

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

December 12, 2013

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on December 12, 2013 in Room B-504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 3:30 PM by Mr. Vaughn Gower, Chairman. The following were also in attendance:

- Mr. John Tallarico, Vice Chairman
- Mr. Richard Master, Secretary
- Ms. Laurie Hackett, 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 OF NOVEMBER 14, 2013

V. Gower presented the minutes from the Authority's regular meeting held November 14, 2013. J. Tallarico moved for their approval. L. Hackett seconded. Motion passed unanimously.

RECOGNITION OF VISITORS

V. Gower recognized and welcomed the following visitors:

- Mr. Jeff Andrews, City of Bethlehem Superintendent of Water Supply and Treatment
- Mr. Ed Boscola, Mayor-elect Nominee for Director of Water and Sewer Resources
- Bethlehem Press
- Mr. Stephen Antalics, Bethlehem Resident
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Bud Cook, The Nature Conservancy
- Mr. David Brong, City of Bethlehem Director of Water and Sewer Resources

COURTESY OF THE FLOOR

No comments.

CHAIRMAN

Recognitions. V. Gower thanked D. Brong for his many years supporting the Water Fund and helping to build a trusting relationship between the Authority and Water Department. Additionally, he thanked Mr. Boscola for coming to today's meeting and encouraged him to share any opportunities and challenges with the Board as may be appropriate in his new role next year. Lastly, he presented to R. Master a letter for the donation made by the Board, professionals and staff in his name to the Boys and Girls Club of Easton, and a plaque in recognition of his 16 years of service to the Authority and City. He thanked him for his wise counsel and wished him good health and safe travels. R. Master said his service on the Board was significant both personally and for the community. The work that the Authority has done is proof that communities can efficiently and prudently do good things that are in the public's interest. He is honored to have served.

EXECUTIVE DIRECTOR

Rentricity. S. Repasch reported that Rentricity is studying the data provided by the City. The evaluation of two sites within the distribution system and one site at the source is moving forward and should be complete next year.

2014 Arbitrage. S. Repasch reported that the arbitrage analysis on the 2004 Series Bonds for the period August 18, 2008 to 2013 was completed. There will be an Arbitrage payment estimated at ~\$120,000 due by October 18, 2014. The original agreement letter with BNYMellon included arbitrage analyses for the Series 1998 and Series 2004 Bonds. The invoice for \$4,000 will be paid by the end of the year. (Another analysis for the period August 18, 2013 to 2014 will not be done because it is part of a refinancing.)

(Mr. Mark Jobes entered the meeting at 3:50 PM)

4th Quarter 2013 Income/Expense Projections. The 4th Quarter Income and Expense Projections report was circulated and filed.

Expense Budget Comparative. The Expense Budget Comparative as of November 30, 2013 was circulated and filed. S. Repasch noted the \$34,203 in arbitrage fund money transferred from BNYMellon to the operating account to pay the recent arbitrage and related consultant expenses is being tracked separately.

2014 Operating Budget. S. Repasch presented the 2014 Operating Budget to the Board for adoption. It is slightly less than the budget he circulated and attributed it to the price of the new patrol truck (\$32,500) being less than he estimated (\$36,000). He also adjusted for the \$1,000 down payment being made. He pointed out that \$109,805 will be transferred from the capital reserve funds to the operating funds this year. At the

end of 2014, based on the budgeted revenues and expenses, operating and capital funds balances are anticipated to be \$205,000 and \$78,000 respectively. The 2014 carbon credit revenue in the amount of ~\$200,000 will be dedicated toward the City's water capital expense budget.

R. Master moved to adopt the Authority's 2014 Operating Budget. J. Tallarico seconded. Motion passed unanimously.

CONTROLLER

J. Filipos's report for the month of November, 2013 was circulated and filed. He noted that the debt service for the 2004 Bonds (~\$4.7 million) and 2010 Bonds (~604,000) was paid and the City's lease coverage is anticipated to be paid by the end of the year.

Resolution 359 – Approval of Expenses. V. Gower presented Resolution 359 to the Board in the total amount of \$45,877.22 for the payment of administrative and professional expenses. Water capital expenses are being paid from the City's line of credit.

M. Jobes moved to approve Resolution 359. R. Master seconded. Motion passed unanimously.

SOLICITOR

No report.

CONSULTING ENGINEER

The Consulting Engineer's report for the month of November, 2013 was circulated and filed. S. Repasch indicated he is currently reviewing the draft Annual Report. He noted that the City's engineer, Steve Lowry, is working on a Master Plan for the water distribution system and it will be discussed in the Annual Report. This is an important effort and should indicate how the system will operate in the future with the addition of large customers potentially moving into Allen/East Allen Townships, LV Industrial Park VII and Majestic Corporate Center. D. Brong added the plan will prioritize areas of the distribution system that need to be replaced. It will help with PUC approval for DSIC funding, which provides the ability to add a surcharge to each water bill to help fund capital projects.

BETHLEHEM AUTHORITY SPECIAL POLICE

D. Meixell's report for the month of December, 2013 was circulated and filed. This is the second week of deer season and the quietest in his 10 years patrolling. Also, two

people were caught digging for Indian artifacts on Authority property. They will be fined \$200 each under PA Game laws.

WATER REPORT

The Water Report for the month of November, 2013 was circulated and filed.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

D. Brong reported the following on the Water Fund:

- Invoicings – \$19.6 million as of November 30 and currently \$20.2 million. It appears invoicings will be short of the \$21.2 million budgeted for 2013.
- User Classes – Residential is above plan; Industrial/Institutional is below plan.
- Cash on Hand - \$800,000. All the year end expenses, such as pension, payroll and lease coverage, will be paid.

He wanted the Board to know that they are the most professional group of people he has enjoyed working with, especially to help solve the problems that the water system faces. He looks forward to continuing to work with the Authority and Board next year in his new role.

COURTESY OF THE FLOOR

There were numerous comments and expressions of thanks to R. Master for his extensive service to the Authority: the many accomplishments during his tenure, his dedication – even to the extent of phoning into meetings, his business and financial acumen and his part in transitioning the Board into a professional, fiscally responsible and environmentally attentive organization. R. Master thanked everyone, and especially S. Repasch and D. Brong for their remarkable work. He said his time on the Authority Board has been great.

NEXT MEETINGS

V. Gower announced the reorganization and regular meetings are scheduled for January 9, 2014 and will commence at 4:00 PM.

ADJOURNMENT

J. Tallarico moved to adjourn the meeting. M. Jobes seconded. Motion passed unanimously.

Laurie G. Hackett, Assistant Secretary