

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

MARCH 9, 2017

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, March 9, 2017 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order by Mr. John Tallarico, Chairman. Also in attendance were:

- Mr. Vaughn Gower, Vice Chairman
- Ms. Sharon Zondag, Secretary
- Mr. Dennis Domchek, 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

D. Domchek moved and V. Gower seconded to approve the minutes from the February 9, 2017 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Jeff Andrews, City of Bethlehem Superintendent of Water Supply and Treatment
- Mr. Stephen Antalics, local resident
- Ms. Linda Christman from the group Save Carbon County
- Ms. Sondra Wolferman from the group Save Carbon County
- Ms. Lucy Freck from the group Save Carbon County
- Mr. Nate Jastremski, Bethlehem Press
- Mr. Ron Madison, Maser Consulting and Authority Consulting Engineer

COURTESY OF THE FLOOR

Ms. Linda Christman: Ms. Christman said she has been coming to Authority meetings for more than a year raising concerns about the PennEast pipeline. She provided a report to the Board from the group Save Carbon County on horizontal directional drilling (HDD). The group's concerns are:

- HDD Failure. There is a potential for failure since HDD is not as precise over a long stretch, such as this one, that the group has been able to determine. A drill end could come up where not expected and could go through the water main.
- Environmental Damage. Damage to the Pohopoco and Wild Creeks is possible. It is believed that 30,000 GPD of water are required for drilling. The Delaware River Basin Commission (DRBC) indicates PennEast has requested 3 million gallons of water to be taken from the Authority hydrant. Save Carbon County assumes the water from the drilling and silt from erosion will enter the creek causing water quality degradation.
- Abandon HDD. There is also a chance that PennEast will abandon HDD. PennEast's draft EIS reserves the option to use traditional trench crossing. The Board should make sure that HDD be incorporated into any agreements with PennEast so they cannot get out of it.

Ms. Christman concluded that the pipeline process is very risky for the Authority. At risk is the infrastructure for which there is no substitution or back-up. She believes the pipeline can be moved off Authority property by going to the DRBC, whose mission is to preserve drinking water sources. She believes the Authority, speaking for 115,000 residential water users, would be heard. She hopes the Authority does what it can to get the pipeline off the property. It is a travesty that PennEast put it there in the first place. J. Tallarico thanked Ms. Christman for the good points she made. The Board hears her concerns.

Mr. Stephen Antalics: Mr. Antalics commended Ms. Christman for the work she and her group are doing. He is impressed with the powerful information she provides to the Board. It is quite a service to Bethlehem.

Ms. Lucy Freck: Ms. Freck commented that the HDD under Pohopoco Creek exits 25 – 50 feet from the Authority water main and she sees that as a disaster. Also, PennEast will need to bring in heavy equipment on the easement/ROW, and she is concerned that will damage the water main to Bethlehem.

CHAIRMAN

PennEast Pipeline. J. Tallarico addressed Ms. Christman and indicated her comments are the crux of what the Board is currently dealing with. We are environmentally conscious, we do realize the concerns, we have all the maps and drawings and we do not solely rely on the information we receive from PennEast. We have hired the best consultants and experts to help us explore the information and make decisions. This is work in progress and is going to take a while. 115,000 customers are being carefully considered in this endeavor.

EXECUTIVE DIRECTOR

S. Repasch addressed Ms. Christman and said the Authority is extremely concerned about the potential of losing water service to 115,000 people. There have been two phone conversations with the Dept. of Transportation Pipeline Safety Division, Pipeline Hazardous Materials Safety Administration in Washington, DC. Maser is gathering information for its report so the Board can make an informed decision. No stone remains unturned in making sure that the water pipeline to the city of Bethlehem is safe.

Forestry Management.

Gypsy Moth Spraying. S. Repasch reported gypsy moth spraying bids were sent out last week and are due to be submitted by March 17, 2017. He requested authorization to award the bid to the lowest responsible bidder. A contract must be entered into within 3 days after awarding the bid. The spraying contract will be ratified at the April Board meeting.

V. Gower and D. Domchek seconded to authorize the Executive Director to award the gypsy moth spraying contract to the lowest responsible bidder, subject to using a similar agreement that has been used in the past. Motion passed unanimously.

PA Game Commission. S. Repasch reported there have been several meetings and site visits with a contractor working on the forest and habitat improvement projects to administer PA Game Commission (PGC) grant programs. There is another meeting scheduled with the PGC next Friday. Projects being considered are:

- An aspen cut for Golden-winged Warbler habitat improvement.
- Herbiciding and thinning in the Penn Forest area for Cerulean Warbler habitat improvement.
- Plantings for pollinators and warm season grasses in the Tunkhannock watershed area to benefit wildlife. Part of the property in Tunkhannock is currently under an agriculture lease with a local farmer. Renegotiating or re-bidding the lease of the property is being explored. There are possibilities for alternative uses. More information is forthcoming next month.

Wind Energy Project. S. Repasch reported:

- He received a Right to Know request from Ms. Laura Jackson from the group Save Our Allegheny Ridges (SOAR) for the Authority's 2015 and 2016 financial statements. She was only provided 2015 since 2016 is not yet complete.
- He met with Mr. Jeff Williams last week and answered some questions. Mr. Williams was at the January meeting and is opposed to the wind energy project.
- Carbon County Court denied Atlantic Wind's petition for the court to hear the zoning case. He learned today that Atlantic Wind wants the venue for the zoning hearings to be held at the court house. However, the court house would have to be kept open in the evening and the Penn Forest Township commissioners will not fund that – Atlantic Wind would have to pay. The hearings will be scheduled when a location has been agreed on.

Tunkhannock Creek Water Quality Designation. S. Repasch reported that the Tunkhanna Fishing Association and the Tunkhannock/Tobyhanna Creek Watershed Association filed a petition in 2005 to have Tunkhannock Creek re-designated from High Quality to Exception Value. In 2006, the Authority agreed to support the re-designation after several meetings and discussions. There is a comment period before the DEP's report goes to the Environmental Quality Board. The Authority can comment again in support of the re-designation or remain silent. The one thing that has changed since 2005 is there is now a conservation easement on the Authority property. There is a water quality protection benefit – that Bethlehem's water comes from an Exceptional Value stream. There would be additional restraints and regulations on future development upstream from the watershed. If an infrastructure improvement project were needed, it could become more costly to the Authority. The Tunkhannock is a valuable back-up supply so there is no reason for the Authority to object to re-designation.

J. Andrews commented that the amount of water the City could withdraw could be impacted. The City has to withdraw a certain amount every year from Tunkhannock to maintain its allocation permit, which is controlled by DEP. Currently, 3.5 MGD to 5 MGD is being taken to augment the Penn Forest reservoir.

S. Repasch will draft a letter in support of the Exceptional Value designation, after comments and input from the City Director of Water and Sewer Resources.

1Q17 Income and Expense Projections. The 1Q17 Income and Expense Projections report was circulated and filed. S. Repasch reported that the 2017 license fee totaling \$10,000 was received from Atlantic Wind last week. Atlantic Wind would like to renegotiate the yearly license fee, which is set to increase in 2019.

Expense Budget Comparative. The Expense Budget Comparative for February, 2017 was circulated and filed. S. Repasch reported operating revenues of 6% and expenses of 9%, and capital and reserve revenues and expenses of 4% each.

TREASURER

Investment Summary. D. Domchek reported that ~\$2.8 million in Act 72 CDs that matured in February were mostly reinvested in Act 72 CDs. A key requirement of the new investment policy states that not more than 15% can be invested in any one institution. The summary now shows the allocations by type of investment and aggregated percentages. There is currently more cash in the money market funds for liquidity and to be well-positioned to take advantage of (anticipated) higher interest rates in the future.

Controller. The Controller's Report for February, 2017 was circulated and filed. In the Controller's absence, S. Reppert noted the substantial interest received in the BRIF from the CDs that matured. The Construction Fund account has been closed by the Trustee.

Resolution 404 – Approval of Expenses. J. Tallarico presented Resolution 404 to the Board for approval. The resolution totals \$32,177.87 for administrative, professional, security/property and capital/reserve expenses. Water capital expenses are no longer on the resolution since they are now being paid by the City's Water Capital Fund.

V. Gower moved and S. Zondag seconded to approve Resolution 404 as presented. Motion passed unanimously.

SOLICITOR

LVIP VII Easement Amendment. J. Broughal reported that in 2015, the Authority was granted an easement for a water line on LVIP VII Lot 23 off Lynn Avenue. The City has determined that the line must be slightly relocated. The LVIP VII easement agreement was amended and requires execution.

V. Gower moved and D. Domchek seconded to authorize the execution of the LVIP VII easement amendment by the Chairman and Secretary. Motion passed unanimously.

PennEast Pipeline. J. Broughal reported on discussions he had with Mr. Jeff Larson, senior counsel for The Nature Conservancy (TNC), who requested a legal opinion on a license agreement versus an easement, since the Authority has a conservation easement with TNC. Mr. Broughal opined in a letter to Mr. Larson that a license agreement is not an interest in land in the Commonwealth of PA. A license agreement does not have to go before Council because there is no interest in the land. TNC will close this file, and will not look to receive any money from the Authority's license agreement with PennEast. J. Tallarico thanked the Solicitor for his hard work on getting this matter resolved.

There was no Consulting Engineer report filed.

SPECIAL POLICE

D. Meixell's report for the month of March, 2017 was circulated and filed. The Board questioned his opinion on the UAV and he responded there are a lot of interesting possibilities for mapping, security and forestry. S. Repasch added there was a meeting with Maser Consulting, which included a conference call with their UAV specialist on the processes, the type of UAV recommended (commercial), and training services. The UAV cannot leave Authority property to surveil other

adjacent properties. The UAV will be deployed as needed and as part of a systematic program for forestry management, security surveillance, response to illegal activities, boundary mapping and improving the GIS system model.

WATER REPORT

The Water Report for February, 2017 was circulated and filed and indicates the reservoirs are at 71.05%. J. Andrews commented that Penn Forest is slightly less than 25' below full. The drought curves show .3 billion gallons below normal and in drought watch stage. The curve has bottomed out and is showing signs of an upward turn. In the last 9 days, 12 million gallons was gained in Penn Forest. In this situation, the City is holding off on declaring a drought watch, even though Carbon and Northampton County remain in drought watch status.

The City of Bethlehem Director of Water and Sewer Resources report on the Water Fund and Major Initiatives for February, 2017 was circulated and filed.

OTHER BUSINESS

S. Zondag reported to the Board that she attended a PMAA training session last Wednesday. 33 people representing 11 municipal authorities were in attendance. The following items were presented at the session for discussion:

- The PA Municipalities Authorities Act: The Bethlehem Authority was the first authority created under the act. She received a copy of the Act and is looking forward to reading it.
- By-laws: The Authority's were last updated in 2012.
- Conducting Executive Sessions: The Authority announces the topic of an Executive Session at the end of its regular session for the sake of declaration and then shares what was discussed. It is not always documented, but it is declared.
- Social Media: The Authority does not have social media presence, which it could consider. She shared some information with the Executive Director and the Board.
- Records Retention Policy: The PA Municipal Policy is followed.
- DEP Inspections: There are currently not enough DEP personnel to effect inspections. The EPA is threatening to revoke DEP's primacy unless this is addressed. This is not expected to happen, but it is being discussed.

A presenter mentioned that two Northampton County authorities were misusing consulting relationships and complimented the Authority to her, saying if the entire state would operate like the Bethlehem Authority, we would be in a much better situation.

S. Zondag concluded she was happy to represent the Authority at the training session and she learned a lot.

COURTESY OF THE FLOOR

Mr. Stephen Antalics: He is impressed with the term responsible bidder and questioned what processes the Authority uses to determine a responsible bidder. S. Repasch responded that every instance, bid and project is different. Some of the processes are qualitative analysis, history, references, and the consultants' experience with the bidders. The Authority Forester will be involved in the gypsy moth spraying vetting process. G. Auman added that the City gets recommendations from other clients, looks to see if a contractor has done similar work, and has to make sure a contractor is not on the State Attorney General's disbarment list.

Ms. Sondra Wolferman: She supports the Tunkhannock Creek exceptional value designation. She lives in Indian Mountain Lakes and the entire area is under a lot of pressure from the Trans-Co Pipeline expansion and Pocono Raceway that wants to widen roads.

NEXT MEETING

The next meeting is scheduled for April 13, 2017.

ADJOURNMENT/EXECUTIVE SESSION

V. Gower moved and D. Domchek seconded to adjourn the regular meeting and convene an Executive Session at 4:30 P.M. to discuss real estate negotiations.

Sharon J. Zondag

Secretary

Addresses for the record:

From the group Save Carbon County:

Ms. Linda Christman, 6495 Pohopoco Drive, Lehighton, PA 18235

Ms. Sondra Wolferman, 112 Buckhill Road, Albrightsville, PA 18210

Ms. Lucy Freck, P. O. Box 411, Gilbert, PA 18331