

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

MAY 14, 2015

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, May 14, 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:

- Mr. Vaughn Gower, Secretary
- 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

V. Gower moved and J. Abel seconded to approve the minutes from the April 9, 2015 regular meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Nate Jastremski, Bethlehem Press
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. George Yasso, City of Bethlehem Controller

There were no comments during Courtesy of the Floor.

CHAIRMAN

J. Tallarico reported Mayor Donchez sent a letter to the chairpersons of all City Boards and Commissions concerning the recordkeeping of meetings, whereas the Mayor would like the minutes of all Boards and Commissions to recognize visitors and the purpose of their visit. For the record, J. Tallarico said the Authority is, and always was, compliant about reporting this specific information.

J. Tallarico expressed thoughts of concern and well wishes for Mr. Mark Jobes and Mr. Neal Kern, who are recuperating from medical procedures.

EXECUTIVE DIRECTOR

Forest Management Activities.

Prescribed Burn. S. Repasch reported 40 acres in the Wild Creek watershed were burned last Thursday. The area is an oak tree stand and the burn will allow for regeneration of the stand. Despite the dry conditions, there were no incidents.

Timber Sale. S. Repasch will be meeting with the Authority's Forester tomorrow to review details of an upcoming timber sale set to be bid in two to three weeks. He will have more information to report on at the June meeting.

Hercules Cement Co. (Buzzi Unicem Inc.). S. Repasch reported he and the Authority's Forester met with representatives from the Hercules Cement Co. in Stockertown.

- Hercules currently has a permit to burn up to 30% of bio-fuels in its cement-making process and would like to increase that amount to 60%.
- Hercules has partnered with a farmer for growing and harvesting switchgrass but is looking for other sources.
- The Authority has 700 acres of agricultural land in Tunkhannock Township, currently leased year-to-year and farmed for hay and corn.
- The Authority could develop a partnership with Hercules to grow switchgrass for their kilns. Switchgrass is also one of the better plants for carbon sequestration because of its root system.
- Hercules is also interested in burning wood chips and, with the upcoming timber sale, the Authority would like to provide some test loads to Hercules.

He feels this could be a great opportunity for the Authority and for Hercules, and will keep the Board informed. The meeting came about subsequent to the WDIY interview and through the host of the show, Sally Handlon.

Gypsy Moth Spraying. The gypsy moth spraying is anticipated to take place next week and a biological insecticide will be used.

PennEast Gas Pipeline.

Risk Assessment. S. Repasch reported that several weeks ago, Maser Consulting and City and Authority representatives toured the watershed. Maser gathered the necessary information for the gas pipeline risk assessment and will issue a draft report by the end of May. Maser will also be at the June meeting to answer any questions.

Access Agreement. S. Repasch reported the draft access agreement was sent to PennEast and returned with edits and suggestions. The access fee requested by the Authority was reduced from \$50,000 to \$25,000. The Authority Solicitor explained that this fee would not be used to offset any future negotiated right-of-way fees if and when the pipeline is built.

S. Repasch mentioned there was a newspaper article concerning the route change, wherein Towamensing Township now feels that the change is more environmentally

harmful (than original route) because it goes through wetlands. He will provide a copy of the article to the Board.

V. Gower said the watershed tour reminded him that there are already gas pipeline easements running through Authority property. The obvious would be for PennEast to use those existing easements rather than create new ones. However, it does not solve the issue of crossing our water transmission line. The potential to take advantage of existing rights-of-ways should be raised in the Maser report.

Solar Project RFP. S. Repasch reported he received the solar project RFP today. It will be reviewed with E. Boscola before it is sent out to solar project developers that are identified by the consultant, Dayhill Group.

PLGIT CD Investments. S. Repasch reported that the Authority's Bond Counsel has not yet been successful in brokering the CD investments between PLGIT/PFM and the Authority's Trustee, BNY Mellon. A conference call scheduled last week did not take place as more research is necessary. Interest rates were solicited for two CD's that recently matured totaling \$572,417. Although PLGIT CD rates are still the highest, the next best rate of .45% was received from Embassy Bank for all terms of 30 days through 12 months.

Pending the outcome of the PLGIT issue, V. Gower moved and J. Abel seconded to waive the \$250,000 per-bank deposit limit provision of the Authority's investment policy and to purchase a 30-day CD with Embassy Bank in the amount of \$572,417. Motion passed unanimously.

Bond Counsel should be informed to use these 30 days as a deadline to resolve the PLGIT issue.

(Ms. Laurie Hackett, Vice Chairwoman, entered the meeting at 4:25 PM.)

2nd Quarter 2015 Income and Expense Projections. S. Repasch presented a revised 2nd Quarter Income and Expense Projections report that included the carbon credits income of \$135,000 expected by the end of the quarter. The report will be revised again to reflect that this money will be given to the City toward water capital expenses.

Expense Budget Comparative. S. Repasch presented the Expense Budget Comparative for the four months ended April 30, 2015 as circulated and filed.

J. Abel queried if there were any updates on the wind energy project. S. Repasch responded it is assumed the aerial survey has taken place by now, but it has not yet been confirmed. Iberdrola is moving forward with the plans and permitting for at least two additional met towers. Environmental studies could potentially begin this summer. More information is expected in the upcoming months.

CONTROLLER

J. Filipos's report for the month of April, 2015 was circulated and filed. He noted the Hirko interest payment of \$18,480 was made (next to last payment), and money remaining in the 2014 Bond Clearing Fund was transferred to the Construction Fund.

Resolution 378 – Approval of Expenses. J. Tallarico presented Resolution 378 to the Board for approval. The resolution totals \$344,992.41 for the payment of water capital expenses from the Construction Fund and administrative, professional, security and capital reserve expenses from the General and Reserve accounts.

J. Abel moved and L. Hackett seconded to approve Resolution 378 as presented. Motion passed unanimously.

SOLICITOR

Illick's Mill Lease Agreement/Purchase. J. Broughal received a proposed sublease between the City and the Appalachian Mountain Club to lease the first floor, or 990 square feet of Illick's Mill. The sublease expires December 31, 2016 and is extendable year-to-year thereafter. The rent is payable to the City (\$1,050 per month and City pays utilities) and increases after 2016. In addition, the sublessee shall provide in-kind services that benefit the residents of the City, such as site signage, trail maps, etc. He finds the proposed sublease acceptable and said the Board needs to take action to consent to the sublease.

J. Broughal also received a letter from the City Solicitor asking whether the Authority would be interested in conveying Illick's Mill to the City. The Authority's Bond Counsel needs to opine on the sale of this property as it relates to the Trust Indenture.

L. Hackett queried what the Authority's role is and if it needs to be concerned about the kind of organization that will sublease the property and what its purpose is, i.e. a non-profit. J. Broughal responded the City cannot enter into this sublease without the Authority's consent because the Authority owns the mill and leases it to the City. The sublessee must conform to all the rules and regulations of the City. Ultimately, the City must decide if the value for the rent and in-kind services is worth entering into the sublease

The Board feels this is a good use for the property. V. Gower moved and J. Abel seconded to approve the sublease between the City of Bethlehem and the Appalachian Mountain Club for the lease of the first floor of Illicks Mill as discussed. Motion passed unanimously.

CONSULTING ENGINEER

S. Repasch reported that the Authority's Consulting Engineer rewrote the financial section of the Annual Report as requested, it was reviewed by E. Boscola and the report is now finalized.

SPECIAL POLICE

Officer D. Meixell's report for the month of May, 2015 was circulated and filed. He mentioned that annual rattlesnake count will take place in Hell Hollow this Saturday. Approximately 20 to 40 snakes are captured and tagged every year.

J. Abel queried about the wildfire in the watershed. D. Meixell responded the wildfire was on State game lands and a small area of Authority land. S. Repasch said he will be meeting with the Authority's Forester to assess this area and any impact the fire may have on the carbon credits.

WATER REPORT

The Water report for the month of April, 2015 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 was circulated and filed. The debt service payment due tomorrow will be reflected in next months report. He mentioned that he and the City's PUC attorney are meeting with a PUC commissioner next month to discuss, in general, the City's standing with the PUC and the length of time involved to process some of the City's PUC applications,.

Reservoir Water Level Indicators. E. Boscola presented a graph that depicted reservoir water level volume in billion gallons. DEP requires this information as part of a drought emergency plan. The water level fluctuation is in the Penn Forest reservoir because it is used to keep the Wild Creek reservoir full. High reservoir levels occur in spring and summer and low levels occur in fall and winter. The track of the reservoirs' actual storage capacity follows the anticipated normal storage capacity. Historically, reservoir levels have never been an issue, except when the new Penn Forest dam was being built. The Tunkhannock watershed is a back-up water supply source.

V. Gower suggested that the monthly water report should include the normal storage capacity **and** the current average storage capacity percentages. This would provide more accurate information for comparison than what the current water report depicts.

There was no Other Business and no comments during Courtesy of the Floor.

NEEXT MEETING

The next meeting is scheduled for June 11, 2015.

ADJOURNMENT

J. Abel moved and L. Hackett seconded to adjourn the meeting at 5:05 PM. Motion passed unanimously.

Vaughn C. Gower, Secretary