

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

June 13, 2013

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) Was held on June 13, 2013 in Room B-504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 3:35 PM by Chairman Vaughn Gower. The following were also in attendance:

- Mr. John Tallarico, Vice Chairman
- Mr. Richard Master, Secretary
- Mr. Mark Jobes, Treasurer
- Mr. James Broughal, Esq., Solicitor
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Daniel Meixell, Special Police Officer

**APPROVAL OF MINUTES OF MAY 9, 2013**

V. Gower presented the minutes of the regular meeting held May 9, 2013 and J. Tallarico moved for their approval. R. Master seconded. Motion passed unanimously.

**RECOGNITION OF VISITORS / COURTESY OF THE FLOOR**

V. Gower recognized and welcomed the following visitors:

- Mr. Frank Bursic, Rentricity
- Mr. Dave Brong, City of Bethlehem Director of Water and Sewer Resources
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Ron Madison, Rettew Associates
- Mr. Stephen Antalics, Bethlehem citizen
- Mr. Nate Jastremski, Bethlehem Press

**CHAIRMAN**

V. Gower reported that there was a workshop session today that focused on the upcoming years and assumptions with regard to the Operating Authority. Another session is planned to continue discussions.

## **EXECUTIVE DIRECTOR**

**Rentricity Energy Project.** S. Repasch reported that about six to seven years ago, Rentricity, a renewable energy company, presented a plan to the Board to generate electricity from the water transmission lines. At that time, the Board did not elect to pay for the feasibility study. Recently, the City's utility engineer brought up this idea again and Rentricity was contacted. After visiting three sites – Penn Forest reservoir spray valve, Howertown PRV and Pennsylvania Avenue PRV – Rentricity is confident in the feasibility of a project and has offered to perform more detailed studies at no cost to the Authority.

Mr. Frank Bursic introduced himself and provided a brief overview and presentation about Rentricity and the proposed project. Rentricity has been in business since 2003. They seek energy recovery from pressure differential in water and waste water systems. They are a turn key company and do everything from conception and feasibility of a project, to financing and managing the project, to connecting to the grid or feeding back into a facility to offset electrical costs. There are benefits other than financial to producing green energy from water pressure, such as carbon offsets, infrastructure improvement and public goodwill. He provided some estimates on the amount of revenue that could be generated from the sites that were visited. The payback on the project could be less than five years. After the conclusion of the presentation and a discussion period, Board sentiment was in favor of the project. There was no formal action taken. S. Repasch said D. Brong and the City's utility engineer will have to weigh in on the City's behalf and he needs to contact the references supplied by Rentricity. The Board thanked Mr. Bursic for his time and presentation.

**Wind Energy Project.** S Repasch reported that last week he attended the Supervisors' and Planning Commission meetings in Penn Forest Township on the wind energy project. The project was approved at both meetings, conditioned upon additional information to be provided by Atlantic Wind. The most significant question was whether lights are required on top of the met towers by the FAA, which we now understand that they are not required. However, Atlantic Wind must notify all medevac units that traverse the area of the towers' coordinates when the towers are being constructed. There were also several still-open questions about the build out of the project.

**Solar Energy Project.** S Repasch reported he had very preliminary discussions with a firm from Kunkletown about a solar energy project at the Water Treatment Plant in Lehigh Township. This is a good site for a solar project; however, there is currently a PA Supreme Court case involving Lehigh Township and a school district solar project. J. Broughal explained the case is a zoning issue about accessory use versus separate use. J. Broughal's advice is to wait for the Supreme Court's decision before proceeding with a proposal.

**Carbon Registration.** S. Repasch reported that all the approvals have been finalized and Blue Source submitted an invoice to Chevrolet on May 16. Blue Source should receive payment by June 16, and then they will forward the Authority's portion in five to seven days after that. The Authority will receive ~\$65,000 for half of the year 2012.

**Forest Management Activity.** S. Repasch reported the burn season began last week and an 85-acre area was successfully burned. The contractor is expected to begin timbering the pine plantation at Wild Creek in the next few weeks. Wes Walters, who has done timbering for the Authority, was hired by Atlantic Wind to clear the sites for the met towers during the week of June 24. This activity will be monitored by the Authority's Forester. Each site to be cleared is approximately one acre and will not affect the carbon credit agreement.

**Wild Creek Property.** S. Repasch reported the new HVAC system installation was completed today. Most of the electrical work has been completed as well. Other interior renovations to complete include refinishing the hardwood floors and painting.

**Arbitrage.** The Authority's Financial Advisor has been working on obtaining a proposal from The Bank of New York Mellon to do the arbitrage analysis, which is required to be completed by August.

**EATMA Pennvest Loan.** S. Repasch reported the deadline is approaching for the City to accept the Pennvest loan for certain improvements to the EATMA water system. The City feels some of the improvements are not needed at this point in time and asked Pennvest for some flexibility in more appropriate and strategic improvements. Pennvest has not been cooperative. Senator Lisa Boscola's office was asked to send a letter to Pennvest on our behalf. A response is anticipated in the coming weeks.

**2<sup>nd</sup> Quarter 2013 Income-Expense Projection.** S. Repasch reported the following:

**Operating Funds**

- Cash on Hand, Beginning of Period – \$120,575
- Projected Receivables – \$119,180, which includes carbon credits revenue of \$65,000
- Projected Expenses – \$97,710
- Total Projected Cash on Hand, End of Period – \$189,505

**Capital Reserve Funds**

- Cash on Hand, Beginning of Period – \$310,605
- Projected Receivables – \$10,150, which includes the \$10,000 wind developer license fee.
- Projected Expenses – \$41,500
- Total Projected Cash on Hand, End of Period – \$285,345

- Total Cash on Hand, All Funds – \$474,850

**Expense Budget Comparative.** S. Repasch reported the following for the five months ended May 31, 2013:

- Professional Services – 32%
- Security and Property Expenses – 40%
- Administrative Expenses – 31%
- Overall – 32%
- Capital Reserve Expenses – 31%

### **CONTROLLER**

The Controller's Report for the month ended May 31, 2013 was circulated and filed. In his absence, S. Reppert reported the following:

- ~\$223,000 from the maturity of the Debt Service Reserve Fund investments transferred to the Revenue Fund and was used toward the May 15 debt service payment.
- The City paid the 5% lease coverage of ~\$53,000, which transferred to the BRIF.
- The 2011 Leaseback Debt Service Fund increased \$93,000 due to the City sending in the monthly installment.
- The BRIF decreased a total of +\$305,000 due to the EATMA loan payoffs and water capital requisition payment.
- The DCED report and the 2012 Controller's Annual Report are anticipated to be complete by the end of June.

**Resolution 352 – Approval of Expenses.** V. Gower presented Resolution 352 to the Board in the total amount of \$210,174.25 for payment of the following:

- \$140,362.21 from the BRIF for payment of water capital expenses. Beginning next month the City will be drawing on its line of credit for water capital expenses since the BRIF balance is very close to the Board-established minimum of \$2.2 million.
- \$69,812.04 from the general and reserve checking accounts for payment of professional and administrative expenses.

R. Master queried the performance bond payment on the resolution. S. Repasch responded the payment represents the refund of the performance bond to the Hysie Gap timber sale contractor.

R. Master moved and M. Jobs seconded to approve Resolution 352 as presented. Motion passed unanimously.

**Ratification of CD Investment.** S. Reppert presented the following investment that was approved by the Board via email for ratification:

- \$250,000 with Fulton Financial Inter-Affiliate Program for 15 months @ .42%

R. Master moved and J. Tallarico seconded to ratify approval of the CD investment. V. Gower voted aye. M. Jobses abstained. Motion passed.

**Approval of CD Investment.** S. Reppert reported the American Bank CD matures on June 14 in the amount of ~\$249,800. Interest rates were solicited and the following recommendation was circulated to the Board via email for approval today:

- Fulton Financial Inter-Affiliate Program for 13 mos. @ .36%

M. Jobses queried why the recommendation wasn't for the longer term and higher interest rate offered by Susquehanna Bank. V. Gower responded it was because Susquehanna conditioned the offer on having a deposit relationship account, for which the Authority does not have the need.

R. Master moved and J. Tallarico seconded to approve the CD investment as presented. V. Gower voted aye. M. Jobses abstained.

### **SOLICITOR**

J. Broughal reported that one of the assets acquired from the EATMA acquisition was a claim they made against Travelers Insurance concerning some damage to their property. Travelers agreed to pay the claim amount of \$950. He asked the Board for approval to settle this claim.

M. Jobses moved and J. Tallarico seconded to approve the Authority Solicitor to settle the Travelers Insurance claim as presented. Motion passed unanimously.

J. Broughal mentioned to the Board that there is a bill before the Senate that amends the Unit Debt Act. The amendment severely limits municipalities from guaranteeing the debt of another municipal authority. However, there are exceptions and they include Pennvest, Federal programs and water and sewer borrowings. To this extent, it does not affect the Authority. However, the Authority occasionally does borrowings beyond that, such as the Leaseback, Hirko (and Landfill, now defeased). The amendment also provides for criminal proceedings against financial advisors and attorneys for certain actions pursuant to the bonds. It is unlikely the amendment will pass, but if it does, it will impact the City.

### **CONSULTING ENGINEER**

S. Repasch reported the Board accepted the Consulting Engineer's Annual Report last month conditioned upon the Authority Financial Advisor's input in the financial section of the report. He had a conference call last week with the Financial Advisor and Consulting Engineer. The Financial Advisor's document was received today and circulated to the Board. The Board feels the document accurately depicts the finances, but J. Broughal strongly urged for the Authority's Bond Counsel to review the document because it becomes a very important bond issue.

R. Master moved and M. Jobes seconded the approval of the Authority Financial Advisor's report on the financial performance of the water system, conditioned upon review by the Authority Bond Counsel. Motion passed unanimously.

### **SPECIAL POLICE**

D. Meixell's report for the month of June, 2013 was circulated and filed.

### **WATER REPORT**

V. Gower reported the reservoirs are full.

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

D. Brong reported that Water Fund revenue is ~3% behind projections and 4% ahead of last year at this time. The industrial user class is struggling to keep up with projections which were on pace with last year. One of the largest industrial users, Coca Cola, had its meter replaced in May, with the financial impact not yet known. The current cash on hand is \$1.4 million. July 8 is the start date for a water line replacement on Delaware Avenue in Fountain Hill, and the upgrading and automating of two pump stations will begin soon. He also said planning should begin in August for the budgeted \$1.9 million bond refunding in order to help accommodate the November debt service payment. R. Master said he's not certain the Authority can subsidize operations under the indenture; however, it can assist the City in subsidizing capital costs from the BRIF. J. Broughal said the Authority has done this type of refunding in the past, and can do this type of refunding. It reduces debt service, which reduces the budget. He will review that there are no violations to the indenture.

### **OTHER BUSINESS**

None.

**COURTESY OF THE FLOOR**

Mr. Antalics queried if a motion is carried and approved by the Authority Board, what is the process for reversing that motion if necessary. J. Broughal said the motion would be brought back to the Board for reconsideration.

**ADJOURNMENT**

The regular meeting adjourned at 5:00 PM to hold an Executive Session concerning a personnel matter. R. Master moved and J. Tallarico seconded to adjourn the Executive Session at 5:15 PM. Motion passed unanimously.

*Richard L. Master, Secretary*