

BETHLEHEM AUTHORITY
Minutes of the Regular Meeting
Of the Board of Directors
April 13, 2023

The regular meeting of the Board of Directors of the Bethlehem Authority ("BA") was held on April 13, 2023, in the Conference Room B504 at City Hall, Bethlehem, PA and remotely via "GoToMeeting". 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. Thomas Donchez, Secretary
Mr. Carlos Almeida, Treasurer
Mr. John Tallarico, Assistant Sec./Treasurer
Mr. James Broughal, Esq., Broughal & DeVito via teleconference
Mr. Ron Madison, PE, Colliers Engineering & Design
Mr. Stephen Repasch, Executive Director
Ms. Sandra Zapf, Administrative Assistant
Mr. Eric Yeakel, Police Officer In-Charge

APPROVAL OF MINUTES

C. Almeida moved and J. Tallarico seconded to approve the minutes of the March 9, 2023, Regular Meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

Mr. Ed Boscola, City of Bethlehem, Director of Water and Sewer Resources
Ms. Wandalyn Enix, City of Bethlehem, Council Liaison
Mr. Steven Antalics, Private Citizen

COURTESY OF THE FLOOR

There were no comments during Courtesy of the Floor.

CHAIR

D. Domchek reported that S. Zondag, C. Almeida, T. Donchez and himself virtually attended the PMAA training session last week. With regards to the financial section, D. Domchek felt that the BA is doing a good job in their financial responsibility and financial oversight but there were two items of interest that he felt should be something to consider working on: An Asset Management Plan and a General Governance Plan. The Asset Management Plan would include a long-term plan that defines projects and how they are funded. D. Domchek believes the 10-Year Capital Plan that the BA already has does meet the criteria related to this but tapping fees were mentioned and asked E. Boscola to educate the Board on how these fees are established. E. Boscola stated that the City charges only a di minimis "connection" fee for water depending on the size of the meter. Tapping fees are for sewer only and this is regulated by the PUC. D.

Domchek asked E. Boscola for a brief presentation in the future of how the City's fees are structured in order to educate the Board. Regarding the General Governance Plan, D. Domchek believes, and the other board members agreed, to have the HR Committee meet to discuss an outline for a General Governance Plan to see if they should be spending more time on certain matters, how they should be doing it and if it adds value.

EXECUTIVE DIRECTOR

Watershed Management.

S. Repasch reported that two timber sales are very active right now and both should be done within the next month. The 2021 carbon credits has not yet been received, even after contacting them again, but S. Repasch believes it has something to do with either finding a new buyer for the tail end of the carbon credits (Disney's contract was for the first five or six months of 2021) or final paperwork from this other buyer.

S. Repasch reported that a contractor will be planting 1,500 pitch loblolly trees next week on a site that was clear-cut last year in Tunkhannock Twp. (S.R. subsequently corrected the number of seedlings to 15,000)

Forester Assistance. Robin Wildermuth, our former Forester, is working with Rankin Smith, our current forester, on the carbon plot inventory. S. Repasch also asked R. Wildermuth to help with clarifying and identifying some boundary issues related to the carbon project. We have just entered into our second 10-year contract with ANEW to market our carbon. When the project boundaries were first defined over ten years ago, there were several errors made and now is the time to correctly establish the correct boundaries. R. Wildermuth's rate will be the same as before and S. Repasch estimates his total cost to be between \$1,000.00 and \$2,000.00

Wind Energy. S. Repasch reported that an appeal was filed regarding the February 22nd Penn Forest Township Zoning Hearing Board's decision and we await the carbon county judge's decision, which could take some time.

Property Appraisal. S. Repasch reports that the appraisal was received for the properties in question and the results of the appraisal will be discussed in executive session.

Water Main Extension Agreement. S. Repasch presented a Water Main Agreement between The City and The Ballina Group, a developer for a project on South New Street. The developer needs water for domestic and fire protection purposes and only needs the water main for half the distance between 3rd and 4th streets, but The City feels it is prudent at this time to extend the system and create a loop as much as they can around every block so there is redundant service. The BA is party to this agreement only as owner to the facility once it is completed.

J. Tallarico motioned and C. Almeida seconded to accept the Water Main Extension Agreement. Motioned passed unanimously.

2023 Income and Expense Projections. S. Repasch presented the report showing regular revenue and expenses through March 31, 2023. Revenue is at 22% or \$153,195.00 and projected

income for the 2nd Quarter is \$321,170.00 which includes COB Operating funds of \$91,250.00; carbon revenue of \$175,000.00 and Silviculture Revenue of \$17,000.00, specifically from the Penn Forest timber sale which is delivering higher revenue than originally anticipated. Professional Service expenses are at 32% or \$30,506.00 and projected expenses mostly for the annual report done by the end of the second quarter; Security & Property expenses are at 16% or \$10,498; Administrative expenses are at 13% or \$67,298. Total expenses are 16% or \$110,935.00. Projected Operating cash on hand for the April 30, 2023 is \$290,509.00. On the Capital Reserve side, total expenses through March 31, 2023, are \$40,843 and anticipated expenses are mostly for wind energy legal fees zoning issues that BA has appealed and Palmerton F&H legal fees for issues the BA has appealed. Total projected Capital Reserve cash on hand as of June 30, 2023, is \$107,483.00 and Total projected cash on hand on June 30, 2023, is \$1,310,173.00.

TREASURER

Investment Summary. C. Almeida presented The Investment Summary as of April 1, 2023. One CD was rolled over from 1.0% to 5.1% in the BRIF and not subject to arbitrage. All investments are earning nicely and within policy parameters. Due to the recent bank failures in the news, BA reached out to P.R.A.G. for a review of our Investment Policy to see if there were any concerns and their conclusion is that the BA is in good shape. The investment policy was changed slightly, and will be distributed to the Board for review and action at the next board meeting.

Controller. J. Filipos' report for the month of March 31, 2023, was circulated and filed with regular interest and expenses recorded. In the BRIF Account, \$103,183.00 was paid for COB Water Capital invoices.

Arbitrage Proposal. C. Almeida reported that S. Repasch and himself had a discussion with the BA's arbitrage consultant, John Rogers, to understand the potential arbitrage concerns regarding our 2022 Series Bonds. Particularly the amount of money in the Construction Fund, roughly \$10M earning on average 4.0% currently. The bond interest rate is 2.93% so approximately 100 basis points of arbitrage will be incurred. There is not a lot that can be done but we will be exploring one possible investment instrument that might not be subject to recapture. J. Rogers submitted a proposal to calculate the arbitrage on the 2022 bonds in August 31, 2023, the first year of the anniversary of the 2022 bonds, and annually thereafter, if needed.

S. Zondag motioned and T. Donchez seconded to accept the Proposal from Arbitrage Rebate Counselors, LLC to perform the required arbitrage calculations for the 2022 Bonds. Motioned passed unanimously.

Resolution 485 – Approval of Expenses. D. Domchek presented Resolution 485 to the Board for expenses through April 13, 2023, from the General and Reserve accounts totaling \$57,629.69 and \$351,405.49 from the Construction Fund for Water Capital Expenses.

C. Almeida motioned and S. Zondag seconded to approve Resolution 485 as presented. Motion passed unanimously.

SOLICITOR

J. Broughal had no report.

CONSULTING ENGINEER

R. Madison reported that S. Pallone, Water Superintendent for the City, sent the 2022 data to Colliers and they will be starting to update the reports and will have more information next month.

SPECIAL POLICE

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

WATER REPORT

The Water Report for the month of March 2023, was created and filed by E. Boscola. The reservoirs are at a combined capacity of 98.08%. Penn Forest is at 98% capacity and is recovering nicely.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

The Director's Report was filed and circulated reflecting financial status through March 31, 2023. E. Boscola reports that revenues and expenses are on target and around \$12 Million of cash in the bank.

In the Water Capital Fund, E. Boscola reports roughly 150 lead service lines have been completed to date; metering job to start this summer; and preparatory tree clearing was completed for the fencing project along Pohopoco Road.

E. Boscola reported that the official report for 2022 on the Unaccounted-For-Water is 26%, down from 29% from several previous years and this could be due to replacement of old meters. S. Zondag requested from E. Boscola a table showing the history of the loss of water and replacement of meters and to see if a correlation is detected and making a difference. C. Almeida wondered about possible funding opportunities if accelerating the replacement of meters to generate more revenue was shown.

OLD BUSINESS

- **Sky Lantern Legislation** – Nothing new to report.
- **Palmerton F&HA** – S Repasch reported that he will be attending the hearing on the Authority's appeal of the recent court decision next Tuesday.
- **Water System Security** – Fencing is getting ready to be installed.
- **Interconnection Evaluation**. Another meeting is scheduled with Eastern Suburban Water for the last week of April and we are in the process of scheduling another meeting with Lehigh County Authority to continue discussions on the interconnection evaluations and moving forward on implementation.

OTHER BUSINESS

There was no other business.

COURTESY OF THE FLOOR

Mr. Antalics remarked that the Chair and Board Member's discussion regarding the operating manuals, asset management plan, etc. would all be solved if the BA was an independent authority. S. Repasch commented that this issue was undertaken before and after much effort and expense, was abandoned due to the political climate at the time.

NEXT MEETING

The next regular meeting is scheduled for May 11, 2023, at 3:30pm.

ADJOURNMENT

S. Zondag motioned and C. Almeida seconded to adjourn the meeting at 4:35pm and go into Executive Session. Motion passed unanimously.

Thomas Donchez
Board Secretary

