

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

MAY 21, 2009

The regular meeting of the Board of Directors of the Bethlehem Authority was held on May 21, 2009 in Conference Room B504, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Chairman Mark Jobes, with the following in attendance:

John Tallarico, Vice Chairman, Assistant Secretary / Treasurer
Vaughn Gower, Treasurer
James Broughal, Esq., Solicitor
John Filipos, Controller
Stephen Repasch, Executive Director
Sandra Reppert, Administrative Assistant
Daniel Meixell, Special Officer

APPROVAL OF MINUTES

Chairman Jobes presented the minutes from the regular meeting held April 9, 2009 as circulated. Mr. Tallarico moved to approve the minutes from the April 9 meeting. Mr. Gower seconded. Motion passed unanimously.

RECOGNITION OF VISITORS / COURTESY OF THE FLOOR

Chairman Jobes recognized:

- ◆ Terry Faul, Esquire, from the firm of King, Spry on behalf of Delsea Energy
- ◆ Councilwoman Jean Belinski
- ◆ Dave McGuire, Sierra Club
- ◆ John Renz, Delsea Energy
- ◆ John Adeen, Delsea Energy
- ◆ Matt Casey, EAPC Wind Energy Services
- ◆ Neal Kern, Consulting Engineer
- ◆ Don Oaks, Forestry Consultant
- ◆ Dave Brong, City of Bethlehem
- ◆ Jeff Andrews, City of Bethlehem
- ◆ Stephen Antalics, Bethlehem resident
- ◆ Nate Jastremski, Bethlehem Press
- ◆ Lynn Olanoff, Express Times

It is noted that Richard Master entered the meeting at 3:33 PM during the recognition of visitors.

REPORT OF THE CHAIRMAN

Financial Planning. Chairman Jobs reported that there was a meeting with the City Administration, the City's financial advisors, Dave Brong, the Authority's committee, and the Authority's financial advisor PRAG. Different options were discussed at length, and they continue to be reviewed. There are a difference of opinions as to which is the best plan to pursue. There are many different pieces in play, such as the grants, that will impact any decision on a long-term viable option to make the water system sustainable. There is nothing more that can be discussed publicly at this time.

It is noted that Gene Auman, Deputy Controller, and Meg Holland, City Controller, entered the meeting at 3:35 PM.

Mr. Repasch said PRAG has an evaluation of two of the higher options that arose from the discussions with the City. He received this information today and it will be reviewed before the June meeting, when it is anticipated to be discussed and a direction decided on going forward.

Chairman Jobs added the review of the Maximus Study is another factor, and he appreciated the comments Dave Brong offered. The Authority is working hard to make the water system viable, even with the significant debt load. Another part of the plan is the bonding for replacing the debt service requirement. This is a big "what if." The two insurance providers for the bonding are merging, so it's too early to tell if this is a viable option.

At this time, Mr. Repasch indicated the agenda will not be followed in order, due to some Board members needing to leave early. He feels it's important that the presentation by Delsea Energy take place first, followed by the remaining action items.

Wind Energy Presentation. Mr. Terry Faul, an attorney from the law firm King, Spry, Herman, Freund and Faul of Bethlehem, representing Delsea Energy, said Delsea is exploring the development of a wind energy project for the Penn Forest Township, Carbon County, portion of the watershed. Delsea is here today to introduce and present the project. They would like to return in July with further details and information, as well as seek a commitment to go forward with the project if the Authority is willing. EAPC, a national company with respect to wind energy consulting, has been retained by Delsea for this project and a representative from EAPC is also here to today. He introduced from Delsea Mr. John Renz, who is in charge of the project, and Mr. John Adeen, President.

Mr. Renz said this project is in its very early stages. The property was identified as a potential wind energy site by persons working in the area locating sites feasible for wind energy development. Through his initial meeting with Mr. Repasch, Delsea said it would explore the property and perform the early investigation work with no obligation from Authority. Some of the steps for this project include:

- ◆ Site testing and studies, where meteorological towers and SODAR equipment would be set up to collect wind data.
- ◆ Choosing the machines best suited for the project once the data is obtained
- ◆ Determining how much power can be produced and talking to companies to purchase the power.
- ◆ Permitting, titling, and working with all those involved in environmental issues, which are paramount.

- ◆ Financing process, which is about four years from now and before any construction would take place.
- ◆ Construction phase
- ◆ Operational phase

Various commercial sources of wind data show the area is a viable location. After touring the site, defining boundaries and using rough maps of the property and preliminary data, Delsea developed a potential wind energy model. Initial power estimates based on two machines designed for East Coast applications and the locations (Call & Pohopoco Mountains and Stony Ridge), show 106 megawatts of power could be generated in total that could serve 10,000 households or almost 45% of the homes in Carbon County. This is very good. An interconnection availability study would need to be done, but potentially this is very favorable, too. There is a very large line that runs through Authority property along the Turnpike's Northeast Extension and there are substations on two sides of the property. Although maintained by local utilities, PJM owns the grid behind the substations. PJM could potentially use the power anywhere in PA or the 13 states served by the grid.

Board Discussion:

Chairman Jobs said he is in favor of green power. The Authority looked at other sources in the past. The Authority is a financial arm of the water system. It needs to look at the financial feasibility, upfront costs, and payback period of the project. The model will be an important piece based on the assumptions. He queried if assumptions can be done on different wind speeds. Mr. Renz responded it is too early to say until testing is done and he does not want to speculate. They believe there is wind there, the models say there is wind there, but until they have at least one year's worth of data, they can't be certain as there are many unknowns.

Chairman Jobs queried the upfront costs and when would an agreement be entered into. Mr. Repasch responded there is no investment on the Authority's part, just legal and out-of-pocket fees and our time, and Mr. Renz indicated that Delsea needs an agreement in place to take the next step, which is erecting and placing the test towers and SODAR equipment.

Mr. Master queried Delsea's exclusive right to do this and their ground rules to evaluate the site? Mr. Renz responded that the issue of exclusivity is addressed by the fact that the energy will be extracted out of the wind to use for the turbines. Also that the wind isn't strong enough for other potential development around Delsea's site by another company.

Mr. Faul indicated that Delsea is looking for the exclusive right to enter into this project if it is established by them that the criteria is there to do it. Delsea wants the exclusive right to develop the property. Mr. Master thinks the opportunity needs to be evaluated and a determination made that there is a set of outcomes that are more or less probable - what those financial returns could be and how they would be shared. There has to be a business plan that shows something, including the various risks. At that point, the Authority can make judgment.

Mr. Broughal queried if Delsea is looking for a license agreement to put up the test equipment only, or is Delsea looking for a total commitment up front. If it's the latter it will be very difficult. Mr. Faul responded what was contemplated was a license to go on property to do testing. If that testing justifies construction, they want to be able to recover the investment costs made by doing that. Delsea needs some means of going forward with the Authority or some kind of cost recovery. If there are benchmarks set forth in an agreement, and the benchmarks are met, then Delsea can proceed. That would be the intention. Delsea can make financial projections based upon current conditions, but that may not be what happens in the future. Right now there are certain incentives being proposed, and in effect, by the state and federal governments. The timeline of getting this project online is five years and construction financing requires two years of compiled data. Mr. Renz added a typical arrangement with landowners is Delsea pays a percentage of the gross revenue, which is substantial.

Mr. Matt Casey from EAPC said the topography of the Authority's land is very complex. He said it is difficult to get a sense of the wind resource that is there until you put in a significant investment and the testing equipment. After two years a determination can be made. Perhaps the wind is blowing significantly different, and so the assumptions in a financial model compared to the actual will be different.

Mr. Repasch feels a committee should be formed to look at these items in more detail over the next several months to determine whether this will or will not benefit the Authority. Mr. Gower added there are a lot of "what ifs." Any information should not be overstated. Minimum, most-likely and optimistic scenarios should be created.

Mr. Master queried the impact on the surrounding communities and if they would raise real concerns. Mr. Broughal responded there are zoning issues, not to mention what happens to the equipment if Delsea would go bankrupt. There are a lot of issues to consider. Mr. Renz said part of Delsea's lease agreement would include a decommission plan and removal guarantee insuring against that and renewed on a revolving basis.

Chairman Jobs said conceptually this is something the Board wants to explore and Delsea should continue working with Mr. Repasch.

Public Comments:

Mr. Dave McGuire, representing the Sierra Club, queried the height of the test towers and wind turbines. Mr. Renz responded the meteorological test tower is 60 meters (180 feet) and the wind turbines are 80 meters to the hub, and then to the tip of the blade 396 feet, exactly like the Atlantic City turbines. Mr. McGuire's other questions concerned markings on a map in the presentation, which had to do with the direction of the prevailing wind. Mr. McGuire also said that the Sierra Club is very interested in wind power, but the problem is siting, forests, watershed streams, raptor corridors, and so on. They will follow this very carefully. He added that the Authority has been very cooperative in upholding environmental quality.

Mr. Stephen Antalics queried if PPL and PECO are into wind energy. Mr. Renz responded he can't speculate. Through deregulation, most utilities are not generators of power, they are transmitters. There are over 500 providers in the PJM grid.

Backwash System Revised Resolution. Chairman Jobes reported that the resolution approved in February regarding the H2O PA Grant application for the Backwash System at the Water Treatment Plant needs to be revised. Originally, the resolution was in the amount of \$1 million, but it has been recently discovered that this project is reimbursable for two-thirds of the cost of the project, not one half. The recommendation is to amend and restate the resolution to request \$1,333,000.00 instead of the initial request of \$1 million. Mr. Master moved to approve the amended and restated resolution for the H2O PA grant in the amount of \$1,333,333.00. Mr. Gower seconded. Motion passed unanimously.

Resolution 303 – Approval of Professional and Administrative Expenses. Ms. Reppert presented Resolution 303, as circulated and filed, to the Board for approval. The total amount is \$303,439.84 and consists of the following:

- ◆ Requisition 292 - City's water capital invoice totaling \$265,947.82
- ◆ Professional and Administrative expenses totaling \$37,492.02.

Chairman Jobes commented the biggest water capital item continues to be the backwash system upgrade. Mr. Brong indicated the project is winding down.

Mr. Gower moved to approve Resolution 303 as presented. Mr. Tallarico seconded. Motion passed unanimously.

Ratification of CD Investments

Operating Funds Reserve CD. A CD with The Bank, a Fulton Financial affiliate, matured April 9 in the amount of \$110,070.58. Rates were sought from four local banks, including The Bank, and the recommendation, as circulated, was to reinvest the CD with The Bank for 60 days at 1.20%. This action needs ratification and is being presented again because Chairman Jobes had to abstain from voting on this at the April meeting .

Mr. Master moved to ratify the CD investment with The Bank as presented. Mr. Gower seconded. Mr. Tallarico voted aye. Chairman Jobes abstained. Motion passed.

BRIF CD Redemption. A CD with Embassy Bank matured on April 27 in the amount of \$254,053.73. Based on the City's water capital needs and expenses in the next few months, the recommendation, as circulated, was to redeem the CD and deposit the money into the PLGIT I-Class account, a liquid funds account. Mr. Repasch indicated that the PLGIT account is drawing almost as much interest as the money would in a CD (the current rate is .60%). This action needs ratification.

Mr. Gower moved to ratify the CD redemption and the deposit of these funds into the PLGIT account. Mr. Tallarico seconded. Motion passed unanimously.

BRIF CDARS CD Investment. A CDARS CD with Harleysville/East Penn Bank matured on April 30 in the amount of \$2,203,784.18. The recommendation, as circulated, was to invest \$2 million into a CDARS CD for 13 weeks and deposit the remaining \$203,784.18 into the PLGIT I-Class account to build up the liquid funds for water capital expenses. Bids were solicited from CDARS banks, and the best rate was 0.54% for 13 weeks from Team Capital Bank. This action took place on May 5 and needs ratification.

Mr. Gower moved to ratify the \$2 million CDARS CD with Team Capital Bank and the deposit of the remaining funds into the PLGIT account as presented. Mr. Tallarico seconded. Motion passed unanimously.

Chairman Jobes queried if there were any investments coming due. Ms. Reppert responded there was a CD in the amount of ~\$54,000.00 maturing at the end of May and a CD in the amount of ~\$110,000.00 maturing the second week of June. Both are reserve operating funds CD's. Chairman Jobes said if the short-term investment rates are lower than PLGIT, the money could be put in that account. Ms. Reppert responded that presently the checking account is drawing a higher interest rate. Chairman Jobes requested that information to be included in the recommendations when circulated, that perhaps this money could be deposited in the checking account until CD rates improve.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

Mr. Brong reported the following:

- ◆ Finances through April 30. The projected revenue for the Water Fund is \$5.9 million and the actual receipts are \$5.5 million. Expenses have been down and this helps the net income bottom line, which is \$1.7 million, but that is ~\$83,000.00 behind plan. Invoicings (water sales) are \$5.9 million, and on plan. The sluggish economy causes collection problems and the City continues to work on that.
- ◆ Backwash System Project. They are now in the process of testing the hydraulics created by the installed tank and the filter expansion associated with the new hydraulics. They are working through hardware and software issues, and are encouraged by the outcome. One backwash pump has been replaced with a water service pump. Another backwash pump will be replaced in the next two weeks which should help determine how well the new system will work.

Chairman Jobes queried if there were any updates on the territory expansion. Mr. Brong responded there are preliminary hearings coming up in the beginning of June with the PUC.

Mr. Master queried the expenses regarding the territory expansion. Mr. Repasch responded that to date the expenses total \$62,000.00. The Authority funded the initial \$50,000.00. Beyond that, the agreement was 50/50 with the City. Additional charges that haven't been reimbursed yet to the City total ~\$8,000 through April.

Chairman Jobes queried if the 50/50 agreement is capped. Mr. Repasch responded he does not recall a cap being discussed.

Mr. Master queried the optimism about the outcome. Mr. Brong responded he is optimistic about the prospect of a fight and how voracious that will be remains to be seen. At this point, both utilities that are somewhat close to the areas being proposed (Easton Suburban and Northampton Borough) are prepared to challenge the City.

Chairman Jobs queried an update on the H2O PA grants and if there has been more dialogue with the state. Mr. Brong responded the grants have been delayed until July 14, at which time the CFA will consider them. The state continues to ask for information on the projects. Mr. Repasch added that Neal Kern, the Authority's Consulting Engineer, believes the more the City hears back from the state for additional information, the more positive the likelihood of receiving funding.

Mr. Kern said it is his understanding the state received over 800 projects and requests for grants. Why would the State ask minor detail questions if the City's grant request wasn't in good shape? He thinks the City is on the short list. There are no guarantees, but he feels these are good signs for receiving funding. The reason for the delay in approving the grant requests is the state was overwhelmed with applications and there weren't enough people to review them by April 30.

Consulting Engineer's Annual Report. Mr. Repasch reported that the acceptance of the Consulting Engineer's Annual Report must be acted on. There were some questions about the report and suggested changes, and said changes were inserted in the report last month, as follows:

- ◆ *Page 3, Section 2.3 Authority Finances. There were wording changes suggested by Mr. Gower and the Authority's operating budget figure was corrected to read \$353,365.00.*
- ◆ *Page 28, Section 5.0 Recommendations. A new recommendation, No. 12 has been added as follows: "It does not appear that the City routinely replaces water distribution lines and appurtenances. In a system that has facilities well over 100 years old, it is important that a systematic, annual replacement program be developed. An extensive leak survey and system analysis should be conducted to determine what type and size of water mains are most susceptible to leaks, then a report generated to prioritize mains to be included in the Capital Program for the next five years. Reasons for such a program are many and varies, but some of the more important issues are: valves that don't close properly, fire hydrants that don't drain properly, existing lead service laterals in the system, extensive leaks at joints, etc. It is recommended that an annual program of between 2,000 and 5,000 linear feet of distribution pipe replacement be established."*

Mr. Repasch indicated since there were no additional comments or suggestions about the report, he would like the Board to accept the report based on the additions and corrections presented.

Mr. Kern commented on the distribution pipe replacement program, and especially the cost. He estimated the cost to be \$100.00 per linear foot, or \$200,000.00 to \$500,000.00 annually, which he feels is manageable. With regard to the extensive leak survey and system analysis, when he was in Allentown, all the different pipe sizes, pipe materials and time periods of installation were looked at. A leak history was developed (so many per leaks per 1,000 feet) and what was discovered was the pipes that were installed in 1880's weren't the worst in the system. It was the pipes installed in the 1950's and the joint material used. He feels an analysis such as this would help the City. Of course, some lines are just problematic and they constantly leak. Sometimes the old valves don't shut down.

Chairman Jobs queried if this has been discussed with the City. Mr. Repasch responded this will be addressed in the budget process as well as the financial plan discussions. One plan is more sustainable than the other regarding this type of long-term maintenance and rehab.

Mr. Gower feels this is a great addition to the annual report that was missed in the past, even though perhaps the City was meaning to do it.

Mr. Tallarico moved to accept the Consulting Engineer's Annual Report on the Operation of the Authority's Water System by the City of Bethlehem for the year 2009. Mr. Gower seconded. Motion passed unanimously.

Since that was the conclusion of the topics that required Board action, Mr. Repasch continued on with the remaining agenda items and reports.

REPORT OF THE EXECUTIVE DIRECTOR

Mt. Pocahontas Property. Mr. Repasch reported on the 12-acre Authority-owned property abutting the Mt. Pocahontas development in Carbon County. This property was listed with a realtor in 2006, who was very active in marketing the property but then moved out of the area. Another realtor listed the property but he didn't market the property at all. That being said, he has found another realtor, ReMax, who is interested in listing this property if a listing price is agreed upon. The property was originally listed at \$165,000.00 per the Board and based on an appraised value of \$135,000.00. In this market, it will never sell for \$165,000.00.

Mr. Master's recollection is that this is a nuisance property. He recommends listing the property at its appraised value, as the Board would be happy to sell it for that amount.

Mr. Master moved to list the Mt. Pocahontas property for sale at the \$135,000.00 appraisal value, recognizing that the market has declined since 2006. Chairman Jobses seconded. Motion passed unanimously.

Forestry Program. Mr. Repasch circulated a report to the Board on the forestry program as a follow-up to last year's report. The report is outlined in chronological order as far as timber sales and bid offerings and proposals. The first four bullets are identical to the report submitted last year. He focused on the last two bullets and the text at the end of the report, as follows:

- **03/12/08 – Stand 62 (Keiper House) Timber Sale publicly offered for bids**
 - *Approximately 66 acre shelterwood preparation cut of predominantly medium and high grade sawtimber and pulpwood*
 - *Minimum price of \$99,000*
 - **NO BIDS RECEIVED**
- **07/15/08 - Stand 62 (Keiper House) Timber Sale Request for Proposals**
 - *Request for Proposals were sent out to several interested firms offering a variety of options to the buyer, in order to maintain flexibility with the sale in response to declining hardwood markets, and yet receive a proposal favorable to the BA.*
 - *Two Proposals were received, the best of which was from Glatfelter Paper Co. for \$33,100 for an up front purchase of the entire stand.*
 - *At the recommendation of the Forester, in August, 2008, the proposals were rejected as not being in the best interest of the Authority.*

The hardwood markets continued to drop, following the decline in the housing industry, leading to much disarray in the timber industry. The BA Forester and the Executive Director (ED) reached out to potentially interested buyers and visited several sawmills and lumber yards to ascertain what level of interest there was in Stands 62 and 50, and what format the sale should follow. Given the need to take advantage of the herbiciding that had been done a few years earlier, and the need to get light on the forest floor, the Forester recommended that a pay-as-you-cut contract based on market prices

would be the best option to meet our objectives, knowing that market conditions would severely impact anticipated revenues.

In October, 2008, an agreement was reached and a contract executed with Glatfelter Paper Co. to harvest Stand 62. The terms of the contract were such that Glatfelter would pay \$4.00 per ton for pulpwood in the stand and that it would cut and deliver the hardwood to RGM Hardwoods for the going market rate.

The harvest began in January, 2009 and was completed in March of 2009. While payments for the last three log shipments are still outstanding, the total revenue from this sale is anticipated to be approximately \$23,500. This is significantly below the original estimate and minimum bid of \$99,000 and also well below Glatfelter's original proposal of \$33,100.

The Authority and its Forester are continuing discussions with interested parties for Stand 50, with the hope of a harvest by year's end. There are also discussions with Glatfelter and others for the sale of pine and other softwood from plantations in both the Tunkhannock and Wild Creek Watersheds. The Authority will be pursuing grant opportunities for timber road construction (that we just learned of and coming up in June) for access to future sales as well as deer fencing that is recommended by the Forester. It appears that federal stimulus money for these types of projects will be available this summer.

According to Mr. Repasch, these grants would significantly aid our timber projects going forward. Building the roads to get the timber out is one of the most expensive parts of a timber sale, and recently timbered areas need deer fencing to protect the seedlings in those areas. He asked Don Oaks to comment further.

Mr. Oaks passed out additional information with some more detail on the forestry situation. He indicated that since last July, the price for cherry at the lumber mills dropped 60% (more like 75%-80%) and certain grades of logs are no longer profitable, and Maple dropped 50% (more like 65%- 70%). The second document shows a short window of opportunity on "what should we do with Stand 50." The pulp company is not interested in this timber at the same price they paid for Stand 62. It varies between \$0 - \$2 per ton, depending the amount of road construction necessary. Roads are always important. They are needed to access the stand, and in this current state of the economy, the money just isn't there. One thing to propose when talking to interested parties is to maybe take only the roundwood, the smaller material. Silviculturally, this has drawbacks to it. It may cause regeneration of more beech and soft maple. There are significant concerns.

He visited RGM Hardwoods today. For a two-week period, they raised the prices for logs delivered to the yard because they weren't getting any logs. They had 300,000 board feet of logs in the yard; now they have 500,000 board feet, they dropped the prices, and producers went elsewhere. The dilemma in the sawmills that want to keep operating is not whether they can make money, but how they can minimize losses. If they shut down the mills, they lose the customer base. They'll lose less if mill is kept operational. He doesn't think pay-as-cut contract is the way to go in this current state of the economy,

Mr. Master said there is value to doing some timbering to clear out the unwanted species because an investment was made in the herbiciding and fencing. We need to do the timbering to optimize the growth of good quality timber. Mr. Oaks said the effects of the herbiciding haven't been lost yet, but it's getting to the point where it may begin to lose its benefit. The decision should be based on if the Board feels waiting another year will be better than versus doing something now.

Mr. Master said the Board can't make that judgment. We took a risk and we understand that, and it may be time to tighten up a bit. There are a lot of costs involved (consulting and legal). The Executive Director can make a recommendation about this. Mr. Oaks responded that it is not an inappropriate or bad thing to do at this point (referring to tightening up on expenses).

Chairman Jobs would like to see costs and expected revenues. This has not been a profit generator, but from a forestry standpoint, it has been appropriate to try to do the right things. Mr. Repasch said the Authority did do what was right. In the time he's been with the Authority, three stands have timbered. The revenues did not support the activity, but at the same time the good trees are left and in four to five years, they will be in better shape. Hopefully, that's where the value will be if the market turns around.

Chairman Jobs would like Mr. Repasch and Mr. Oaks to determine what impact, if any, waiting will have and then present the considerations and recommendation to the Board. Mr. Repasch said the City has money in its budget to do the fencing but will also pursue the latest grant opportunity. The fencing isn't needed until wintertime, so we can wait through the grant process and erect the fencing in the fall. Mr. Oaks said to pursue the grants to work on the infrastructure (roads). They are shovel-ready projects that don't involve engineering. It's only a matter of getting a contractor.

1st Quarter 2009 Controller's Oversight Report on General Fund Charges. Mr. Repasch reported the following:

Based on the City's First Quarter Water Fund Analytical Review (3/31/09), \$1,170,000 was used from the Water Fund for General Fund purposes. This represents half of the budgeted General Fund charges of \$2,340,000 for budget year 2009. This is not inconsistent with the past practice of using General Fund charges earlier than if they were taken on a prorated basis equally throughout the year. (The City generally needs the money before tax revenues start coming in). There were no Pension Fund charges used during the first quarter. The 2009 Budget identifies \$997,420 in Pension Fund charges to the Water Fund in addition to the General Fund charges.

The Maximus Study is (supposedly) due by next Wednesday, so that will be closely scrutinized and the results will be reported in June, along with whether a reconciliation will be made between the Authority and the City at that time.

2nd Quarter 2009 Expense Projection and Budget Comparative

Income and Expense Projection for the 2nd Quarter 2009:

- ◆ Cash on Hand at May 1 - \$447,970.00 (\$120,885.00 in checking; \$327,085.00 in various CD's)
- ◆ Revenues Receivable – \$98,230.00 for the 2nd Quarter
- ◆ Total Projected Cash on Hand Before Expenses - \$566,620.00 for the 2nd Quarter
- ◆ Total Projected Professional, Administrative and Police Expenses - \$111,115.00 overall for the 2nd Quarter
- ◆ Total Projected Cash on Hand at the end of the 2nd Quarter - \$455,505.00

Expense Budget Comparative for the 4 months ended April 30:

- ◆ Professional Services – \$35,481.00, 24% of budget
- ◆ Security and Property Expenses – \$6,708.00, 20% of budget
- ◆ Administrative Expenses – \$68,963.00, 29% of budget

- ◆ Overall – \$111,153.00, 27% of budget, which is subtly below the 33% if budget was spent in its entirety for the 4-month period

Mr. Repasch commented that the City is entering the litigation phase of the PUC territory expansion, and the Authority is committed to 50% of those expenses. We could be looking at some sizable legal fees during this process.

REPORT OF THE CONTROLLER

Mr. Filipos' report for the month ended April 30, as circulated and filed, was accepted without comment. He noted the biggest activity was from the BRIF to pay the City's water capital invoice. The April 1 debt service interest payment for the Hirko bond was also paid. The remaining activity is the interest moving in and out of the accounts.

Chairman Jobes queried if the money that came out of the BRIF paid the capital expense invoice of \$265,000.00 just presented, as the BRIF is starting to dwindle. Ms. Reppert responded the \$265,000.00 reported today will be paid out of the BRIF this month. Mr. Repasch added it is extremely important that the planning for the long-term financial needs not be delayed much longer. Something needs to be done heading into 2010. Having just received PRAG's comparison of the two financial plans that were discussed, it is clear to him which direction the Authority should go for the long-term sustainability of the water system. He believes the Board will reach the same conclusion.

Mr. Master queried if there will be offline discussions before the June meeting and also if a proposal will be entertained on the financial plan at that time. Mr. Repasch responded he thinks the Authority has to pick one of the two plans for direction, and it should be an Authority Board direction, that this is what is going to be done. The Authority's committee (Repasch, Jobes, Gower, Master) should have a conference call with PRAG to review their presentation. Chairman Jobes added the Authority's plan has been discussed. The issue will be getting City Administration and Council on the same page.

Mr. Master queried if there has been some negotiation with the City. The plan has to be agreed to by the existing City Council and we can work with them. Mr. Repasch responded the City's been using their financial advisor to develop its plan, which is inconsistent with the plan PRAG is offering. That is the issue. If you look at the plans, one is short-term satisfaction versus long-term sustainability. The Board feels there are many strong points to PRAG's plan.

REPORT OF THE SOLICITOR

Nothing to report.

REPORT OF THE CONSULTING ENGINEER

Mr. Kern followed up with a comment about his report. About four or five of the recommendations in the report are included in the one grant application. If the \$550,000.00 grant for those projects (to replace valves, etc.) is received, they could be completed by the end of this year.

REPORT OF BETHLEHEM AUTHORITY SPECIAL POLICE

Officer Meixell's report was filed and circulated. He has two joint patrols planned with the Game Commission for the Memorial Day holiday.

Chairman Jobs commented about the upcoming (NASCAR) race on June 4. Meixell said race activities in the area have tapered off compared to what they were five or six years ago. Attendance seems to have gone down as well.

WATER REPORT

The water report for the month of April 2009, as filed, indicates the reservoirs are at 94.68% capacity. The report was accepted.

OTHER BUSINESS

None.

COURTESY OF THE FLOOR

NEXT MEETING DATE

Chairman Jobs indicated that the next meeting is June 11 at 3:30 PM.

ADJOURNMENT

There being no further business, Mr. Master motioned to adjourn the meeting. Mr. Tallarico seconded. Motion passed unanimously and the meeting adjourned at

Richard L. Master, Secretary