

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

AUGUST 13, 2015

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, August 13, 2015 in Room B504, 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:

- Mr. Vaughn Gower, Secretary
- Mr. Mark Jobes, Treasurer
- Mr. Jack Abel, Assistant Secretary/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. Able moved and V. Gower seconded to approve the minutes from the July 9, 2015 regular meeting. Motion passed unanimously.

**RECOGNITION OF VISITORS**

- Mr. Stephen Antalics, private citizen
- Mr. Ron Madison, Maser Consulting
- Mr. Gene Auman, City of Bethlehem Deputy Controller

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

*The Chairman had nothing to report.*

**EXECUTIVE DIRECTOR**

**Forest Management Activities.**

Timber Projects. S. Repasch reported that the three timber projects in Wild Creek will begin later this month.

Gypsy Moths. S. Repasch reported the Authority Forester has been surveying the Penn Forest/Wild Creek watershed for gypsy moth activity. A full report summarizing the findings will be provided in September. Preliminary results indicate ~1,100 acres may need to be treated next year and some areas are close to the dams. If spraying occurs, a more effective and less expensive product (likely to be FSC certified) is being considered. He also contacted PMAA about programs and funding to help water

authorities with this regional and statewide problem. He was referred to DCNR and it appears there may be funding available for water suppliers with surface waters and watersheds. It is hoped the Authority will have a firm answer on funding before the 2016 budget is finalized.

**Carbon Credits.** S. Repasch reported that the carbon verification process for vintage year 2014 is complete. 26,466 tonnes of carbon were sold to Chevrolet. After expenses, the Authority's share (70%) totals \$150,912.37, which is \$15,000 more than budgeted. The funds are expected next week and will be deposited into the Construction Fund. Carbon for vintage years 2015 through 2022 will be sold to Disney Corporation and slightly higher revenue is anticipated through the period.

**PennEast Gas Pipeline.**

**Lower Saucon Township Letter of Support.** S. Repasch reported the Authority received a letter from Lower Saucon Township in which the township supports the Authority's position to move the proposed PennEast pipeline out of the watershed and away from its facilities altogether. Additionally, Lower Saucon is asking all municipalities that receive Bethlehem water to write similar letters to FERC and PennEast in support of the Authority's position.

**Maser Natural Gas Pipeline Impact Study Addendum.** S. Repasch reported that since the original Maser Natural Gas Pipeline Impact Study of July 10, 2015, it was learned that PennEast revised its proposed pipeline route. An Addendum to the original report was developed and circulated today. It is based on the new revised route, which now intersects the Authority's transmission line over Blue Mountain near Blue Mountain Ski Resort. The Addendum states the same criteria used to evaluate the previous proposed pipeline route and the recommendations made to move the pipeline away from the Authority's facilities apply to PennEast's new revised route. He will prepare a cover letter to send with the Addendum. The letter will include a request for a meeting to be held with high level officials from PennEast, the Authority and the City.

R. Madison said PennEast did not address or correct any concerns mentioned in the July 10 Study. At a meeting held July 30 between the Authority, City and PennEast representatives, it was learned that the new revised route addressed the comments of the Fish and Game Commission and State Game Lands. The Authority told PennEast the same risks exist with the Blue Mountain tunnel as with Wire Ridge tunnel. The City is working to provide more accurate drawings of the facilities so they can be imported into the GIS mapping. PennEast wants access to the Authority's pipeline right of way to do sub-surface testing, but the current agreement is for above-ground and non-invasive testing only. Until PennEast addresses the Authority's initial concerns, sub-surface testing will not be considered. PennEast is expected to officially file with FERC by the end of September; however, the route is still subject to change after that.

J. Broughal said if FERC approves the pipeline, PennEast still needs rights of way and easement agreements. There will be serious negotiations to mitigate risks and potential damages. Easements can be condemned, but under Federal condemnation laws, the public purpose of a public property cannot be hurt.

V. Gower moved and M. Jobs seconded to accept the Addendum to the original Maser Consulting Natural Gas Pipeline Study report as discussed. Motion passed unanimously.

S. Repasch requested ratification of the Board's email approval to extend the terms of the agreement with Maser Consulting for their services related to the PennEast pipeline for an additional 62 days. If PennEast moves the proposed pipeline within that time period, Maser's services will no longer be needed. If after that time period there is still no resolution, the Authority will have to decide on the needs for a consultant for a longer term.

V. Gower moved and J. Abel seconded to ratify the email approval of extending the Maser Consulting agreement as discussed. Motion passed unanimously.

S. Repasch reported that \$29,000 was received from PennEast and escrowed for the Authority's costs associated with the pipeline. To date, ~\$12,000 in expenses has been incurred: ~\$8,000 in consulting fees and ~\$4,000 in personnel costs. He will provide an accounting of the expenses to PennEast as is required in the access agreement.

**Solar Project RFP.** S. Repasch reported that two proposals were received from consultants to review the RFPs submitted by Green Energy Partners, Moore Energy and SolarCity, to conduct interviews and to make a recommendation to the Board and City for the potential solar project at the water filtration plant:

- Dayhill Group: Not to exceed \$8,500, anticipated cost between \$5,000 - \$6,000
- Maser Consulting: Flat Fee of \$1,500

The Board approved Maser Consulting's proposal via email. The review process has begun and interviews will take place next week. A recommendation is anticipated by August 27.

V. Gower queried who will own the project. J. Broughal responded the Authority owns the property and leases it to the City. The City will most likely provide its approval for the Authority to move forward with the project.

V. Gower moved and M. Jobs seconded to ratify the email approval of Maser Consulting's proposal to review the solar project RFPs at a cost of \$1,500. Motion passed unanimously.

**Northeastern PA Environmental Partnership Award.** S. Repasch reported that the Authority and The Nature Conservancy are recipients of the Northeastern PA Environmental Partnership Award for their excellence in environmental protection and conservation. The award will be presented on October 29 at the partnership's banquet in Wilkes-Barre, PA. He will attend the banquet, and all Board members are invited to attend as well.

**PMAA Delegate.** S. Repasch reported that he will be attending the annual PMAA conference on August 24. The PMAA business meeting will be held that day. In order to participate and vote on issues, he needs to be appointed as the Authority's delegate.

M. Jobes moved and J. Abel seconded to appoint Stephen Repasch as the Authority's PMAA delegate. Motion passed unanimously.

**3<sup>rd</sup> Quarter 2015 Income and Expense Projections.** S. Repasch presented the 3<sup>rd</sup> Quarter Income and Expense Projections as circulated and filed. M. Jobes queried where the pipeline escrow funds are reflected. Response was the funds are included in the cash on hand beginning of period in the reserve account. They were not projected or identified in the line items. The report will be corrected for next month.

**Expense Budget Comparative.** S. Repasch presented the Expense Budget Comparative for the seven months ended July 31, 2015 as circulated and filed. Forestry expenses are high due to the gypsy moth spraying. Maser Consulting, Broughal & DeVito and personnel expenses paid from the General Account related to the pipeline will be reconciled this month and reimbursed from the escrow funds by check transfer.

## **CONTROLLER**

J. Filipos's report for the month of July, 2015 was circulated and filed.

**Resolution 381 – Approval of Expenses.** J. Tallarico presented Resolution 381 to the Board for approval. The resolution totals \$488,712.14 for the payment of water capital expenses from the Construction Fund and administrative, professional and security expenses from the General and Capital/Reserve Accounts.

V. Gower moved and M. Jobes seconded to approve Resolution 381 as presented. Motion passed unanimously.

**Ratification of CD's.** The following CD purchases authorized by the Board via email were presented for ratification:

- ESSA Bank and Trust, \$250,000 @ .60% for 12 months.
- Embassy Bank, \$894,189.63 @ .50% for 60 days, with the \$250,000 investment limit waived.

V. Gower queried if there was an update on the PLGIT CD issue. S. Repasch responded that the Authority Bond Counsel had a discussion with BNY Mellon counsel two weeks ago, but there has been no update. Bond Counsel strongly believes the transaction can be done and further research into the Trust Indenture is needed.

V. Gower moved and M. Jobs seconded to ratify the email approvals of the CD purchases as presented. Motion passed unanimously.

V. Gower moved and M. Jobs seconded to ratify the waiver of the \$250,000 investment limit for the Embassy Bank CD. Motion passed unanimously.

***The Solicitor had nothing to report.***

#### **CONSULTING ENGINEER**

S. Repasch reported that the Authority Consulting Engineer anticipates beginning facilities inspections in September for the 2015 Annual Report.

#### **SPECIAL POLICE**

Officer Meixell's report for the month of August, 2015 was circulated and filed.

#### **WATER REPORT**

The water report indicates the reservoirs are at 100.82% capacity at the end of July.

#### **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. In his absence, S. Repasch reported:

- Year-to-date Water Fund finances are tracking well.
- There has been no new action by the PUC on the City's ProLogis and FedEx project filings. The Lehigh Valley Planning Commission provided a letter saying that (except for one small area east of Wayne Grube Park) the territory expansion is consistent with its Comprehensive Plan.
- The City is close to reaching an agreement with Upper Saucon Township on the water service territory and billing issues. The Authority will have to sign off on this agreement as well.
- The City met with Allen Township representatives on July 29. The township asked the City to provide water service to a warehouse development along Route 329 near Howertown Road. The Authority's transmission line is extremely close and easy to tie into. There could be pushback from Northampton Borough Municipal Authority.

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

**COURTESY OF THE FLOOR**

Mr. Antalics queried the status of the Authority becoming an (independent) operating authority. V. Gower responded that since the change in City Administration, the City's budget satisfies the Authority's issues related to the City charges for overhead and water fund activities. The refinancing that took place last year also helped develop the water capital plan. There is no value in spending time or money to pursue creating an operating authority now.

**NEXT MEETING**

The next meeting is scheduled for September 10, 2015.

**ADJOURNMENT**

V. Gower moved and J. Abel seconded to adjourn the meeting at 4:55 PM. Motion passed unanimously.

*Vaughn C. Gower, Secretary*