

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

JULY 14, 2016

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, July 14, 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. Jack Abel, Member
- 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

V. Gower moved and D. Domchek seconded to approve the minutes from the June 9, 2016 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Shawn Martell, City of Bethlehem Councilman and liaison to the Authority
- 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

PennEast Pipeline. J. Tallarico reported the Authority received information from Ms. Linda Christman concerning a proposed pipeline by Sun Energy. Her letter indicated the EPA recommended to FERC that Sun Energy co-locate within the proposed PennEast pipeline to avoid destroying additional property in environmentally sensitive areas. Also, there will be an Executive Session at the end of the meeting to discuss real estate negotiations with PennEast.

EXECUTIVE DIRECTOR

Watershed Management

Timber Projects. S. Repasch reported there were two bids received for the timber sale in the Starky Swamp area in Long Pond:

- Wagner Millwork, Owego, NY \$20,026
- Greenpower, Inc., Middleburg, PA \$16,225

A timber sale contract was awarded to Wagner Millwork in the amount of \$20,026, approved by the Board via email and requires ratification.

V. Gower moved and J. Abel seconded to ratify the email approval of the timber sale contract with Wagner Millwork in the amount of \$20,026. Motion passed unanimously.

S. Repasch also reported that Elite Timbering will resume the Wild Creek timber project at the end of July and continue until completed. Due to several overlying problems, 3 to 4 stands of mixed hardwoods and red and white pine are being thinned to allow the healthy trees to grow to their full potential.

Gypsy Moth Spraying. S. Repasch read a report from the Authority Forester on the gypsy moth spraying. "After the spray treatment, patterns of maturing caterpillars outside the spray boundaries were detected, but no caterpillars within the spray blocks. Outside the boundaries was somewhat lower than predicted because caterpillar mortality was seen from both viral and fungal diseases mostly caused by the weather. There are some pockets of moderate defoliation in two areas. Even in these areas, caterpillar diseases were found active. It is assumed that significant caterpillar mortality, coupled with the spray program, will mean the end of this outbreak episode with no need to spray next year. Moth development and egg masses will continue to be monitored, but predictions supported by DCNR are that this area of Carbon County is done with gypsy moth issues for this cycle."

J. Abel questioned if the areas of defoliation are on Authority property and are areas for future moth activity. S. Repasch responded some areas are on Authority property, but the gypsy moths have been arrested and the trees will re-leaf in the defoliated areas.

Investment Opportunities

Saxon CD Program. S. Repasch reported an additional \$2 million from the DSRF was invested in the Saxon CD Program, approved by the Board via email and requires ratification.

D. Domchek moved and V. Gower seconded to ratify the email approval of the \$2 million investment in the Saxon CD Program. Motion passed unanimously.

PLGIT Program. S. Repasch reported slightly over \$2 million from the DSRF for investment in a PLGIT program was approved by the Board via email. It has since been learned that BNY Mellon will not allow the investment because it does not comply with the Trust Indenture. He had a conversation with the Authority Financial Advisor and they both

agreed to have BNY Mellon provide information on various in-house investment programs that are allowable for the Authority to take advantage of.

V. Gower questioned if the money should be invested with Saxon in the interim. S. Repasch suggested waiting until the additional \$2 million with Saxon is fully invested, anticipated by next week, and the requested information is received from BNY Mellon.

Consulting Engineer. S. Repasch reported that RFPs were sent out to local engineering firms. Proposals were received from 6 firms and the field was narrowed to the following 3 to interview:

- Maser Consulting
- Keystone Consulting Engineers
- BCM Engineers

Participating in the interview process was himself, D. Domchek and E. Boscola. All were very good firms and capable of performing the tasks required by the Consulting Engineer in accordance with the Trust Indenture. However, it became clear that Maser Consulting was the best suited firm because of its familiarity with the water system, the work they have performed to date on the pipeline, individual interface, additional experiences within the firm and a high level of confidence. Mr. Ron Madison will be the client managing engineer.

D. Domchek moved and V. Gower seconded to appoint Maser Consulting as Consulting Engineer to the Authority. Motion passed unanimously.

Wind Energy Project. S. Repasch reported he will be attending the continuation meeting of the zoning hearing on the wind energy project in Penn Forest Township tonight. He deferred to the Solicitor to report on a matter concerning tonight's meeting that requires Board approval.

J. Broughal presented a letter addressed to Atlantic Wind for execution by the Chairman. Specifically, the letter states that the Authority agrees to waive the hub height setback requirement from its own internal property lines and to eventually subdivide/consolidate its lots into fewer parcels. Atlantic Wind's attorneys believe the letter is important to enter into testimony and made part of the record. S. Repasch may have to answer questions with respect to the letter.

V. Gower moved and J. Abel seconded to approve the letter to Atlantic Wind and authorize its execution by the Chairman on behalf of the Authority as discussed. Motion passed unanimously.

3Q16 Income/Expense Projections. S. Repasch reviewed the 3Q16 Income/Expense Projections as circulated and filed. The Authority is expecting to receive its carbon credits revenue of ~\$265,000 for 2015 next week (Disney is the buyer of the carbon through 2021). We will forward \$185,000 to the City Water Capital Fund as budgeted and deposit the \$80,000 remainder in the BRIF for future improvements.

Expense Budget Comparative. S. Repasch reviewed the Expense Budget Comparative for the 6 months ended June 30, 2016 as circulated and filed.

CONTROLLER

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

- The 2011 Leaseback Bond interest payment of ~\$519,000.
- The DCED report for 2015 was submitted on June 30, along with a letter stating the 2015 audit will be submitted when completed.

Resolution 393 – Approval of Expenses. J. Tallarico presented Resolution 393 to the Board for approval. The resolution totals \$241,348.58 for the payment of water capital expenses from the Construction Fund; administrative, professional and security/property expenses from the General and Reserve Accounts.

J. Tallarico moved and J. Abel seconded to approve Resolution 393 as presented. Motion passed unanimously.

Resolution 394 – Pennvest Loan. J. Tallarico presented Resolution 394 to the Board for approval. This is required by the bank as a result of the recent BB&T acquisition of National Penn Bank through which the monthly loan payment occurs. The resolution authorizes Stephen Repasch to act on all matters required to satisfy the bank's requirements.

J. Tallarico moved and V. Gower seconded to approve Resolution 394 as presented. Motion passed unanimously.

The were no Solicitor or Consulting Engineer reports.

SPECIAL POLICE

D. Meixell's report for the month of July, 2016 was circulated and filed. There has not been much activity on Authority property related to the wind project, but the new met tower on top of Call Mountain, at 328' tall, is visible if you know where to look for it.

WATER REPORT

The Water Reports for the months of May and June, 2016 were circulated and filed and indicate the reservoirs were at a combined 99% capacity.

CITY OF BETHLEHE DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the Water Fund and major initiatives for the month of June, 2016 was circulated and filed.

- There is an increase in the flow through the filtration plant due to the dry summer, which will cause an increase in water billings. The Water Fund is performing well financially with over \$4.5 million cash in the fund.
- The FedEx application has been approved by the PUC, which has increased the City's certified water service territory by 822 acres in Hanover Township, Lehigh County and

Allen Township, Northampton County. When negotiating with NBMA, the City strategically consolidated that entire area.

- Certain projects, such as the Shady Lane pump station and Carlton Avenue water main replacement, are progressing.
- There was a meeting with Pennvest this past Tuesday regarding funding options for the Route 512 water main extension into Bath, approximately 2 miles. The water main needs to be extended to tie into the infrastructure already in place for customers currently using water from the Bath Water Authority. The goal is to have construction commence in 2017, which may be a bit aggressive since there are stream and railroad crossing permits and property easements to procure. Pennvest is looking for business and has very good interest rates. There is a high probability for approval and unrelated projects can be included in one application. He will have a conversation with the City's budget director on checking the bond market to compare interest rates and associated costs. Since Pennvest meets quarterly, potential submission for funding could be in November or February.

There was no Other Business.

COURTESY OF THE FLOOR

Mr. Nate Jastremski: Regarding the letter to Atlantic Wind on the zoning adjustment to the setback requirements and consolidating internal lot lines on Authority property, he queried what this means to the average person and if Atlantic Wind is moving the turbines? J. Broughal responded the Authority's property is made up of hundreds of individual parcels. While The Authority treats its property as one large parcel, the proposed zoning ordinance is based on the deed maps showing our many parcels. The letter simply has us waiving any conflicts among the many parcels we own. The turbines are not being moved.

NEXT MEETING

The next meeting is scheduled for August 11, 2016.

ADIJOURNMENT

J. Tallarico moved and D. Domchek seconded for adjournment of the regular meeting at 4:20 PM and to convene an Executive Session to discuss real estate negotiations. Motion passed unanimously.

Vaughn C. Gower, Secretary