

BETHLEHEM AUTHORITY

Minutes of the Regular Meeting Of the Board of Directors November 14, 2019

The regular meeting of the Board of Directors of the Bethlehem Authority ("Authority") was held on November 14, 2019, in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Mr. Thomas Donchez, Vice Chair. Also in attendance were:

Mr. Vaughn Gower, Secretary
Mr. Dennis Domchek, Treasurer (via phone)
Mr. John Tallarico, Assistant Secretary/Treasurer
Ms. Lisa Pereira, Esq., Broughal & DeVito
Mr. Stephen Repasch, Executive Director
Ms. Sandra Zapf, Administrative Assistant

APPROVAL OF MINUTES

V. Gower moved and J. Tallarico seconded to approve the minutes of the October 10, 2019, regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

Mr. Stephen Antalics, private citizen
Mr. Ron Madison, PE, Maser Consulting and Authority Consulting Engineer
Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources

COURTESY OF THE FLOOR

There were no comments during Courtesy of the Floor.

CHAIR

T. Donchez reported that a committee consisting of S. Zondag, D. Domchek and S. Repasch will be meeting with D. Meixell on Tuesday, November 19th to develop a staffing plan for the remainder of this year and for next year due to staffing issues that recently arose with the police force.

EXECUTIVE DIRECTOR

Forestry Management. S. Repasch reported that the FSC (Forest Stewardship Council) audit was held a couple weeks ago and the auditor was overall pleased and only addressed two items: a piece of equipment did not have a fire extinguisher aboard and the E&S plan was not at the landing but in another area. D. Domchek questioned who pays for this audit and S. Repasch

responded that the TNC is responsible for payment, however, the BA's forester does play a significant role with the audit and we pay for his services.

There was only one bidder on the timber sale, Wagner Millwork LLC for \$13,226.00 for timbering at Wild Creek, known as 35J, which is around the fire tower area. An Agreement was created, reviewed and approved by J. Broughal and S. Repasch requested action be taken to approve Agreement. V. Gower motioned and J. Tallarico seconded approval of the Timber Sale Agreement. Motion passed unanimously.

Daley Property. S. Repasch stated that R. Wildermuth is not interested in leasing the 410 Hatchery Road property. S. Repasch then suggested advertising the leasing of the house and 150 acres to a hunting club and indicated he would ask C. Wildermuth for some help with the process.

Emergency Water Supply Study. S. Repasch received information from C. Curran of AECOM who made suggestions on what could be done next to help move things a little faster regarding interconnections with LCA/Allentown, Easton Suburban and Upper Saucon Twp. Municipalities. S. Repasch will set up a meeting with T. Donchez, J. Tallarico and E. Boscola to discuss these recommendations and will advise the Board next month.

Fire Tower Sale. S. Repasch stated he has two very interested buyers but both have issues to deal with so the Board will be kept posted on which buyer can overcome their obstacle first.

Solar Energy Project. S. Repasch reported that the City of Bethlehem went out for proposals to build a solar project at the filtration plant and received two proposals. Both were similar in that they both contemplated a long-term 20 to 25 year power purchase agreement. One had a fixed kilowatt rate and one had an escalation clause of 1 to 2 percent per year. In a meeting today with S. Repasch, E. Boscola and other City Staff to review in-depth the proposals, it was agreed that since the City already purchases 100% renewable energy from a third party broker, it does not make sense to proceed with this project at this time due to the proposals rate structures

Bond Arbitrage. S. Repasch reports that the Arbitrage Report was received from John Rodgers which showed no arbitrage liability. Report was submitted to the Trustees.

3Q19 Income and Expense Projections. S. Repasch presented the report showing revenue and expenses through October and projections for the 4th Qtr. 2019. The Operating Revenue is at 111% which represents receipt of the Carbon Credit (\$277,109), COB Operating funds paid in full for the year (\$300,000), rental leases caught up to date, and \$300 for an old oil tank that was sold from the Wild Creek office building. On the Operating Expense side, Professional Services is at 89% of budget with the majority of costs in Financial Advisory work and Legal Fees for assessment work and other issues. Security/Property is at 122% of budget representing the difference of security staffing than what was budgeted and Property costs for survey work by Art Swallow on the Penn Forest Hunting issue. In Administrative, 89% of budget is shown with normal expenses. Overall expenses are at 90% of the budget. Projected Operating Cash on Hand as of 11/30/19 is \$392,636. The Capital Reserve Expenses shows legal fees for wind

project of \$11,711. On the Funding side, we revised the invoice to Atlantic Wind for 3rd Qtr. legal fees to \$420.00 as they would not reimburse charges for the Federal case legal fees.

2020 Budget. S. Repasch presented a Revised Draft 2020 Budget for discussion. D. Domchek questioned the security staffing amount and S. Repasch stated that this amount will likely change after the meeting with S. Zondag, D. Domchek, D. Meixell and himself to discuss the staffing needs for next year. V. Gower recommended not committing the extra monies in the Operating Account to the BRIF but instead transferring it into the Capital Reserve Account for projects the Board had discussed that may be needed to be done, i.e. tunnel inspections, the condition of valves at connections, property purchases etc. After more discussion, it was agreed to adopt the Budget with the change of transferring money to the Reserve instead of BRIF and to revisit the Security and/or Special Police staffing and if needed to approve a budget amendment for those items when appropriate. V. Gower motioned and J. Tallarico seconded adopting the 2020 Budget. Motion passed unanimously.

TREASURER

Financial Planning. We did receive a revised updated 10-year Capital Plan from E. Boscola including \$49M worth for projects. It also included \$20M of funding that would be available from internal sources, such as transfers from Operations and BRIF, leaving a \$30M gap. The next step is for S. Goldfield to update the financing plans to fill in the gap. S. Repasch indicated that S. Goldfield and S. Shearer from PFM are to be talking this afternoon to develop and update to the previous financing strategies. D. Domchek is hoping to share information with the Board at the next meeting.

Investment Summary. D. Domchek reported the Investment Summary is basically the same as last month with Investments totaling around \$15.5 Million with an annual income of around \$300,000 from current investments, which is about 2% (just keeping pace with inflation). D. Domchek noted that the investments are all in the parameters of the policy with respect to type of security and institution. There are two Act 72 CD's maturing on December 4th and requests for quotes will be sent to local banks and Freedom Capital. V. Gower suggested reviewing the investments to see if there are better ways to improve investing the Operating and Capital Reserve funds.

Controller. J. Filipos' report for the month of October, 2019, was circulated and filed. J. Filipos pointed out the Operating account increased by \$322,390 mostly due to the carbon credit and COB 4th Qtr. operating payments. The Capital Reserve Account decreased by \$134,916 mostly due to the purchase of the Daley property. The Debt Service payment is due on November 15th and E. Boscola stated that the City has transferred the money to BA for Payment and has used the credit of \$145,823 in DSRF and Revenue.

Resolution 440 – Approval of Expenses. T. Donchez presented Resolution 440 to the Board for the payment of expenses and transfers from the General and Reserve accounts totaling \$165,897.83.

V. Gower moved and J. Tallarico seconded to approve Resolution 440 as presented. Motion passed unanimously.

SOLICITOR

L. Pereira had nothing new to report.

CONSULTING ENGINEER

R. Madison reported the annual tour of the water facilities has been completed and wanted to point out two items that will need to be addressed in the near future. Overall security enhancements and the water filtration plant is now 25 years old and has some non-operating issues; specifically the roof and concrete structures.

SPECIAL POLICE

Police report for the month of November was circulated and filed.

WATER REPORT

The Water Report for the month of October, 2019, was created and filed by E. Boscola. The reservoirs are at a combined capacity of 86.10% with the Penn Forest Reservoir continuing to drop a little bit but still within its normal range for this time of year.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

The Director's Report was filed and circulated.

Highlights of the report include:

- Revenue invoicing is on target and Expenses are slightly under budget.
- The cash balance in the Operating Fund shows about \$10.42 Million as of October 31, 2019, but that will be reduced by roughly \$7.5 Million for Debt Payments due on November 15, 2019.
- E. Boscola announced the Mayor released the COB 2020 Budget and it shows that the Water and Operating Funds have no major changes but it does include monies to hire appropriate consultants to apply for a rate change with the PUC. The last rate change occurred in 2014.
- E. Boscola presented a breakdown of the 2020 Water Capital Fund showing Revenue is mostly coming from the Cash Balance in the Operating Fund and the BRIF. A list of targeted projects and details for next year were also included in the breakdown.
- E. Boscola presented an Amendment to the Inter-municipal Water Service Agreement for Northampton Borough Municipal Authority to add a new one way interconnect near Howertown Road and Horner Road. V. Gower motioned and J. Tallarico seconded to approve Amendment. Motion passed unanimously.

COURTESY OF THE FLOOR

S. Repasch reiterated that the City of Bethlehem upgraded their website and now the BA will need to create and maintain their own website. S. Repasch has contacted the City's provider, KS&D, to obtain a price to host the BA's site and will contact other providers also for pricing and will present at the next board meeting.

S. Repasch mentioned that the City is upgrading their security system and all board members and consultants will need to obtain new badges in the very near future. S. Repasch stated we will help with making the arrangements for this process.

NEXT MEETING

The next regular meeting is scheduled for December 12, 2019, at 3:30pm.

ADJOURNMENT

J. Tallarico moved and V. Gower seconded to adjourn the meeting at 4:52pm.

Vaughn C. Gower

Board Secretary