a quarterly filing. The DSIC is meant to be a stop-gap mechanism that allows utilities to recoup some capital investment on a yearly basis in between rate cases. A lot of effort relative to rate and revenue is in the AMR project so the required demand study can be done before next PUC rate application.

**5MG South west Tank inspection.** Some corrosion of the interior truss elements at the roof level was identified and is not as bad as initially believed. This tank will be placed in the capital schedule.

**Willowbrook Road Bypass.** The Howertown South main is one of the primary transmission mains that feeds the City. September 24 is the target date to for Rockefeller to begin completion of this work that will support the new FedEx facility. The pressure will be lowered in the line and will impact several customers in the Airport and Catasauqua Road areas and west Bethlehem. To minimize this impact, the work should be completed in two to three days. All impacted customers have been notified.

**2019 Operating and Capital Budgets.** These budgets are being worked on and with no water rate increase, the operating budget should be able to handle a \$1 million capital appropriation, the same as the last few years.

**10 Year Water Capital Plan.** E. Boscola said the City is running out of money for capital projects. There is ~\$1.7 million available in the BRIF and the \$1 million capital appropriation is not enough to keep up. This is not new news. It was known to happen when the 2014 refinancing was accomplished. A 10-year capital plan was developed that envisions spending \$50 million over 10 years leaving \$35 million as potential borrowing during the 10 year period. PFM, the City's Financial Advisor, was asked to run scenarios on bonds, Pennvest loans and such over periods of time and intervals. This is the first attempt at what the debt service load would look like. The current debt service is \$8.5 million every

year until 2032. We can either add to that amount or push new debt service past 2032. V. Gower said one part of the conversation has to do with debt amortization period. The term of the debt can appropriately be tied to the expected life of the related assets. We need analysis of several different spending levels and several different debt service amortization options to develop an impact matrix. E. Boscola welcomes additional comments from the Board to provide to the City and PFM. D. Domchek and V. Gower volunteered to be a part of the discussions with the City, PFM and S. Repasch and E. Boscola.

S. Zondag questioned if assessing the \$50 million capital plan projects envisioned now is complete given the eventual AECOM's suggestions. There is also the Homeland Security report that requires capital investment so everything should be included in one capital plan. E. Boscola responded AECOM's recommendations are not currently part of the 10 year capital plan.

### **OTHER BUSINESS**

S. Repasch reported that the Authority's fire tower was posted for sale on the web and is currently the only fire tower advertised for sale on this particular website.

### **NEXT MEETING**

The next regular meeting is scheduled for October 11, 2018 at 3:30 PM.

### **ADJOURNMENT**

S. Zondag moved to commence Executive Session, which will adjourn with action at 4:55 PM. The Executive Session was called to order at 5:01 P.M. and after discussion, it adjourned at 5:48 P.M. The Regular Meeting was called back to order at 5:49 P.M. at which time V. Gower moved and T. Donchez seconded a motion to approve Art Swallow and Associates to proceed with Task 3 of their boundary survey proposal. Motion passed unanimously. The meeting was adjourned at 5:51 P.M.

*Vaughn C. Gower*  
Board Secretary