

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

OCTOBER 15, 2015

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, October 15, 2015 in room B-504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 4:00 PM by Mr. John Tallarico, Chairman. Also in attendance were:

- Ms. Laurie Hackett, Vice Chairwoman
- Mr. Vaughn Gower, Secretary
- Mr. Mark Jobes, Treasurer
- Mr. Jack Abel, Assistant Secretary/Treasurer
- Mr. James Broughal, Esq., Solicitor
- 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 September 10, 2015 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Frank Baran, 36 W. Spruce Street, Bethlehem, PA
- Mr. Stephen Antalics, 737 Ridge Street, Bethlehem, PA
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Ron Madison, Maser Consulting
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Nate Jastremski, Bethlehem Press

There were no comments during Courtesy of the Floor.

CHAIRMAN

J. Tallarico reported he spent an entire day touring the watershed with Officer Meixell. He gained better insight on the proposed pipeline route, as well as the met tower sites. Particular attention was paid to the condition of the trails and fire lanes. There are also concerns about the overall condition of the protective fence around both reservoirs.

PennEast Gas Pipeline. J. Tallarico reported on the meeting held today with PennEast Pipeline representatives and the Authority's committee, which includes himself, V. Gower, S. Repasch and R. Madison. The discussions were favorable and it appears PennEast listened to the Authority's concerns and suggestion to move the pipeline to the west, co-locating as much of it as possible with the Buckeye Pipeline and PPL easements. This

would give the Authority's watershed maximum protection not only from construction work, but from the pipeline itself. The parties will meet again in three weeks. V. Gower added PennEast has more procedural work to do to access additional land and perform evaluations on two possible routes. Since the next meeting is before the November Board meeting, there will be a progress update, either way, at that time.

EXECUTIVE DIRECTOR

Gift Policy. S. Repasch will provide the Board with a gift policy at the November meeting for consideration and adoption.

Forest Management Activities. S. Repasch reported one of three timber sales in Wild Creek has been completed. \$30,000 to \$32,000 is anticipated from the three sales. The Authority Forester will complete his gypsy moth evaluation once most of the leaves have fallen for the season.

S. Repasch reported the Bear Swamp Hunting Club approached the Authority about expanding their hunting area lease from 80 acres to ~200 acres. The Authority would realize an additional \$1,400 in annual revenue. The land is in a remote and mostly swampy area in Long Pond. The club has agreed to maintain the existing roads and fire lanes. Since the Authority Solicitor indicated the best approach is to terminate the old lease and enter into a new lease, S. Repasch said he will prepare a new lease for approval at the November meeting.

Solar Project. S. Repasch reported the draft Power Purchase Agreement has not yet been received from Solar City. E. Boscola will follow up on this issue.

Wind Energy Project. S. Repasch reported Iberdrola has performed more survey work on Authority property. He will be attending the Penn Forest Township Planning Commission meeting next Monday, where Iberdrola has applied for the construction of four new met towers. One tower is 300' and already FAA approved. It appears that in another year we will learn a lot more about the feasibility of developing this project.

BNY Mellon/PLGIT Issue. S. Repasch reported he will not pursue this issue any further. He has had some discussions about (bank) collateralization of CDs above the \$250,000 FDIC limit and the Authority Financial Advisor will provide an opinion on this option. According to M. Jobs, collateralization is a common practice with most banks and a lot of municipalities and school districts use it. V. Gower suggested the Financial Advisor and Bond Counsel discuss and evaluate the collateralized investment approach to be certain BNY Mellon will allow it.

Recently, the Authority's CD with Embassy Bank matured in the amount of \$894,900+ and interest rates were solicited. S. Repasch is suggesting that the Authority invest this money in four different banks to maintain the \$250,000 limit and avoid waiving Authority policy. The CDs would be valued at \$250,000, each for 30 days. The banks are Embassy (.45%), Merchants (.20%), Quakertown (.15%) and Lafayette (.15%).

V. Gower moved and J. Tallarico seconded to approve the CD investments as discussed with Embassy, Merchants, Quakertown and Lafayette Banks. L. Hackett and J. Abel voted aye for Embassy, Merchants, Quakertown and Lafayette Banks. M. Jobses abstained. Motion passed.

Subsequent to the meeting, it was realized that there was already a CD investment with Merchants Bank; therefore they could not be utilized.

4th Quarter 2015 Income/Expense Projections. S. Repasch presented the 4th Quarter Income and Expense Projections as circulated and filed. Expenses are anticipated for security office improvements, which include the installation of railing at the outside steps and some second floor window replacements.

Expense Budget Comparative. S. Repasch presented the Expense Budget Comparative for the nine months ended September 30, 2015 as circulated and filed. Initially, the carbon credit revenue was deposited into the Construction Fund. However, because it is borrowed money, it must be used up in a specified amount of time or the Authority could potentially be penalized. The money was moved into the BRIF, which is still a funding source for water capital expenses when the Construction Fund is used in its entirety.

2016 Authority Budget. S. Repasch reported he expects to provide a draft 2016 budget to the Board for review by mid to late next week.

V. Gower suggested that the Board consider not including the carbon credits revenue in the 2016 budget and instead consider holding it in the event there are potential legal expenses related to the PennEast Pipeline. If the money is not needed for legal expenses, it can then be deposited into the BRIF.

CONTROLLER

It was noted that J. Filipos was absent from the meeting. His report for the month of September, 2015 was circulated and filed. S. Reppert noted: The \$152,000 increase in the BRIF represented the transfer in of the carbon credits revenue; the City sent to the Trustee the final principal and interest payment for the Hirko Bond, which was paid on October 1; November is debt service payment month.

With regard to the money in the Excess Investment Earnings Fund not being needed any time soon, V. Gower suggested the Board consider investing the money in a short term CD and in a bank not currently utilized for BRIF CD's, or one that is under the \$250,000 limit. The Board was amenable to the suggestion and it will be followed through on next week.

Resolution 383 – Approval of Expenses. J. Tallarico presented Resolution 383 to the Board for approval. The resolution totaled \$450,009.32 for the payment of water capital expenses from the Construction Fund and administrative, professional, and security expenses from the General and Capital/Reserve Accounts.

L. Hackett moved and J. Abel seconded to approve Resolution 383 as presented. Motion passed unanimously.

Ratification of CD Investment. The following CD investment authorized by the Board via email was presented for ratification:

- Merchants Bank of Bangor, \$402,028.57 @ .40% for three months.

V. Gower moved and M. Jobs seconded to ratify the approval of the Merchants Bank of Bangor CD investment as presented. Motion passed unanimously.

The Solicitor had nothing to report.

CONSULTING ENGINEER

S. Repasch reported that field inspections of the water system facilities are anticipated to be completed by the end of the month for the Annual Report.

SPECIAL POLICE

Officer D. Meixell's report for the month of October was circulated and filed. Deer hunting season has begun.

V. Gower queried about the security lapse noted in the report. D. Meixell responded there are times when the building is unattended because the City employees are out doing their work and they fail to close or lock the garage doors, leaving ample opportunity for something to happen. E. Boscola will follow up with his staff as this has been a recurring issue.

WATER REPORT

The Water Report was circulated and filed and indicated the average capacity of both reservoirs was 99.73% for the month of September, 2015.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the financial status of the Water Fund and major projects was circulated and filed.

- The Water Fund is performing well and in good position for the November debt service payment.
- The territory expansion application for the FedEx project has been officially submitted to the PUC.
- A draft legal agreement with Upper Saucon Township has been circulated for comments.
- The larger construction projects for 2015 are complete, and 2016 projects will be presented at the November meeting.

OTHER BUSINESS

L. Hackett thanked E. Boscola for filling in for S. Repasch at the Lehigh Valley Chamber of Commerce Energy and Environment Conference. She said he did a great job representing the Authority on a panel that included representatives from PennEast Pipeline.

COURTESY OF THE FLOOR

With regard to PennEast Pipeline, Mr. Frank Baran queried:

- What is the distance between Authority lands along Wild Creek and the PennEast Pipeline? Response was it varies, but the Authority's goal is to have PennEast co-locate with the existing Buckeye Pipeline to the west of the watershed. Buckeye Pipeline is quite a distance from very sensitive infrastructure.
- Is the depth of the pipeline still three to five feet? Response was the depth varies depending on the geology, slope and depth of the creek beds and waterways.
- Would access to trails and roadways via ATV be minimized if co-locating with Buckeye? Response was right-of-ways are patrolled heavily, but it is possible that activity could increase.
- Has the situation been resolved regarding PennEast pipeline route versus the water transmission lines? Response was this is a major point of contention and it has not been resolved. If the route moves west, it will help the situation.

Mr. Baran commented about water line extensions into some areas outside of the City, such as East Allen Township. While it provides more revenue to the City, does it negatively affect drawing business into industrial parks within the City? Response was water has to be provided to a business no matter where it is located, whether by well or municipal means. In addition to logistics, the attraction to locate a business in an industrial park is because the infrastructure is already in place.

NEXT MEETING

The next meeting is scheduled for November 12, 2015.

ADJOURNMENT

V. Gower moved and L. Hackett seconded to adjourn the meeting at 4:50 PM. Motion passed unanimously.

Vaughn C. Gower, Secretary