

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE BETHLEHEM AUTHORITY**

DECEMBER 14, 2017

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, December 14, 2017 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, Chairman. Also in attendance were:

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

APPROVAL OF MINUTES

S. Zondag moved and V. Gower seconded to approve the minutes of the November 9, 2017 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Stephen Antalics, private citizen
- Mr. Ron Madison, Maser Consulting and Authority Consulting Engineer
- Mr. Chris Curran, AECOM team member working on the Bethlehem Emergency Water Supply Study
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources

There were no comments during Courtesy of the Floor.

CHAIRMAN

PennEast Pipeline. J. Tallarico reported that there will be an Executive Session at the end of the meeting to discuss the on-going PennEast Pipeline contract negotiations.

EXECUTIVE DIRECTOR

Emergency Water Supply Study. S. Repasch reported that the Authority Solicitor worked with AECOM's contract manager on the contract language with AECOM for the Emergency Water Supply Study (Study) and is satisfied that it meets the Authority's needs. Mr. Curran is in attendance to answer any questions the Board may have about the scope of work to be performed for the Study.

Mr. Curran said he has been with AECOM for 19 years, leads the water practice in the greater PA area, has been involved in a variety of water and wastewater environmental projects, and has a lot of background in water treatment and distribution. He has done a lot of work with PA DOT and prior work and planning activities for LCA, but not too much work with the other local municipalities. Other team members have backgrounds in other areas, such as tunneling, which is

an option to be considered in the Study. Evaluations of the municipalities and authorities with interconnections will help develop a consensus as to the best overall approach and he looks forward to having those discussions. The Study will take approximately six months.

V. Gower said that relationships are important and the Authority does not go anywhere without the help and cooperation of others. He perceives there may be negative attitudes from the other municipalities, that they will not cooperate with us, and he questions how we get past this. S. Zondag responded that the other municipalities might be happy we are taking this initiative. There is always reciprocity that comes from building relationships that can be important for all members. S. Repasch indicated that LCA representatives are open for discussions; we have had a good relationship with Easton Suburban Water Authority from past discussions, and Northampton Borough Municipal Authority as well. D. Domchek moved and J. Tallarico seconded the approval of the Emergency Water Supply Study, subject to the execution of the contract with AECOM. Motion passed unanimously.

Solar Energy Project. S. Repasch reported that a few years ago, efforts to develop a solar project at the water filtration plant were discontinued. At that time, the City did not approve of the power purchase agreement because it was getting a better initial rate from its electricity supplier. There are now grant funds available from newly-passed State legislation. Some firms we dealt with in the past have contacted us again to see if we would like to revisit the project. He and E. Boscola are meeting with a representative from Sunvest next week to hear what they have to offer.

D. Domchek questioned who would own and operate the project. S. Repasch responded the Authority owns the property and would lease it to the developer to build the project. The power would be sold to the City for the filtration plant (not the grid) under a power purchase agreement. E. Boscola explained that during the day, solar power generated would go to the grid and at the same time, the City would pull the power off the grid. If no solar power is being generated, the City would pull the power from the PPL grid. In theory, the net is zero over the course of the year. A total of \$30 million in grant money is available through the Commonwealth Financing Authority. The grants are typically limited to a certain amount and there are matching fund requirements.

T. Donchez said solar energy is a land-intensive process and it could be overwhelming depending on the project's size. It is worth a meeting and hearing about the business model. V. Gower expressed a lot can go wrong so we need to know what we are doing before we go too far.

William Street Cell Tower Lease. S. Repasch reported he received a marked-up copy of the William Street cell tower lease from Crown Castle late yesterday and it is currently being reviewed by the Authority Solicitor. It is possible the lease will be presented to the Board for consideration at the January meeting.

Microwave Tower. S. Repasch reported that TNC has not accepted any offers from McKay Brothers that would allow them to proceed with a project on Authority property. TNC insists the only way to work through the issue is to amend the conservation easement, and the Authority would have to make that request. According to the Authority Solicitor, TNC is a huge organization and for someone to focus on this and make a decision may not be worth their time. Upon further discussion, the Board concurred to defer responsibility to McKay if they want this site badly enough and to revisit this matter at some point next year.

Maser Consulting GIS/UAV Agreement. S. Repasch presented the agreement with Maser Consulting for Phase 2 of the GIS/UAS services platform. The services include development of an

SOP and training for the UAV, GIS and UAS data integration and web and mobile apps. The fee for services is not to exceed \$17,000 and includes the annual GIS host fee of \$2,400 and annual Esri program fee of \$500.

Upon discussion, the Board concurred that it is supportive of these services. To this point, all the knowledge and experience is with D. Meixell. The main scope of this work is the SOP and that is an important process to work on with him because he knows what is needed. It goes along with everything he does in the watershed and overlap is necessary to make the future transition easier. If the Authority were to change its consulting engineering firm, the stored data can easily be downloaded and provided on external storage devices. V. Gower moved and D. Domchek seconded to approve the Maser Consulting GIS/UAV Agreement as presented and discussed.

Maher-Duessel 2017 Audit Agreement. S. Repasch presented the 2017 Audit Agreement with Maher Duessel for Board approval. Maher-Duessel is hired by the City to perform its audit, and the Authority's activities are a blended component. The Authority Controller said that the Authority documents are audited before blending with the City. The auditors specifically perform audit tests on work performed by Authority staff, and another set of eyes reviewing the records provides peace of mind since there is not a full set of financial statements with notes. The Agreement is standard language customized to fit the Authority. The fee of \$3,620 is reasonable and a 2.8% increase from last year. He recommends approval. V. Gower moved and S. Zondag seconded to approve the 2017 Audit Agreement with Maher-Duessel as presented and discussed. Motion passed unanimously.

2018 Authority Budget. S. Repasch presented the Authority's 2018 Budget for Board approval. The budget is balanced with revenues and expenses of \$650,995. The committee of himself, D. Domchek and V. Gower met to review the budget. The major concern for discussion was how the carbon credit revenue would be used and based on further discussions with E. Boscola:

- 2017 carbon credit revenue of \$98,000 will help fund operating expenses (\$70,000) and reserve accounts (\$28,000). There will be no contribution toward City water capital expenses.
- 2018 carbon credit revenue anticipated to be \$200,000 will help fund operating expenses (\$50,000) and reserve accounts (\$50,000). \$100,000 will be contributed to the Bond Redemption and Improvement Fund (BRIF) or City Water Capital Fund for City water capital expenses.

T. Donchez questioned why timbering revenue is higher in 2018 than 2017. S. Repasch responded that 2017 timbering revenue was down because some of the projects planned for 2017 did not get done and were moved to 2018. In addition to what was previously budgeted for 2018 accounts for this difference.

D. Domchek and V. Gower both said that by keeping the carbon credit revenue, the Authority is: creating a surplus to support the operating fund; funding reserves to help support future Authority purposes or capital projects (the Emergency Water Supply Study, possible enhancements to the UAV program, et al); and maintaining the cash balances in the accounts. T. Donchez moved and D. Domchek seconded to approve the Authority's 2018 Budget as presented and discussed. Motion passed unanimously.

4Q17 Income and Expense Projections. S. Repasch reviewed the 4Q17 income and Expense projections report that was circulated and filed. It is anticipated to have ~\$526,000 in both cash accounts at the end of the year.

Expense Budget Comparative. S. Repasch reviewed the Expense Budget Comparative for the 11 months ended November 30, 2017. Total revenues and overall expenses are both at 61% of budget. The capital budget comparative shows reimbursement from the wind developer for legal expenses incurred related to the court hearings.

With regard to the wind energy project, S. Repasch reported that PPL sent a draft easement for a power line from the wind turbine locations to the power supply building for the project. This easement was passed onto the Authority Solicitor for further review. V. Gower mentioned that the land lease fee from the developer totaling \$10,000 is set to increase in March, 2018. There will need to be negotiations concerning this.

TREASURER

Investment Summary. D. Domchek reported that the ESSA, Embassy and Merchants investments that matured in the Maintenance Reserve Fund (MRF) were bid and reinvested with ESSA (12 mo.), Peoples (12 mo.) and Embassy (18 mo.) at higher interest rates and income expected to be in the range of \$35,000. The \$2.5 million in government notes in the Debt Service Reserve Fund (DSRF) matured and renewed at ~2.66%. Overall, interest rates and income generation from conservative and low risk investments are moving in right direction.

Controller. J. Filipos's report for the month ending November 30, 2017 was circulated and filed. He noted that the 2014 Bonds debt service was paid, and the 5% lease coverage was received and deposited in the BRIF.

Resolution 414 – Approval of Expenses. J. Tallarico presented Resolution 414 to the Board for the payment of expenses from the General and Capital Reserve accounts totaling \$57,115.50. There were no extraordinary items to mention. D. Domchek moved and S. Zondag seconded to approve Resolution 414. Motion passed unanimously.

The Solicitor had no report.

CONSULTING ENGINEER

R. Madison reported that Maser facilitated a presentation by Pure Technologies to City water personnel on in-situ investigation and testing equipment for water transmission lines and tunnels. In-situ can check wall thickness and detect leaks. Obviously the tunnels are of significant interest, so thoughts are how to do initial testing and possibly develop an annual plan. PDF copies of the presentation will be distributed.

SPECIAL POLICE

Officer D. Meixell's report for the month of December, 2017 was circulated and filed. Bear and deer hunting season has ended. The trend across the region is hunters are decreasing and there are signs that the deer population is increasing. Future possibilities to keep in mind are adding more club leases and also adding the Wild Creek watershed to the Deer Management Assistance Program (DMAP). The PGC is also making more doe tags available so DMAP tags are not as desirable as in the past.

WATER REPORT

The Water Report for the month of November, 2017 was circulated and filed. The reservoirs are at an average combined capacity of 80.95%. E. Boscola said that the Penn Forest reservoir level continues to drop at the same similar trend as last year. However, this year the level is slightly higher.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the Water Fund and Major Initiatives for the month of November, 2017 was circulated and filed. He also reported:

- **Water Fund.** 2017 was a relatively light billing year due to the wet summer and therefore revenues are slightly below projections. Overall, the fund is in good shape and there is \$2.6 million of cash available. The operating expenses in November total \$6.7 million because the 2014 Bonds debt service payment was added to the other basic expenditures.
- **2018 Budget.** City Council had no major comments on the 2018 budget at the Water Fund budget hearing. There will be no changes to the final budget. The focus in 2018 is on an aggressive agenda of fieldwork, the water filtration plant, PUC regulatory issues and studies.

D. Domchek questioned the purpose of the disinfection alternative study. E. Boscola responded the City currently uses chlorine gas, which is reliable and relatively cheap but inherently unsafe to deal with. Much of the industry is using alternative disinfectants. A consultant is needed to study the available alternatives and cost benefits of the continued use of chlorine gas or changing.

There was no Other Business or Courtesy of the Floor.

NEXT MEETINGS

The Reorganization and Regular meetings are scheduled for January 11, 2018 at 3:30 PM. S. Zondag asked the Board if it would be agreeable to the 2018 meeting requests being sent out a year in advance. This will allow for the meetings to be calendared, and a reminder can be sent out a week before each meeting. The Board agreed.

J. Tallarico especially thanked the staff, Board and consultants for all the good work put forth by everyone during this very busy year.

ADJOURNMENT

J. Tallarico moved and V. Gower seconded to adjourn the regular meeting at 4:30 PM and convene an Executive Session to discuss real estate contract negotiations. Motion passed unanimously.

Sharon J. Zondag
Board Secretary