

BETHLEHEM AUTHORITY

**Minutes of the Regular Meeting
Of the Board of Directors
November 9, 2023**

The regular meeting of the Board of Directors of the Bethlehem Authority (“BA”) was held on November 9, 2023, in the Conference Room B504 at City Hall, Bethlehem, PA and remotely via Microsoft “Teams”. The meeting was called to order at 3:30 PM by Mr. Dennis Domchek, Chair.

Also in attendance were:

Ms. Sharon J. Zondag, Vice Chair
Mr. Thomas Donchez, Secretary
Mr. Carlos Almeida, Treasurer
Mr. James Broughal, Esq., Broughal & DeVito
Mr. Tyler Evans, Colliers Engineering & Design
Mr. Stephen Repasch, Executive Director
Ms. Sandra Zapf, Administrative Assistant

APPROVAL OF MINUTES

C. Almeida moved and S. Zondag seconded to approve the minutes of the October 12, 2023, Regular Meeting. Motion passed unanimously.

RECOGNITION OF VISITORS

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

COURTESY OF THE FLOOR

Mr. Antalics mentioned that at the last Council meeting, some residents from Carbon County were going to take more action in terms of the sludge that comes out of the waste water treatment plant; it is spread over farm land instead of sending to a landfill and they claim it is contaminating the water.

CHAIR

The Chair had no report.

PROPERTY & INFRASTRUCTURE COMMITTEE

Watershed Management. S. Repasch reported that the annual meeting for the Surface Water Protection Plan took place at the Wild Creek office on October 27th with the PA Rural Water Association and PA Dept. of Environmental Protection. The City has a Source Water Protection

Plan that needs to be updated every year and this meeting is where these updates take place. Discussions included activity that happened over the year and activity proposed for the coming year. The updated Surface Water Protection Plan should be received shortly.

S. Repasch reported that a virtual meeting took place today with The Nature Conservancy (TNC), R. Smith (BA Forester) and himself regarding the \$15,000.00 grant money available. It will be used to update the Forest Management Plan which should be completed by the end of Spring 2024. It needs to be completed no later than Fall 2024 when the TNC/BA get audited by FSC (Forest Stewardship Council).

S. Repasch also reported that R. Smith did a recent survival inspection on the 15,000 loblolly trees planted this Spring and reports that the survival rate has not gotten any worse; the average of all the plantings is 50%; the plan now is to hold off replanting, let the surviving trees grow for 3 to 4 years and if we need or want to add seedlings, make that assessment then. The forestry movement, especially from FSC and TNC's perspective, is to take a look at the type of plantings needed today given that climate change is altering the environment. It is suggested that plantings be of a more southerly variety of pines and spruces.

Interconnection Evaluation. S. Repasch reported that a meeting took place at his office with LCA representatives to make sure all are moving in the right direction and on the same page. The plan is to budget for the design of the interconnection improvements next year with construction anticipated the following year. Although LCA is being very cooperative, unfortunately Eastern Suburban has gone a little silent. E. Boscola said he would reach out to them again.

Wind Energy Project Zoning. Still waiting for a new hearing date.

FINANCE COMMITTEE

Investment Summary. C. Almeida presented the Investment Summary as of November 1, 2023. In October, one CD in the BRIF matured with a rate of 4.2% and was reinvested at a rate of 5.7%. All investments fall within the guidelines of the investment policy.

1998 Bond Arbitrage. C. Almeida reported that the 5th 5-year arbitrage report was received and shows no positive arbitrage; there is roughly a \$72,000.00 credit and looking forward to the last 5 years of that outstanding bond, it is very unlikely that there will be positive arbitrage for the 1998 Bonds.

C. Almeida also stated that Arbitrage Rebate Counselors did a calculation on the 2022 Bonds through August 2023 and it shows a \$25,000.00 credit. Looking forward, only the funds in the Construction Fund are subject to arbitrage. To date, roughly \$8 Million of investments are still earning money but of that, \$3 Million are invested in tax exempt securities and are not subject to arbitrage. The remaining \$5 Million are in taxable investments and are subject to arbitrage. S. Repasch suggested using the Construction Fund in lieu of the BRIF for Water Capital expenses to draw down funds to avoid possible arbitrage. The key is to pay close attention to compliance and every year have our consultant do a calculation. S. Repasch stated that we do have a contract with Arbitrage Rebate Consultant for the next three years if needed.

2022 Audit. C. Almeida reported receipt of a letter from the Auditors and it states they found no findings related to the BA. In their management report back to The City there were no comments related to the BA. Our financials are included with the City's Water Fund and those financials were audited as well and received a clean opinion.

T. Donchez motioned and S. Zondag seconded to accept the 2022 BA Audit. Motion passed unanimously.

Controller. J. Filipos' report for the month of October 31, 2023, was circulated and filed with regular interest and expenses recorded. In the Operating Fund, deposits of roughly \$1,800.00 for timbering sales were made and November 15th is the next debt service payments of over \$4.9 Million. S. Zapf received notification from The City that the debt service payment was made today, October 9th, 2023.

4Q23 Income and Expense Projections. S. Repasch presented the report showing regular revenue and expenses through October 31, 2023. Revenue is at 112% of budget or \$776,319. Professional Service expenses are at 72% or \$68,551; Security & Property expenses are at 62% or \$39,452; Administrative expenses are at 44% or \$234,334 and do not reflect anticipated transfers to the reserve accounts. Total expenses are 49% or \$342,337. Projected Operating cash on hand at the end of December 31, 2023 is \$2,832 assuming we transfer \$75,000 to the BRIF and \$75,000 to the Capital Reserve Fund. On the Capital Reserve side, total expenses through October 31, 2023, are at 95% or \$61,561. Total projected Capital Reserve cash on hand as of December 31, 2023, is \$317,755 and Total projected cash on hand on December 31, 2023, is \$1,258,063.00.

Resolution 492 – Approval of Expenses. D. Domchek presented Resolution 492 to the Board for expenses through November 9, 2023, from the General and Reserve accounts totaling \$52,974.15 and \$287,383.00 from the Construction Fund for Water Capital Expenses.

C. Almeida motioned and S. Zondag seconded to approve Resolution 492 as presented. Motion passed unanimously.

2024 Budget. S. Repasch presented a draft budget for 2024. On the Revenue, a total of \$715,763 is budgeted: COB Operating Funds \$365,000.00 is unchanged from last year; Carbon credit revenue \$175,000.00; Timbering \$40,000.00 and rental/lease agreements have no major changes. On the Expenses, Professional Services \$96,025.00 and indicates no significant changes from previous year. S. Zondag questioned the increase in the Payroll Services. S. Repasch believes that was a typo but will check and make correction. Administrative Expenses \$312,934 which includes a 3% increase for staff; Property \$13,250 and Security \$46,450 which includes part-time personnel. S. Zondag questioned the increase in security support and S. Repasch stated that E Yeakel will likely be taking medical time off and more coverage will be needed. Also, uniforms are wearing out and need to be updated. Total Operating Expenses are \$468,649; Total Operating Revenue is \$715,763; Net Revenue is \$247,104 and Transfers of \$247,104 which presents a Balanced Budget. On the Capital Budget, Expenses for Legal fees of \$15,000 for wind energy zoning issues; GIS Mapping \$12,000; Property purchases of \$30,000 for any potential adjoining property for sale; \$55,000 for new patrol vehicle. In the Revenue,

additional funds of \$30,000 for sale of property in East Allen Twp. On the Cash Flow Budget, you can see the Cash Balance at the end of 2024 is \$1,034,302.00. Budget was reviewed by the Finance Committee and recommends approval.

C. Almeida motioned and T. Donchez seconded to approve 2024 Budget. Motion passed unanimously.

C. Almeida reported that the Finance Committee met with E. Boscola to talk about the budget process for the water capital fund and the aim of funding requirements to do two things: look at 2024-2025 period when the Construction Fund needs to be exhausted as well as 2026 funding which is the last year before a new bond issue may be needed. Many options were discussed at the meeting but one important amount will have to be determined – what is the adequate amount of money to retain to do the business of the BA in addition to what The City already addresses.

GOVERNANCE & HR COMMITTEE

Governance Documents. S. Zondag mentioned that D. Domchek re-checked the links on the Governance Document and everything worked; a great product and access to all documents.

SOLICITOR

J. Broughal had no report.

CONSULTING ENGINEER

S. Repasch mentioned that the inspections for the Annual Report started in October with visits to the Watershed, two dams, filtration plant, Howerton Pressure Station, PA Station and Reservoir sites. No other sites are scheduled for inspection. Now it's just putting pen to paper.

SPECIAL POLICE

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

WATER REPORT

The Water Report for the month of October 31, 2023, was created and filed by E. Boscola. The reservoirs are at a combined capacity of 95.00% with Penn Forest down about 3 to 4 feet. Precipitation through October is about the same as last year.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

The Director's Report was filed and circulated reflecting financial status through October 31, 2023. In the Water Operating Fund, revenues are up from projections and expenditures are below and there is plenty of cash in the accounts.

In the Water Capital Fund, there were close to \$5 Million in disbursements to date.

Lead service lines - 335 service lines have been replaced. There is about \$500,000 left in that account so the contractor will be working through the winter and hopefully be completed in the first quarter of the next year.

Meter replacement – continue replacing meters; this year's phase will be wrapping up.

Security Fence at Treatment Plant – Fence is being installed and should be complete by end of November.

2024 Budget – Mayor will release the draft form next week.

Operating Water Fund is about 2% greater than 2023 just due to natural growth in the system; no rate increase. Capital Fund is \$8 Million of which \$3 Million is carry over from this year for projects that are on-going and should finish next year.

2024 Projects - Schedule another 4,000 meter replacements, a few major water main replacements projects, finish up lead service lines, system interconnect design and some additional security items.

OTHER BUSINESS

No other business.

COURTESY OF THE FLOOR

Mr. Antalics wanted to recognize the passing of J. Filipos' father with a moment of silence.

NEXT MEETING

The next regular meeting is scheduled for December 14, 2023, at 3:30pm.

ADJOURNMENT

S. Zondag moved and C. Almeida seconded to adjourn the meeting at 4:23pm. Motion passed unanimously.

Thomas Donchez
Board Secretary

