

BETHLEHEM AUTHORITY

Minutes of the Regular Meeting Of the Board of Directors October 10, 2024

The regular meeting of the Board of Directors of the Bethlehem Authority (“BA”) was held on October 10, 2024, in the Conference Room B504 at City Hall, Bethlehem, PA and remotely via Microsoft “Teams”. The meeting was called to order at 3:30pm by Mr. Dennis Domchek, Chair.

Also in attendance were:

Ms. Sharon J. Zondag, Vice Chair
Mr. Carlos Almeida, Treasurer
Mr. John Tallarico, Assistant Secretary/Treasurer
Mr. Ian van Halem, Board Member
Mr. James Broughal, Esq., Broughal & DeVito
Mr. Ron Madison, Colliers Engineering & Design
Mr. Stephen Repasch, Executive Director via “Teams”
Ms. Sandra Zapf, Administrative Assistant
Mr. Eric Yeakel, Officer-In-Charge

CHAIR

D. Domchek had no report.

APPROVAL OF MINUTES

S. Zondag motioned and J. Tallarico seconded to approve the September 14, 2024, minutes of the Regular Meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

Mr. Ed Boscola, City of Bethlehem, Director of Water and Sewer Resources
Kevin Yoder, Land Manager for TNC (The Nature Conservancy) via “Teams”
Ben Chase, Forester for TNC (The Nature Conservancy) via “Teams”

COURTESY OF THE FLOOR

There were no comments during Courtesy of the Floor.

PROPERTY & INFRASTRUCTURE COMMITTEE

Watershed Management:

TNC Presentation. S. Repasch introduced Kevin Yoder, Land Manager and Ben Chase, Forester both from The Nature Conservancy (TNC). K. Yoder described the Dynamic Forest Restoration Block (DFRB) video as “painting a picture” of what they are trying to achieve across the grounds on TNC and BA lands. The DFRB is land owners working together to set ecological goals at the landscape level by each entity doing their own forest management.

Once those goals are achieved, they work together towards the shared goals. This program was initially developed for song bird management where many species need different age-class forest in fairly close proximity to each other to be able to move across these different forest types. So instead of these scattered one-off projects that foresters have been doing, this is more thinking intentionally about clustering these different projects together so we have better habitat. TNC recognized that this program is also good for climate and forest resilience to make sure that multiple species, plants and animals, can have different habitats to move to as conditions change over time. The DFRB has been a very successful approach across the Appalachians with over 464,000 acres already in DFRBs, most of which are in PA. This approach started with funding through the National Fish and Wildlife Foundation. Dr. Jeff Larkin at the American Bird Conservancy, Indiana University of Pennsylvania, has spearheaded this work and in early 2022, K. Yoder approached him about creating a DFRB on BA's Tunkhannock tract and TNC's land around Long Pond.

Ben Chase gave a brief description on the work performed on one late successional conifer project on the Tunkhannock tract to help accelerate the recovery of the red spruce and eastern hemlock trees to help them take their place in the canopy again. Some targeted light thinning work around seedlings and mid-story trees took place and then some herbicide applications will occur later this month for longer term protection.

Timber Sale. S. Repasch reported that the Osprey timber sale is going very well and close to 80% complete.

Herbicide Treatment. S. Repasch reported that the herbicide treatment that was planned for September at the Clearview tract that was recently harvested will not be done. The contractor walked through the stand area and noticed that the plants were already browning up and the herbicide treatment wouldn't do any good at this time of year. The treatment will be held off until June 2025. This treatment is part of the DFRB grant and will be part of our \$15,000.00 match.

Consulting Engineer's Agreement. S Repasch presented Colliers' Engineering & Design proposal for professional services for 2024-2025.

C. Almeida motioned and J. Tallarico seconded the approval of Colliers' proposal. Motioned passed unanimously.

FINANCE COMMITTEE

Investment Summary. C. Almeida presented the Investment Summary as of October 1, 2024. One CD matured in the BRIF and reinvested into two CDs at a rate of 4.25% and 4.15% both at 18 months. All investments fall within policy limits.

C. Almeida reported that the five callable CDs are being called early and in calculating the interest at full term vs. callable term, the difference is around \$1,000.00 each. D. Domchek questioned the competitive rates of Saxon CDs vs. their investment fees. S. Repasch stated that they are still competitive even with the fees.

Arbitrage Calculation/Report. C. Almeida presented the 2nd annual arbitrage report for the calculation on the Construction Fund debt. With the arbitrage on the 1998 Bonds, we are in a credit position and anticipate being in a credit position all the way through maturity. The 2022 Bonds calculation last year resulted in a \$25,000.00 credit due to a large credit from the money from the bond holders that was invested in August at a low rate. However, in the current year, we had \$4.5 Million earning interest above the 2.93% bond rate resulting in roughly \$118,000.00 in arbitrage cost. As of now, we owe the government about \$93,000.00 in arbitrage. This is a five-year calculation and we do anticipate a building liability.

The question that will be discussed later, is whether to leave the funds needed for arbitrage in the Construction Fund or move to the Excess Investment Fund where the interest earned would not be subject to arbitrage and how much to move. Most appeared to believe that it is best to move the money owed to a different fund where arbitrage is not an issue.

C. Almeida motioned and S. Zondag seconded to accept the Arbitrage Calculation Report. Motioned passed unanimously.

Controller. J. Filipos' report for the month of September 30, 2024, was circulated and filed with regular interest and expenses recorded. In the Construction Fund, \$494,347.70 was paid for COB Water Capital invoices. Next Debt Service payments are in November.

4Q24 Income and Expense Projections. S. Repasch presented the report showing regular revenue and expenses through September 30, 2024. Revenue is at 55% of budget or \$394,743.00 with no carbon credit received or expected by the end of the year. Professional Services expenses are at 54% of budget or \$50,718.00; Security and Property expenses are at 52% or \$30,908.00; Administrative expenses are 38% or \$212,504.00. Total expenses are 41% or \$294,130.00 of budget. Operating Cash on Hand projected for 12/31/2024 is \$35,085.00 assuming transferring \$70,000.00 to BRIF or Capital Reserve. On the Capital Reserve budget, expenses to date are 64% or \$79,508.00. Total projected cash on hand as of 12/31/24 is \$84,058.00. Total projected cash on hand for all funds as of December 31, 2024, is \$1,201,140.00.

2023 Audit. S. Repasch reported the COB has filed for an extension on the Audit on EMMA as a "failure to file", and because we are part of the City's audit, we also filed for an extension and posted a "failure to file" notification.

2025 Budget. S. Repasch reported that a draft budget was forwarded to the Finance Committee for review. A meeting to discuss various items on the budget will be scheduled prior to the next board meeting in anticipation of presenting the budget at the next board meeting.

Resolution #504 – Approval of Expenses. D. Domchek presented Resolution #504 to the Board for expenses through October 10, 2024, from the General and Reserve Accounts totaling \$35,662.22 and \$617,485.00 from the Construction Fund for Water Capital Expenses.

C. Almeida motioned and J. Tallarico seconded to approve Resolution #504. Motion passed unanimously.

GOVERNANCE & HR COMMITTEE

S. Zondag presented a copy of the Summary of all the Governance Policies that we are trying to keep current and we've included in red the dates for the next review to make sure that we don't miss it.

S. Zondag reported an e-mail was sent out earlier this week regarding some HR matters which will be discussed in Executive Session either before the next meeting or after the November meeting.

SOLICITOR

J. Broughal had no report.

CONSULTING ENGINEER

R. Madison reported that the annual report inspections started September 1st with S Repasch and E. Yeakel by visiting the watershed and assets, two reservoirs and the Tunkhannock intake. On Tuesday, October 8th, S. Pallone, the COB Water Superintendent, accompanied R. Madison visiting the southern portion of the assets at the interconnection with Upper Saucon, South Mountain facilities, as well as the pressure-reducing stations on PA Avenue and at Howertown, and the East Allen well systems. The only major asset yet to visit is the Water Filtration Plant and he will coordinate with S. Repasch and the Board to schedule a date to visit.

SPECIAL POLICE

Police report for the month of October was circulated and filed.

WATER REPORT

The water report for the month of September is as filed. Water levels continue to drop; combined level of two reservoirs is 84% and still above the drought watch area, but will continue to monitor. Precipitation is off 18% compared to last year at this time.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

The Director's Report was filed and circulated reflecting financial status through September 30, 2024. Revenues are slightly above projections and expenses a slightly below. There is \$16 Million in the bank with no problem meeting the debt service payment in November. On the Capital Side to date, roughly \$5.5 Million spent with \$2 Million encumbered.

E. Boscola reports that they are working on the budget for next year and the \$2 Million encumbered will be carried over for next year and showing almost the entire balance in the Construction Fund to be spent in 2025.

E. Boscola presented the Unaccounted-For-Water Report for the 3rd Qtr. which shows a marked improvement down to 17%. This is a "test" year to see how the estimate process looks and compare it to early next year when the "official" water audit for the entire past year is completed and reported to the PUC and PADEP.

OTHER BUSINESS

There was no other business.

COURTESY OF THE FLOOR

There were no comments during Courtesy of the Floor.

NEXT MEETING

The next regular meeting is scheduled for November 14, 2024, at 3:30pm.

ADJOURNMENT

J. Tallarico motioned and S. Zondag seconded to adjourn the meeting at 4:38pm. Motion passed unanimously.

John J. Tallarico
Assistant Secretary/Treasurer