

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

**SEPTEMBER 8, 2016**

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, September 08, 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:

- Mr. Vaughn Gower, Secretary
- Mr. Dennis Domchek, 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

J. Tallarico reported Ms. Laurie Hackett cannot attend today's meeting due to a work commitment, it is not certain if Mr. Jack Abel will attend and Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources, cannot attend.

**APPROVAL OF MINUTES**

V. Gower moved and J. Tallarico seconded to approve the minutes of the August 11, 2016 regular meeting. Motion passed unanimously.

**RECOGNITION OF VISITORS**

- Mr. Stephen Antalics, private citizen
- Mr. Nate Jastremski, Bethlehem Press
- Mr. Shawn Martell, City of Bethlehem Councilman and Liaison to the Authority
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Ron Madison, Authority Consulting Engineer

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

**CHAIRMAN**

**PennEast Pipeline.** J. Tallarico reported that he, S. Repasch, V. Gower and R. Madison participated in a conference call with PennEast a few weeks ago. Negotiations are on-going and moving forward.

S. Repasch reported that FERC's Draft EIS on the pipeline route did not mention the Authority's infrastructure or the route's impact on the dams and water transmission lines. A letter was drafted and signed by both he and E. Boscola. The letter and two Maser reports will be sent to FERC tomorrow. The deadline to file comments is September 12.

Concerning the change to the pipeline route, V. Gower wanted clarification that PennEast did not agree to follow along Towamensing Road but did agree to follow along Lovitt Road and include that change in the next updated pipeline route. S. Repasch responded that PennEast indicated the Towamensing Road route would add 1,500 feet of pipeline to the route and more trees would be removed as a result. Their preferred route, which bisects the forest, would cause fewer trees to be removed, but it does fragment the Authority's property in this area.

### **EXECUTIVE DIRECTOR**

**Watershed Management.** S. Repasch presented a timber unit sale contract with Elite Timber Harvesting for Board approval. The contract is to thin and clear 5 conifer plantation stands in various degrees of stress on ~69 acres in the Wild Creek/Penn Forest reservoir area. It has been reviewed by the Authority Solicitor and \$10,000 – \$12,000 is anticipated from the sale of the harvested product to various available markets.

D. Domchek moved and V. Gower seconded to approve the timber sale contract with Elite Timber Harvesting as presented. Motion passed unanimously.

S. Repasch reported that D. Meixell discovered an area of trees that appears to be impacted by gypsy moth egg mass activity. The Authority Forester will be evaluating this area very carefully over the next several weeks. The area was outside the spray block and excluded from this year's spraying because of its proximity to the reservoir, even though the spray was environmentally safe. If spraying is recommended for 2017, the cost will not be as significant as this year and will be budgeted accordingly.

**Investment Options.** S. Repasch reported on the Authority's investments and the processes involved related to the investments, such as the email approval process. We currently have investments with Saxon and OPIC and CDs with local banks. He would like to know if the Board is satisfied and if anything should be changed.

There was considerable discussion concerning this. Given the uncertain environment, the investment choices available make it difficult, but from a return and diversification perspective, we are doing well and much better than before. There is also concern about the decision to invest in CDs in excess of \$250,000 that are Act 72 collateralized. While that risk is small, it is still a risk. We could consider having additional Saxon accounts with staggered CD maturities as necessary and also invest in FDIC CDs with the local banks.

The Board would like an investment sheet attached at the end of the Controller's Report that fully labels each investment for every fund. It would like an opinion from the Authority Financial Advisor as to the Act 72 collateralized CDs before the next CDs mature in November. It also agreed for the Executive Director and Treasurer to be solely involved in the investment approval process with monthly reporting to the full Board. This approach is on a trial basis for 3 months, to be reviewed in early, 2017. If the process works well, the Authority's investment policy can be amended and formal action taken at that time.

**Cell Tower Leases.** As a follow up from last month's meeting, S. Repasch reported he had a discussion with the City about its cell tower leases. The City has been approached by several firms with offers to buyout its cell tower leases as well, and the City indicated it is not interested in divesting them. The reasons for the buy-out offers (e.g. co-location) are worth investigating to help the Authority understand what it could be doing to benefit more from its cell tower leases.

**3Q16 Income and Expense Projections.** S. Repasch reviewed the 3Q16 Income and Expense Projections as circulated and filed. Carbon credits revenue of \$266,027 was received at the end of August. \$185,000 was contributed to the City's Water Capital Fund as budgeted and \$81,027 was transferred to the Authority's Reserve Account. Reimbursement is forthcoming from Atlantic Wind for legal expenses related to the wind energy project zoning hearing proceedings.

**Expense Budget Comparative.** S. Repasch reviewed the Expense Budget Comparative for the 8 months ended August 31, 2016 as circulated and filed.

**Wind Energy Project.** S. Repasch reported that the zoning hearing is still active and continued until September 20. J. Broughal added the hearing has to be completed within a certain period of time, unless the applicant applies for an extension. The township has to issue its opinion within a certain period of time after the last hearing.

S. Repasch reported he has not heard from Palmerton Fishing & Hunting Club after repeated emails to the club secretary. The Club's concerns are about boundaries. After reviewing maps and surveys dating back to the 1960's, the Authority Forester believes a City survey from the 1980's was probably done incorrectly, which shifted Authority property onto the Club's property. A professional survey would need to be done to resolve this matter.

**2017 MMO.** S. Repasch reviewed a memo provided to the Board informing them of the 2017 Minimum Municipal Obligation (MMO) for the Authority's pension plan. \$10,865 will be included in the Authority's 2017 budget.

## **CONTROLLER**

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

- The City is using \$1,972 remaining in the 1998 Pennvest Loan Debt Service Fund as a credit toward the upcoming payment, per the Trustee.
- The 2015 year-end report and tables are complete, which have to be posted by the end of the month. A copy will be provided to the Board after September 15.

**Resolution 396 – Approval of Expenses.** J. Tallarico presented Resolution 396 to the Board for approval. The resolution totals \$547,569.98 for the payment of water capital expenses from the Construction Fund, administrative, professional and security/property expenses from the General and Reserve Accounts, and transfers amongst the accounts.

V. Gower moved and D. Domchek seconded to approve Resolution 396 as presented. Motion passed unanimously.

***There were no Solicitor or Consulting Engineer Reports.***

### **SPECIAL POLICE**

D. Meixell's report for the month of September, 2016 was circulated and filed.

### **WATER REPORT**

The Water Report for the month of August, 2016 indicates the reservoirs are at 91.80% capacity.

S. Repasch reported that 37 PA counties, including Carbon, Lehigh and Northampton, are under a drought watch and one county is under a drought warning. A graph projected on the screen shows the Penn Forest reservoir level (9.9 billion gallons when full) is declining but for this time of year it is in the normal range.

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

S. Repasch reviewed the City Director of Water and Resources report on the Water Fund and major initiatives for the month of August, 2016, which was circulated and filed:

- Billings are down 2.1% and operating expenses are down 33% based on projections.
- The debt service payment is coming due in November.
- The final agreement with Upper Saucon Township is currently with the City's Legal Bureau and the Authority is a party to the agreement because it owns the infrastructure. The agreement will be on the October agenda for Board approval. The new agreement negates all previous agreements and defines each utility's water service territory and customers.
- All lead sampling will be completed by the end of September, and the test results will be shared when received.
- Concerning the security matter, S. Repasch said discussions and meetings were held but there were no conclusions. The matter was reported to the police and then funneled its way to the FBI, Homeland Security, EPA, and lastly the local DEP office. DEP wants to be notified immediately of such matters and not in a circuitous manner. E. Boscola has every Department Manager evaluating all physical security aspects of the water and wastewater facilities. Reports are anticipated in another week or two, after which determinations will be made on what, if anything, needs to be improved.

***There was no Other Business.***

### **COURTESY OF THE FLOOR**

Mr. Stephen Antalics: He opined about personnel issues being one of the topics of recent Executive Sessions. Since the Authority's personnel are still sitting at the meetings, it tells him their performance is satisfactory. He concludes by simple logic and observation that the personnel, or people, being discussed are City employees in the watershed and there are problems. The people who work in the watershed are under the jurisdiction of the City

Water Department and so the Authority is in a helpless situation. He feels the best solutions are for the Authority to become an independent operating authority, or have the watershed employees under the jurisdiction of the Authority. D. Domchek said that Mr. Antalics has made a big assumption that Executive Sessions are always about these personnel matters. That is not correct.

**NEXT MEETING**

The next meeting is scheduled for October 13, 2016 at 3:30 PM.

**ADJOURNMENT**

J. Tallarico moved and D. Domchek seconded for adjournment of the regular meeting at 4:35 PM and to convene an Executive Session to discuss real estate negotiations.

*Vaughn C. Gower, Secretary*