

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

MAY 12, 2016

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, May 12, 2016 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 3:30 PM by Mr. John Tallarico, Chairman. Also in attendance were:

- Ms. Laurie Hackett, Vice Chairwoman and Assistant Secretary/Treasurer
- Mr. Vaughn Gower, Secretary
- Mr. Dennis Domchek, Treasurer
- Mr. Jack Abel, Member
- 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

V. Gower moved and J. Tallarico seconded to approve the minutes from the April 14, 2016 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Nate Jastremski, Bethlehem Press
- Mr. Shawn Martell, City of Bethlehem Councilman and Liaison to the Authority
- Mr. Stephen Antalics, Citizen
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Ron Madison, Maser Consulting

There were no comments during Courtesy of the Floor.

CHAIRMAN

PennEast Pipeline. J. Tallarico reported that the Authority received the appraisals for the property that will be affected by the proposed PennEast pipeline. This matter will be discussed in an Executive Session with the appraiser via teleconference at 4:15 PM.

EXECUTIVE DIRECTOR

Watershed Management. S. Repasch reported that the Authority Forester has been monitoring the gypsy moth hatch very closely this past week. Due to the weather, the spraying will take place next week.

Investment Opportunities. S. Repasch questioned the Board if they were satisfied with and would like to invest additional Debt Service Reserve (DSR) Fund money fund in the

Saxon CD program. There is currently \$2 million invested in 3 to 6 month CDs. The Board is pleased with the financial results thus far. It was suggested to have Saxon provide a proposal to invest the remaining \$4 million in a laddered portfolio with CD maturities of 2 years and shorter. This would allow for a portion of DSR funds to be readily available in the event they are needed.

J. Filipos said that April was the first month navigating through the reconciliation of the investments. His concern is with the BNY Mellon statements, which are not always accurate. He is hopeful next month's reconciliation will go smoother and that we will have a better understanding of the process.

The Board decided to delay investing additional DSR funds for another month to be certain it is confident in the Saxon program and processes involved.

Wind Energy Project. S. Repasch reported that he will be attending the Penn Forest Township Zoning Board hearing tonight, where Mr. Craig Poff, from Iberdrola/Atlantic Wind, will be appearing concerning the application to build the wind energy project. He and Mr. Poff will be meeting on Friday with State Representative Doyle Heffley who is against the project. He will also be meeting next week with Mr. Don Miles, president of the Lehigh Valley Chapter of the Sierra Club which supports the project.

S. Antalics commented about the aesthetics and the safety of wildlife mentioned in the Morning Call article. It appears that the State may get involved if Representative Heffley decides to get involved, and Mr. Repasch makes a very strong argument for government involvement prior to project approval. He questioned if the Morning Call article or the Authority is right, and is there an issue? Response was scientific information on wind turbines is very well published with some truth to the bird and wildlife issues. The concerns of the Residents who live in close proximity to the project are understandable. Until they see the visibility data, conjecture is extreme. The communication process is aimed to answer the concerns. There are 14 different governmental agencies involved in the studies and approvals that address all the issues people are concerned about. The Authority's assurance is that the project will be reviewed and designed within the standards required. If any standard is not met, the project does not happen.

J. Tallarico concluded that the Board is committed to the watershed and the environment and has the same questions and concerns as the citizens. Both sides of this project are focused on environmental issues and from different perspectives. Renderings will be developed to show what the visibility of this project will look like from different vantage points since visibility is believed to be the biggest issue. The Authority and Iberdrola have to do the right things.

Upper Saucon Township Agreement. S. Repasch reported the finalized agreement between the City and Upper Saucon Township is anticipated next month. The new agreement will negate all other previous agreements and resolve the billing, PUC and territory issues.

2016 Income/Expense Projections. S. Repasch reviewed the 2016 Income/Expense Projections as circulated and filed. He noted Blue Source is currently working on the 2015 carbon verification. As long as there are no issues with the third party verifier, the carbon credits revenue is expected to be received in July. Replenishment of the escrow fund will be requested by the Authority at its next meeting with PennEast. The fund will have a negative balance when the final payment is made for the property appraisal.

Expense Budget Comparative. S. Repasch reviewed the Expense Budget Comparative for the 4 months ended April 30, 2016 as circulated and filed.

CONTROLLER

J. Filipos's report for the month of April, 2016 was circulated and filed. He noted the following:

- The DSR Fund statement is different due to the Saxon investments. The best approach to reconcile the information going forward is work-in-progress.
- The City sent ~\$1.34 million to BNY Mellon for the May 16 debt service payment.
- The Authority's 2014 audited year-end report has been distributed to the reporting agencies that require or request the information.

Resolution 391 – Approval of Expenses. J. Tallarico presented Resolution 391 to the Board for approval. The resolution totals \$106,662.24 for the payment of water capital expenses from the Construction Fund, administrative, professional and security/property expenses from the General Account and PennEast Pipeline Escrow Fund disbursements.

L. Hackett moved and J. Abel seconded to approve Resolution 391 as presented. Motion passed unanimously.

The Solicitor had no report.

CONSULTING ENGINEER

Consulting Engineer RFP. S. Repasch reported that he will be prepare and send out Requests for Proposals (RFP) for a new Authority Consulting Engineer. The RFP will be sent out to the City's pre-qualified list of engineering firms. It is anticipated to select the top 3 – 4 firms to interview in July. He and E. Boscola will be involved in the interview process, and J. Tallarico and D. Domchek volunteered to participate as well.

Following a motion by V. Gower, seconded by L. Hackett and unanimously passed, the Board held an Executive Session from 4:15 to 4:30 PM to discuss real estate issues concerning the proposed PennEast pipeline and the Palmerton Fishing and Hunting Club.

SPECIAL POLICE

D. Meixell's report for the month of May, 2016 was circulated and filed. He noted that the annual rattlesnake survey will be conducted this Saturday in Hell Hollow. V. Gower commented that the Authority can claim to be a forward-thinking environmental

organization that is supportive of wildlife and habitat concerns. In addition to the annual rattlesnake survey and December Audubon bird count, it has participated in prescribed burns to restore rare bird and snowshoe hare habitats.

WATER REPORT

The Water Report for the month of April, 2016 was circulated and filed. The reservoirs are at 100.18% capacity.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the Water Fund and major initiatives for the month of April, 2016 was circulated and filed.

- Revenues are slightly behind budget, and expenses are behind budget. Pension and benefits expenses are included in the operating budget but that money is taken from the Water Fund a certain times of the year. Capital expenses are in a separate budget.
- There will be a meeting in late May regarding capital financing for 2017 and beyond. The long-term plan will be provided to PFM for their review.
- Water main replacement commenced this week in Fountain Hill.
- Wild Creek spillway repairs are mostly complete.
- Master meter pits will be installed to address long-standing issues concerning "honor system" customers in Lower Saucon Township.
- Revised DEP guidelines are in place for lead and copper testing to commence this summer. Certain residences are being targeted and the City is soliciting volunteers. There are different tiers, depending on the age of a home and the possibility of lead lines. Studies have shown that in older homes, and no matter what type of piping, there may not be any issues because the build-up of a corrosion layer would prevent lead from leaching out of the pipe.

J. Abel questioned if a solicitation he received in the mail from a company for water line insurance was legitimate. E. Boscola responded there are private companies that market maintenance contracts to homeowners. In the event there is a break in the lateral water line, the company will contract with a local plumber to repair the problem. These companies have approached the City for endorsement, which the City has never given.

There was no Other Business or Courtesy of the Floor.

NEXT MEETING

J. Tallarico announced the next regular meeting is June 9, 2016 at 3:30 PM.

ADJOURNMENT

V. Gower moved and J. Abel seconded to adjourn the regular meeting at 4:45 PM. Motion passed unanimously.

Vaughn C. Gower, Secretary