

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

**DECEMBER 8, 2016**

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, December 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
- Ms. Sharon Zondag, Member
- Mr. James Broughal, Esq., Solicitor
- Mr. John Filipos, CPA, Controller
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant

**APPROVAL OF MINUTES**

V. Gower moved and J. Tallarico seconded to approve the minutes of the November 10, 2016 regular meeting. Motion passed unanimously.

**RECOGNITION OF VISITORS**

- Mr. Ron Madison, Authority Consulting Engineer

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

**CHAIRMAN**

J. Tallarico thanked the Authority staff, Board members, Solicitor, Controller and Engineer for all their hard work in what has been another good year for the Authority.

**PennEast Pipeline.** J. Tallarico reported the Board will hold an Executive Session at the end of the regular meeting to discuss on-going negotiations with PennEast.

*(Mr. Nate Jastremski from the Bethlehem Press entered the meeting at 3:35 PM.)*

**EXECUTIVE DIRECTOR**

**Watershed Management.** S. Repasch reported the contractor anticipates completing the current Wild Creek timbering project by Christmas, as long as the ground remains frozen. \$6,000 – \$7,000 in additional revenue is anticipated from this unit sale. A large pile of larch logs has been held aside for possible sale to The Nature Conservancy, who is interested in the wood for use in some wetlands projects.

S. Zondag questioned if the recent wildfires in the Eastern U.S. that have decimated 1,000's of acres of woodlands will impact the price of timber, as did the flooding. S. Repasch

responded that the floods did impact the North Carolina (softwood) markets, which in turn benefitted the Authority's timber sale. He does not know about any impacts from the Tennessee fires.

**2017 Authority Operating and Capital Budgets.** S. Repasch presented the 2017 Authority Operating and Capital Budgets to the Board for approval and adoption. He clarified the following:

**Operating Budget**

**Revenues.** \$34,125 Operating Reserves transfer. Initially, revenue from a proposed license agreement with PennEast was budgeted for 2017, but there is no agreement as of yet. Since we are anticipating a \$49,000 surplus at the end of 2016, we will use the operating reserves to balance the budget rather than reduce expenses or increase operating funds from the City.

**Expenses.** Staff salary increases of 4%, resulting in a slight increase in payroll tax expense.

S. Zondag questioned why timbering revenue for 2016 is down versus 2015. S. Repasch responded timbering revenue depends on the timber stands planned for harvesting according to the long-range timber plan. In 2016, more small stands of less value have been timbered, and a cherry stand that was planned for this year has been moved to 2017. The Authority Forester will be at the January or February meeting to present his annual review and plans for 2017 and beyond.

**Capital Budget**

**Expenses.** \$13,980 has been spent from reserves for PennEast expenses in excess of the escrow funds received. The escrow fund was part of an agreement with PennEast when they requested access to Authority property to perform studies for their proposed pipeline route. The escrow fund paid for the Authority's consulting expenses related to that route. It is hoped that a license agreement with PennEast will be reached in early 2017 and the escrow fund will be replenished.

**Alternative Water Source Study.** D. Domchek questioned what is involved in this \$70,000 study. S. Repasch responded that he would like the City's Director of Water and Sewer Resources to review a memo from the Authority Engineer that outlines what the study should include before it is provided to the Board. \$70,000 is an estimated cost for either the Authority Engineer or another area engineering firm to do the study.

R. Madison said the City's Distribution System Comprehensive Planning Study cited 22 projects, including an alternative water source study. There are vulnerable spots in the water system, especially in the raw water transmission tunnels, because there is no redundancy. Emergency response plans are required by DEP for all water systems. An emergency will require an alternative water source. The City's Emergency Response Plan mentions the existing inter-connections with 7 other utilities/municipalities which are not sufficient to deliver the average daily demand. This is not uncommon for larger water systems since a completely redundant supply source is very difficult and expensive. During the annual inspections, he and S. Repasch visited all the inter-connection points to learn

where they are; however, it is not known if they all function. The current infrastructure needs to be re-evaluated and the current inter-connection agreements and relationships need to be re-examined.

V. Gower said the Operating Budget cash flow shows we are spending the same amount of cash in 2017 as in 2016 and with the same ending cash balance. The Capital Budget cash flow shows we are consuming \$70,000 in 2017 that is allocated for an alternative water source study that is a great idea. We are being good stewards of our cash. He moved to approve the 2017 Authority Operating and Capital Budgets as circulated, presented and discussed. S. Zondag seconded. Motion passed unanimously.

**4Q16 Income and Expense Projections.** S. Repasch reviewed the 4<sup>th</sup> Quarter Income and Expense Projections as circulated and filed.

**Expense Budget Comparative.** S. Repasch reviewed the Expense Budget Comparative for the 11 months ended November 30, 2016 as circulated and filed.

## **TREASURER REPORT**

**Investment Summary.** S. Repasch and D. Domchek reported that the changes to the Investment Summary to make it more descriptive were made as the Board recommended. D. Domchek also said interest rates are anticipated to rise next year, although how much and how fast is unknown. With \$2+ million available for reinvestment in January and February, 2017 we could be well positioned to take advantage of possibly higher rates.

**Controller.** J. Filipos's report for the month of November, 2016 was circulated and filed. The 2014 Bonds debt service payment was made (\$4,375,000 principal and \$1,339,525 interest) and the 5% lease coverage (\$285,000+) transferred into the BRIF.

**Resolution 400 – Approval of Expenses.** J. Tallarico presented Resolution 400 to the Board for approval. The resolution totals \$241,833.12 for the payment of water capital expenses from the Construction Fund and administrative, professional and security/property expenses from the General and Reserve Accounts. A notable expense is the Authority's pension plan obligation for 2016.

D. Domchek questioned if some of the expenses included on the water capital invoice are for the New Street repair work. S. Repasch responded that probably some of expenses labeled "replace, relocate, rehabilitate distribution system" are for New Street and more invoices are likely forthcoming.

D. Domchek moved and V. Gower seconded to approve Resolution 400 as presented. Motion passed unanimously.

## **SOLICITOR**

To benefit the Authority's newest Board members, J. Broughal provided background information and an update on the petition for a special exception ("matter") filed by Atlantic Wind with the Penn Forest Township Zoning Hearing Board (PFT ZHB). The

Authority decided it would be prudent to be a party to the matter. For numerous reasons, Atlantic Wind filed a petition with Carbon County court asking that the location of the future hearings be changed to the courthouse and that the court appoint a hearing officer rather than the PFT ZHB to hear the matter and make a decision. PFT ZHB filed an objection to the petition because it failed to name the Authority as a party to the matter, and all parties in the matter needed to be joined. Atlantic Wind filed an amended complaint joining all parties, and the Authority did file an answer to that petition. The petition is now back before the court for final determination on December 20. If the court turns down the petition, the matter will go back to the PFT ZHB for final adjudication. Ultimately, the special exception has to be decided.

***There was no Consulting Engineer Report.***

#### **SPECIAL POLICE**

Officer Meixell's report for the month of December, 2016 was circulated and filed. S. Zondag commented that item #8 in the report appears to be an on-going issue. Even though there was vigorous discussion at the November meeting, she would like to have more discussion about this. S. Repasch indicated since the matter involves personnel, it will be discussed in Executive Session.

#### **WATER REPORT**

The Water Report for the month of November, 2016 indicates the reservoirs are at 77.60% capacity. It does not reflect the recent rains of approximately 2.5" in the watershed, which S. Repasch said added little to the reservoir levels. Most of the rainfall was absorbed into the ground because it was not frozen. There is still an ample supply of water.

***The City of Bethlehem's Director of Water and Sewer Resources report on the Water Fund and project updates for the month of November, 2016 was circulated and filed.***

***There was no Other Business or comments during the second Courtesy of the Floor.***

#### **NEXT MEETINGS**

The reorganization and regular meetings of the Board are scheduled for January 12, 2017. A list of all the meeting dates for 2017 was provided to the Board, and those dates will be advertised accordingly.

#### **ADJOURNMENT**

V. Gower moved and J. Tallarico seconded for adjournment of the regular meeting at 4:20 PM and to convene an Executive Session to discuss real estate negotiations and personnel.

*Vaughn C. Gower, Secretary*