

BETHLEHEM AUTHORITY
Minutes of the Regular Meeting
Of the Board of Directors
October 10, 2019

The regular meeting of the Board of Directors of the Bethlehem Authority (“Authority”) was held on October 10, 2019, in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Ms. Sharon Zondag, Authority Chair. Also in attendance were:

Mr. Thomas Donchez, Vice Chair
Mr. Vaughn Gower, Secretary
Mr. Dennis Domchek, Treasurer
Mr. James Broughal, Esq., Solicitor
Mr. Stephen Repasch, Executive Director
Ms. Sandra Zapf, Administrative Assistant
Mr. Steve Mertz, Officer/Ranger

APPROVAL OF MINUTES

V. Gower moved and T. Donchez seconded to approve the minutes of the September 12, 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
Mr. Eugene Auman, City of Bethlehem Deputy Controller
Mr. Miguel Coelho, Freedom Capital Group
Ms. Amanda Schumacher, Borton-Lawson Engineering

COURTESY OF THE FLOOR

Mr. Miguel Coelho, introduced himself and his company, Freedom Capital Group, as an investment company specializing in investment options for non-profit organizations.

CHAIR

S. Zondag announced that she will not be able to preside over the next board meeting on November 14th and that T. Donchez will run the meeting in her absence.

EXECUTIVE DIRECTOR

Forestry Management. S. Repasch reported that the Carbon Credit check of \$277,108.51 was received last week. V. Gower asked when the contract with Blue Source expires and S. Repasch stated that the contract expires June of 2021 at which time renegotiations will have to take place.

The timbering project started at Tunkhannock Township last week with the contractor bringing in some equipment but now the Penn DOT driveway permit extension will have to be obtained before the contractor can continue.

Timber sale at Wild Creek, around the fire tower area, is out for bid and there seems to be two interested contractors.

The FSC (Forest Stewardship Council) field audit is scheduled for October 29th. V. Gower questioned the frequency of these audits and S. Repasch stated that every two years there is a desk audit and every three years a field audit occurs. V. Gower also asked if there was a difference in the FSC audit and the Carbon Credit audit and S. Repasch responded that they are different in that the FSC audit is to verify compliance to FSC requirements, i.e. the contractor is using certified equipment and has all the necessary paperwork and that the Carbon Credit audit is specifically related to verification of carbon assets.

Monroe County Reassessment. Upon direction of our Solicitor and affirmation by the Board, it was decided not to appeal the reassessments at this time in order to appease Monroe County from being overwhelmed by too many appeals. In the meantime, S. Repasch is in the process of obtaining a "professional opinion" from an appraisal company to see what a monetary affect would be to a property with a conservation easement in case the Board decides to appeal the reassessments next year.

Daley Property. Settlement for purchase of Daley property is tentatively scheduled for October 17th. Water test was performed and results were very good. Radon test will be performed.

Property Adjoiner. S. Repasch presented "The Priority Adjoiner Property Priority Listing" and "Database Definitions" for review and discussion. All agreed that this was very helpful for clarifying potential property purchases. This information will be used to finish up the GIS mapping and a presentation to the Board will be forthcoming in the next few months.

Emergency Water Supply Study. S. Repasch furnished a summary of a follow up meeting that was held on September 24th and led to three action items that S. Repasch will be working on to further this project along. One additional item that was discussed is the Risk & Resiliency study that is required from The City for the EPA and due in March 2020. The City obtained six proposals for this work and S. Repasch believes that the findings will be similar to the finders from AECOM's study that they performed for the BA.

Altemose Agricultural Lease. S. Repasch reports that W. Altemose has requested approval from the Board to grow hemp on the properties that he leases from the BA. There were no objections from the Board.

Penn Forest Hunting Club. S. Repasch received notification that Carbon County has scheduled arguments on preliminary objections to our claim for December 13th at the Carbon County Courthouse.

Fire Tower Sale. S. Repasch stated he has two potential buyers and also another backup buyer and will keep the Board posted as to which one can get the fire tower off the property first.

Wind Energy Project. J. Broughal states that we are waiting for the court to make a decision.

Solar Energy Project. S. Repasch received the land lease draft agreement from the developer and sent it to J. Broughal to review. J. Broughal suggested sending it to the City's solicitor due to terms in the land lease that need to be consistent with the City's PPA (Power Purchase Agreement). E. Boscola states that the PPA is on hold due to procurement issues that need to be resolved.

Bond Arbitrage. S. Repasch reports that the Arbitrage Report is due on November 2nd and that our consultant John Rodgers received the latest September statements and should have the report wrapped up shortly.

Maser Consulting Proposal. S. Repasch distributed Maser Consulting's Renewal Proposal for 2020 for professional engineering services and annual report for approval. S. Repasch noted that under the terms and conditions, Paragraph 5.0 Retainer, the retainer is not to be part of the agreement. R. Madison confirmed removal of this condition from proposal.

D. Domchek moved and T. Donchez seconded to approve Maser Consulting's 2020 Renewal Proposal. Motion passed unanimously.

2020 Budget. S. Repasch sent out a memorandum to the Board for their review that lays out assumptions he plans to use for the budget. He received several comments which require more information but plans to present the budget at the next board meeting.

Review of this working budget, prompted V. Gower to question the cost of the health insurance category and suggested a review by an expert with professional knowledge of this subject be contacted. S. Zondag recommended the "Personnel Committee" of D. Domchek, V. Gower and herself proceed with this suggestion. All agreed.

3Q19 Income and Expense Projections. S. Repasch presented the report showing revenue and expenses through the 3rd Qtr. and projections for the 4th Qtr. 2019. The Operating Revenue is at 53%. The Carbon Credit received in October for \$277,109 is reflected in the 4th Qtr. Projection. The anticipated \$18,000 in Silviculture is for approximately \$3,000 for work this year and \$15,000 for the project that was just bid because there will be an upfront payment from the successful bidder. On the Operating Expense side, Consulting Engineer is only at 45% of budget but anticipate more expenses with the inspections coming up. The Financial Advisor is at 168% due to the financial analysis he's been working on with PFM. Legal Fees are at 105% mostly due to the Penn Forest Hunting issue and easement work. On Security & Property

Expenses, "Equipment" reflects the trailer that was purchased to haul ATV/UTV and "Maintenance" reflects truck and ATV maintenance that was needed. Under "Security Support", 3 part-time security personnel were budgeted but due to personnel changes, the 208% "over budget" reflects S. Mertz's time that was not anticipated. Property Services reflects Art Swallow's work for Penn Forest Hunting surveying and claims in court. In Administrative, 84% of budget is calculated mostly due to the two transfers to the BRIF and Capital Reserves accounts. "Special Police Officer" shows "under budget" of 32% for the inverse effect of the "Security Support" issue. Projected Operating Cash on Hand as of 10/31/19 is \$476,260. The Capital Reserve Expenses shows projection of \$128,592 for the purchase of the Daley property. On the Funding side, we have invoiced Atlantic Wind for 3rd Qtr. Legal fees of \$2,930.00.

TREASURER

Financial Planning. D. Domchek asked E. Boscola if he had the updated information for the Capital Plan and E. Boscola stated he was waiting to solidify numbers for the 2020 Budget in order to update the 10 Year Capital Plan. E. Boscola said he should have those numbers in a couple of weeks and will send to S. Repasch.

Investment Summary. D. Domchek reported that there was only one change on the Investment Summary from last month. The MRF had \$685,000 in Cash and in October three CDs were purchased and secured by Freedom Capital Group. D. Domchek then re-introduced M. Coelho from Freedom Capital Group and he explained the process of securing CDs. V. Gower questioned why the Bank of New York Mellon, working as our trustee, does not search and secure CDs for the BA? S. Repasch offered to contact Bank of New York Mellon and request a meeting. All agreed.

Controller. J. Filipos' report for the month of August, 2019, was circulated and filed. S. Repasch noted that the Debt Service payment is due in November and E. Boscola stated that the City has the money to cover the debt.

Resolution 439 – Approval of Expenses. S. Zondag presented Resolution 439 to the Board for the payment of expenses and transfers from the General and Reserve accounts totaling \$35,718.91.

T. Donchez moved and V. Gower seconded to approve Resolution 439 as presented. Motion passed unanimously.

SOLICITOR

J. Broughal had nothing new to report.

CONSULTING ENGINEER

R. Madison had nothing new to report.

SPECIAL POLICE

Officer S. Mertz's report for the month of October was circulated and filed. S. Zondag questioned S. Mertz regarding property encroachment violations. S. Mertz indicated that he

wants to definitely establish property lines via located pins on the property before contacting the owners. S. Mertz will update.

WATER REPORT

The Water Report for the month of September, 2019, was created and filed by E. Boscola. The reservoirs are at a combined capacity of 90.50% with a downward trend at Penn Forest due to a couple of dry months but still within normal range.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

The Director's Report was filed and circulated with a few revisions/clarifications as requested by the Board.

Highlights of the report include:

- Revenue invoicing is slighting below what was anticipated.
- The cash balance in the Operating Fund is about \$10.85 Million as of September 30, 2019.
- E. Boscola created separate line items for Operating & Maintenance, Debt Service and Capital Appropriations as requested in order to show per month, transfers to the Capital Fund.
- E. Boscola indicated that the City will be pursuing a general rate increase for 2021 to the PUC. The last one was in 2014.

COURTESY OF THE FLOOR

S. Repasch announced that the City of Bethlehem will be updated their website and notified the BA that they will have to create and maintain their own website. The BA will need to discuss the different options.

S. Repasch mentioned he will be attending two conferences next week. The Lehigh River Water Shed on Tuesday and the Delaware River Water Shed on Wednesday.

NEXT MEETING

The next regular meeting is scheduled for November 14, 2019, at 3:30pm.

ADJOURNMENT

T. Donchez moved and D. Domchek seconded to adjourn the meeting at 5:05pm.

Vaughn C. Gower

Board Secretary