

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

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, December 11, 2014 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 4:00 PM by Mr. Vaughn Gower, Chairman. Also in attendance were:

- Mr. John Tallarico, Vice Chairman
- Mr. Mark Jobes, 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**

J. Tallarico moved and M. Jobes seconded to approve the minutes from the regular meeting held November 13, 2014. Motion passed unanimously.

**RECOGNITION OF VISITORS**

- Mr. Stephen Antalics, Bethlehem citizen
- Mr. Nate Jastremski, Bethlehem Press
- Mr. Ron Madison, Maser Consulting
- Mr. Jeff Andrews, City of Bethlehem Superintendent of Water Supply and Treatment
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Gene Auman, City of Bethlehem Deputy Controller

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

**CHAIRMAN**

There will be a brief Executive Session after the meeting to discuss a personnel topic.

**Envision Lehigh Valley Smart Growth Summit.** V. Gower reported he and S. Repasch attended the Envision Lehigh Valley Smart Growth Summit held by LVEDC. This is a formal effort to perform valley-wide planning in Lehigh and Northampton Counties where a large range of services could be modernized and consolidated, including water and sewer. S. Repasch said he was involved in a session about what can be done to educate the public on climate change issues and possible remedies. M. Jobes added there is more push from the LVEDC to promote regionalization and make it stronger through municipalities working together.

## **EXECUTIVE DIRECTOR**

**Solar Project.** S. Repasch reported he, E. Boscola and J. Andrews visited Aqua PA's solar facility in Valley Forge. Representatives from Green Energy and Conergy are planning to attend the January meeting.

*(Laurie Hackett entered the meeting at 4:15 PM)*

**Proposed Gas Pipeline Project Update.** S. Repasch reported he attended a meeting in Penn Forest Township held by State Representative Heffley. There was a presentation from a representative of the Penn State Marcellus Shale Education Center who spoke about pipelines and a presentation from an attorney who spoke about individual property owners' rights if approached by Penn East about their pipeline. Penn East has not been in contact with the Authority since October but we expect to hear from them at some point in the near future.

S. Repasch had discussions with Carroll Engineering, a firm that has transmission line experience, to perform a risk assessment for the Authority's facilities around the proposed Penn East pipeline. Carroll provided a proposal that is reasonable (less than \$5,000) with good turn-around time (within 60 days); however, it needs content review by the Authority Consulting Engineer and legal review by the Authority Solicitor. Although it would be good to have the assessment completed and to be prepared, the Board decided to delay engaging with Carroll until more definite plans about the pipeline are known next year.

**Continuing Disclosure.** S. Repasch reported on his conference call with the Authority's Bond Counsel, Financial Advisor and Solicitor to determine whether the Authority should self-report any late filings of continuing disclosure (with EMMA) or any other disclosures related to compliance with continuing disclosure to the SEC. The conclusion was that the Authority will not self report for the following reasons:

- No underwriters reported to the SEC;
- The City does not intend to self-report;
- None of the delays in filing that occurred years ago were material to bondholders;
- All potentially affected bondholders have been paid in full.

PRAG currently files the Authority's reports to EMMA.

**Arbitrage Report.** The arbitrage report has not yet been received for the final calculations on the Series 2004 and Series 2010 bonds.

**Audit Proposal.** S. Repasch presented the proposal from Maher Duessel to perform the Authority's audit for the fiscal year 2014 in the amount of \$3,320. J. Filipos added it makes sense for the Authority to use the same auditors as the City. He recommended that the Authority should contract with Maher Duessel if the City is as well.

M. Jobes moved and J. Tallarico seconded to accept the audit proposal from Maher Duessel to perform the Authority's audit for the fiscal year 2014 as presented and discussed. Motion passed unanimously.

**Wind Energy Project Update.** Iberdrola has filed with PJM for the grid impact study. The LIDAR units were recently refueled and will continue to collect data.

**4<sup>th</sup> Quarter 2014 Income/Expense Projections.** The 4<sup>th</sup> Quarter Income and Expense Projections report was presented as circulated and filed.

**Expense Budget Comparative.** The Expense Budget Comparative for the eleven months ended November 30, 2014 was presented as circulated and filed.

**Carbon Project Public Relations.** S. Repasch informed the Board that some positive public relations are resulting from the Authority's watershed management programs:

- Part of the Envision Lehigh Valley sustainability grant includes a study and report on how much the environment has contributed to the Lehigh Valley monetarily. The authority is included as a case study on minimizing air pollution through its watershed management and the Working Woodlands program. A copy of the report will be provided when it is finalized.
- Next February, he will be making a presentation at the Society of American Foresters Conference in Wilkes-Barre, PA on watershed management and the Working Woodlands program. Josh Parrish from The Nature Conservancy will participate in the presentation.
- On February 19, he will be interviewed on WDIY's Lehigh Valley Discourse show about watershed management and the Working Woodlands program. Josh Parrish will most likely participate in the interview.

#### **CONTROLLER**

J. Filipos's report for the month of November, 2014 was presented as circulated and filed. He noted the following:

- Series 2004 and Series 2010 Bonds were paid off;
- Series 2014 Bonds debt service payment was made;
- The 5% lease coverage was received from the City.

**Resolution 372.** V. Gower presented Resolution 372 to the Board for approval. The resolution totals \$152,735.38 for the payment of water capital expenses from the Construction Fund and administrative, professional and security expenses from the General Account.

L. Hackett moved and M. Jobes seconded to approve Resolution 372 as presented. Motion passed unanimously.

**BRIF Investment.** There was a discussion on using some excess BRIF money in a (low interest) PLGIT savings account to purchase CD's through the PLGIT CD Program (similar to CDARS) currently offering higher interest rate yields than local banks. The principal amount of the CD's would be ~\$248,000 each so that the total amount of principal and interest does not exceed the FDIC limit of \$250,000. The net interest rates are currently .60%, .55% and .50% for one year. The Authority's investment agreement with PLGIT needs to be updated since the original is outdated. BNY Mellon, as Trustee, has to review the agreement and sign it as well. V. Gower suggested that \$100,000 should remain in the PLGIT savings account and the remainder should be invested in CD's.

M. Jobs moved and J. Tallarico seconded to approve purchasing CD's through the PLGIT CD Program as discussed. Motion passed unanimously.

### **SOLICITOR**

Nothing to report.

### **CONSULTING ENGINEER**

No report filed. S. Repasch noted that as part of the Annual Report, the Consulting Engineer contacted the City's insurance company for the list of insured properties.

### **SPECIAL POLICE**

Officer D. Meixell's report for the month of December, 2014 was circulated and filed. Hunter turn-out is very low this year; however several deer were taken inside two deer-fenced areas in Long Pond.

There was discussion about the City employees who maintain and patrol the watershed, the differences in how security issues are handled, and how to resolve the on-going challenges and communication difficulties that exist.

### **WATER**

No report filed.

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

E. Boscola's report on the Water Fund and Water Capital projects was circulated and filed. Items not in his report worthy of mentioning:

- Eight (8) water and sewer employees accepted the early retirement package offered by the City. Most of the positions are being posted and advertised, but as a cost savings measure not all will be filled. There has been a continuous effort to look for efficiencies as technology keeps improving.
- Concerning the Bethlehem Township water main break before Thanksgiving, the Birchwood Farms development is a poorly constructed part of the water system. As early as 1970, an engineering report indicated there were water main breaks immediately after the system was installed. Water run-off, poor drainage and poor installation of the road bed have caused sinkholes that have caused piping to fail that

continues to this day. The City undertook a program in 2012 to replace all the lines in that development. This recent sinkhole severely damaged one home. The current focus is to restore the water line and fix road bed. J. Broughal said that even though the Authority owns the water system, the risk and liability has been undertaken by the City under the terms of the contract and lease agreement.

- Calpine's request to increase water capacity will move forward after a flow model is evaluated and a larger meter is installed.

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

**COURTESY OF THE FLOOR**

Mr. Antalics queried if the Authority has a history of sinkholes on its property and specifically near the dams. This could be catastrophic. S. Repasch responded that the geology north of the Blue Mountain is less limestone, hence less frequency of sinkholes in that area.

**NEXT MEETING**

The reorganization and regular meetings will be held on January 8, 2015.

**ADJOURNMENT**

M. Jobes moved and J. Tallarico seconded to adjourn the regular meeting. Motion passed unanimously and the meeting adjourned at 5:10 PM.

***Laurie G. Hackett, Secretary***