

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

MARCH 12, 2015

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, March 12, 2015 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 4:00 PM by Mr. John Tallarico, Chairman. Also in attendance were:

- Ms. Laurie Hackett, Vice Chairwoman
- 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**

L. Hackett moved and V. Gower seconded to approve the minutes from the February 12, 2015 regular meeting. Motion passed unanimously.

**RECOGNITION OF VISITORS**

- Ms. Nicole Radzievich, The Morning Call
- Mr. Stephen Antalics, Bethlehem citizen
- Mr. Nate Jastremski, Bethlehem Press
- Mr. Ron Madison, Maser Engineering
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. George Yasso, City of Bethlehem Controller

**CHAIRMAN**

J. Tallarico reported that the Board received a thank you letter from The Boys and Girls Club of Bethlehem for the donation in memory of David DiGiacinto.

**EXECUTIVE DIRECTOR**

**Gypsy Moth Spraying Contract.** At the February meeting, the Board supported obtaining proposals for the targeted spraying of gypsy moth egg masses in Wild Creek to kill them before they proliferate. Three proposals were received to spray 245 acres:

- Helicopter Applicators, \$51.38/acre, total cost \$12,588.10
- Triple F Flying, \$52.00/acre, total cost \$12,740.00
- Tallman Aerial Spraying, \$45.95/acre, total cost \$11,257.75

All three firms are reputable and all would use the same concentration of the same chemical. The only difference is the type of aircraft used. The recommendation is to award the contract to Tallman Aerial Spraying, conditioned upon receipt of additional contract documentation, insurance information and review by the Authority Solicitor. Tallman has done work for many water authorities in Pennsylvania and neighboring states and also did the gypsy moth spraying for the City in the 1990's. The spraying is targeted to be done early May.

J. Abel queried what has been done that shows this area needs to be sprayed exclusively over other areas, and how will those areas that aren't sprayed remain safe from infestation. S. Repasch responded that the Authority's Forester is extremely knowledgeable about the watershed. This particular area is the only one where large egg masses have been found, and there will be continual monitoring of gypsy moth activity.

V. Gower moved and J. Abel seconded to approve the spraying contract with Tallman Aerial Sprayers in the amount of \$11,257.75 upon review and approval by the Authority Solicitor. Motion passed unanimously

S. Repasch noted that the spraying is not a budgeted expense, but there is money in the reserve funds to pay for it. The Board said to make note of the budget variance versus a budget amendment.

**Forestry Management Activity.** The Grass Lake Timber Sale has been completed. To date, \$5,200 has been received and another \$2,000 is anticipated from the last logs taken.

**Gas Pipeline Risk Analysis.** The Authority received proposals from Maser Engineering and Carroll Engineering to perform a risk analysis on the impact of the PennEast pipeline on the watershed. The Authority's Consulting Engineer and the City's Director of Water and Sewer resources reviewed the proposals, which differed slightly in some areas but were mostly similar in content and price, which is \$4,800. The recommendation is to award the contract to Maser Engineering, a firm with a local office. The contract has been reviewed by the Authority Solicitor. One of the Maser principals, a hydro geologist, is also involved with several other municipalities impacted by the PennEast pipeline.

J. Abel moved and M. Jobes seconded to approve the contract with Maser Engineering to perform a risk analysis as presented and discussed in the amount of \$4,800. Motion passed unanimously.

**PennEast Gas Pipeline Access Agreement.** S. Repasch reported that PennEast had previously asked for access to Authority property to conduct artifact surveys several months ago. They indicated there would be no major disruption to the land or trees.

The Authority Solicitor has drafted an Access and Hold Harmless Agreement that includes an access fee of \$5,000 and an escrow account in the amount of \$29,000 for the Authority and City to be fully reimbursed for costs that will be incurred for consultants and also City and Authority Staff time.

He would like the Board to approve sending the draft agreement to PennEast. Any revisions and recommendations will be brought back to the Board. There was discussion about how the access fee was determined, considering that the Authority could be the largest landowner affected other than the State. It should be noted that the access fee is in addition to any compensation that might be received if an easement is granted. Little information was available regarding access fee amounts. The Board decided that requesting an access fee of \$50,000 instead of \$5,000 is the appropriate way to begin negotiation of the fee with Penn East Pipeline. No other action is required until an agreement is reached with PennEast.

**Solar Project RFP Proposal.** S. Repasch reported that since some Board members were not comfortable with the type of agreement proposed by Green Energy (25-year power purchase agreement), Dayhill Group has proposed to develop an RFP for a solar project

at the water treatment plant at a cost of \$2,000. The RFP will include:

- Option for a power purchase agreement-type project
- Option for an Authority-financed project.
- Distribution to solar energy developers

E. Boscola supports this endeavor and said it is a viable project for the plant. V. Gower added that having responses to the RFP is helpful but the data and alternatives submitted by responders needs to have more discussion before the project is undertaken.

V. Gower moved and J. Abel seconded to authorize Dayhill Group to move forward with the Solar Project RFP as presented and discussed. Motion passed unanimously.

J. Abel queried if there were updates on the wind project. S. Repasch replied that due to the weather and snowmelt, the meteorologists will not be able to survey the area for the additional met towers for a few weeks.

**Pension Plan.** The Authority's PMRS pension plan status as of December 31, 2014 is 102.14% funded.

**PLGIT CD Investments.** S. Repasch reported he has had discussions with the Authority's Financial Advisor and Bond Counsel regarding BNY Mellon and the PLGIT CD investments. They are still waiting for additional information but said if the Authority's issue only concerns this particular investment, it's not worth changing to a new trustee. There have been ongoing issues with BNY Mellon and they are documented.

V. Gower said that the bond documents govern what the Trustee and Authority must do. The PLGIT CD investment is BNY Mellon's interpretation of the bond documents. The Trustee's duty is to serve the best interests of the bondholders, which may not always be most convenient for the Authority.

**Arbitrage Budget.** S. Repasch reported the Authority's Financial Advisor was still attempting to obtain information from PFM in order to model the amount the Authority and City should begin budgeting for the likely 2018 arbitrage payment on the 1998 capital appreciation bonds. An update will be provided at the April meeting.

**1<sup>st</sup> Quarter 2015 Income and Expense Projections.** The 1<sup>st</sup> Quarter, 2015 Income and Expense Projections report was presented as circulated and filed.

**Expense Budget Comparative.** The Expense Budget Comparative for the two months ended February 28, 2015 was presented as circulated and filed.

If the Authority receives pipeline escrow funds, the capital/reserve account will be utilized and the necessary expenses paid from it will be delineated.

#### **CONTROLLER**

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

**Resolution 376.** J. Tallarico presented Resolution 376 to the Board for approval. The resolution totals \$255,511.79 for the payment of water capital expenses from the Construction Fund and administrative, professional and security expenses from the General Account.

V. Gower would like the large expenses on the water capital invoice to indicate which major project they are associated with on E. Boscola's monthly report. This way the Board has a clearer understanding on what is being spent on the major projects. This information could alternatively be a footnote on E. Boscola's monthly report.

L. Hackett moved and M. Jobs seconded to approve Resolution 376 as presented and discussed. Motion passed unanimously.

**Ratification of ESSA CD and Investment Policy Waiver.** Since the Authority has not yet been able to purchase CD's through PLGIT, it was decided to invest the excess amount over the BRIF \$2.2 million minimum, or \$321,455, in a short-term CD. ESSA Bank offered the highest interest rate of .40% for 60 days. However, investing with ESSA would exceed the \$250,000 per bank deposit limit provision of its investment policy which is linked to FDIC insurance limits. Upon further discussion, any investment that would cause the Authority to exceed the \$250,000 per bank limit will be evaluated on a case-by-case basis. There will be no revision to the investment policy at this time.

V. Gower moved and J. Jobs seconded to ratify the ESSA CD purchase and to waive the investment policy deposit limit for the ESSA CD purchase. Motion passed unanimously.

### **SOLICITOR**

**LVIP VII Easement Agreement.** J. Broughal reported that a City water line near the Route 412 reconstruction project was found to be in bad condition and needs to be replaced. LVIP VII has agreed to grant a new easement for the new 16" water line to run parallel with Route 412. He received the easement agreement from LVIP VII, to which he and the City have made some changes. He will have the final agreement at the April meeting. E. Boscola said the current water line is 60 to 80 years old. It will be cut and abandoned when the new water line is constructed this spring.

J. Abel moved and V. Gower seconded to authorize the Authority Solicitor to finalize the easement agreement with LVIP VII, subject to any amendments, and authorize the Chairman and Secretary to execute the easement agreement. Motion passed unanimously.

### **CONSULTING ENGINEER**

S. Repasch reported that comments from the City on the draft Annual Report were provided to the Authority Consulting Engineer. Some of the appendices items need to be completed. The draft will be provided to the Board for review prior to the April meeting.

### **SPECIAL POLICE**

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

### **WATER REPORT**

The Water Report for the month of February was circulated and filed.

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

E. Boscola's report on the financial status of the Water Fund and status of major projects for the month of March, 2015 was circulated and filed. He noted:

- Signed agreements have been received from NBMA and Allen and Hanover Townships on the FedEx project. This matter will go to City Council and the PUC for territory adjustment. There have also been discussions with the FedEx project engineer concerning utility impact from the project.
- The City and Upper Saucon Township have been negotiating an amicable settlement over territory, customer base and billing conflicts, and a framework for a new water service agreement is being developed.

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

**COURTESY OF THE FLOOR**

Mr. Stephen Antalics commented that the gypsy moth spraying must be looked at very carefully because it's not the time of the spraying but the time of the gypsy moth's life cycle and stage that the spraying is most effective to kill the animal. S. Repasch responded that the Authority has a report from its Forester on this critical problem and is doing its due diligence.

**NEXT MEETING**

The next Board meeting is scheduled for April 9, 2015.

**ADJOURNMENT**

L. Hackett moved and J. Abel seconded to adjourn the meeting at 5:10 PM. Motion passed unanimously.

*Vaughn C. Gower, Secretary*