

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

**MARCH 11, 2010**

The regular meeting of the Board of Directors of the Bethlehem Authority was held on March 11, 2010 in Conference Room B504, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:35 PM by Chairman Mark Jobes, with the following in attendance:

John Tallarico, Vice Chairman  
Richard Master, Secretary – Participating by telephone  
Vaughn Gower, Treasurer  
James Broughal, Esq., Solicitor  
John Filipos, CPA, 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 February 11, 2010 as circulated. Mr. Tallarico moved to approve the minutes. Mr. Gower seconded. Motion passed unanimously.

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

The Bethlehem Press  
Ms. Meg Holland, City of Bethlehem Controller  
Mr. Eric Evans, City of Bethlehem Councilman  
Mr. Stephen Antalics, Bethlehem Resident  
Mr. Scott Singer, US Department of Agriculture, NRCS, Bloomsburg Office  
Mr. David McGuire, Lehigh Valley Sierra Club  
Ms. Michelle Cichocki, City of Bethlehem  
Mr. Robin Wildermuth, Woodland Management Services  
Ms. Cindy Wildermuth, Woodland Management Services  
Mr. Donald Oaks, Bethlehem Authority Consulting Forester  
Mr. Kent Herman, Esq., King, Spry, Herman, Freund & Faul LLC

David McGuire commented on the current timbering operation in the Wild Creek Watershed and the story that appeared in the newspaper about it. He has received numerous phone calls and e-mails from people in the environmental community, some addressed to the Board and the Executive Director. In some cases, people are not well informed as to the Authority's policies and, in general, what it's trying to do with the forest. It has particularly caused quite a stir among bird people. It appears that some of this activity was not well done, which was not intended. He'll look

at some of photos he received and talk to the Executive Director. Mr. McGuire also commented on the Working Woodlands Program. It is something that, if in place, would provide the Authority a forest management plan and eco-system management for the entire 23,000 acre Watershed. The resource is not just the trees, but the water and everything else. As an example, there are birds that fly up from South America and the Caribbean to hatch and raise offspring. In some cases this year, they will find no safe place. The exact nature of the tracts of land need to be viewed in their entirety, not just the trees. He asked the Executive Director to verify that the trees were diseased with beetles and that is why they were cut down. Mr. Repasch responded yes, pine bark beetles and root rot, a fungus, invaded the stand because it had grown too dense. For the record, the stand was thinned out, not cut down.

Mr. McGuire stated a short and interesting paragraph he received. "In about 20 years, or make it 40 years, perhaps we will find that saving stands of trees from bark beetles and such other will be like we now view curing disease with leeches." He hopes the Board will continue to go forward in a positive direction. It's always good to be on top of things. He's not sure he has a mutual stance on this matter, but based on what he's seen and heard, he doesn't think the overall outcome was what was intended. He will meet with Mr. Repasch to discuss this further.

Chairman Jobs thanked Mr. McGuire for being involved and working with the Executive Director on trying to find ways to improve in the future. The Authority is working on comprehensive plan. He felt The Morning Call article depicted the situation from both sides. It was felt to be the right thing to do. Although it was delicate situation and did not make everyone happy, whether it was done properly or not is another issue.

## **REPORT OF THE CHAIRMAN**

**1998 Bond Refinancing Update.** Chairman Jobs said the pre-closing documents for the bond refinancing were signed today. The money will be held in escrow and closing is scheduled for March 16. This is the finality of long but favorable process.

**Native Grasses as Bio-Fuel Presentation.** Mr. Repasch introduced Scott Singer from the U.S. Department of Agriculture, Bloomsburg office. Mr. Singer is trying to promote a program on native grasses and their potential use as a biofuel, wildlife cover, and several other uses. Mr. Repasch saw this presentation last October. The Authority has approximately 700 acres in the Tunkhannock watershed leased for agriculture. If the habitat can be improved by growing something other than corn, it should be explored.

Mr. Singer thanked the Board for the invitation and opportunity to talk about the program, which closely parallels forest management. In general, land management is challenging, but public land management poses different challenges. The potential for native grasses (Big Blue, Indian Grass, and Switchgrass) to re-enter the agricultural society as an energy crop is a unique opportunity and viable crop for farmers. His focus is on modeling projects that others can take advantage of. At one time on this continent, before the Corn Belt, several hundred million acres of land were native grasslands needed as a fuel source. Then these native grasses were only being used as conservation covers to fix agricultural and watershed health problems. Now, there is a chance to turn this type of crop into an eco-system that serves landscapes, wildlife needs, and energy—turning the grasses into pellets and briquettes for heat.

The Federal government has a large push on the development of secondary biofuels for energy. An energy crop must remain efficient throughout the process. It is harvested at a certain time of the year and for the remainder of the year, the watershed and wildlife benefit from the high grass. The strategy is to connect the local farmers with the local market so the material is only moving short distances. Farmers are open to new ideas and can provide a bridge in helping to restore an eco-system.

Several hundred acres in Columbia, Montour, Northumberland, and Schuylkill Counties have been planted with native grass crops in the last few years, with Federal support. Along with that, the Benton Area School District converted the school's heating system into a multi-fuel biomass boiler. Benton is a small district in rural Pennsylvania and the first in the state to burn native grasses for heat. It was determined the district could save a teacher's salary every year by switching to a biofuel to meet 80% of their needs. By paying the local farmers for the material, it put the money from local tax base back into the local tax base. Also, a mobile pelletizer is being built to link the farmers with the end product. Approximately 150 to 200 acres of native grasses supplied a whole heating season. Pennsylvania uses one billion gallons of fuel oil for heat and ranks in the top ten for petroleum usage.

Mr. Singer said the choices we make today and how we proceed will have ramifications in the future. It is important that all things are taken into consideration, including watershed protection, soil health and wildlife, which can be nicely packaged into a native prairie. It's not just tall grass; it's a habitat that beautifies the landscape. We can learn to use technology to remove this biomass and use it wisely as a carbon-neutral energy source instead of pumping carbon into the atmosphere. We can learn to be minimally invasive to the landscape. Burning wood chips and grass pellets differs and both have their advantages and disadvantages. Farmers across the Northeast—Canada, Tennessee, Iowa, Pennsylvania (the hot spot)—have this opportunity. He thinks it's one of the best scenarios—it's beneficial to the landscape and looks good on paper. He hopes the model can be shown in this region

Mr. Stephen Antalics commented that this was fascinating. He attended a conference on nanotechnology. A map of the United States showed most forest density is east of the Mississippi, with Pennsylvania in the middle of this density. The USDA and Penn State are doing research in terms of nanocellulose is in trees, in addition to nanocarbon fibers. If the program is developed and becomes a national product, the state and the Authority could possibly benefit from a good source of money in the future.

Mr. Singer said technology today with regard to carbon is unbelievable. Anything can be done with biomass in the future, but it needs to be harvested from the landscape in an environmentally friendly way.

Chairman Jobes felt this presentation was good timing, as the Authority is looking at alternative energy sources to produce on its land. His questions to Mr. Singer were:

- Is this program being done anywhere else currently other than Benton School District? Yes, Ernst Conservation Seeds in Meadville, PA, is putting up a large scale densification facility. Across the border in New York state, there are applications to grow material. The program is in its beginning stages but is being done.

- Is this something that needs to be planted every year? No, it is a perennial crop. Once established and taken care of, it is constant cover on the soil as long as it is wanted there. This makes a big difference when talking about watershed health, protection, and soil stability. There is a lot of energy wasted when growing corn and grains (petroleum-based energy). A perennial crop only costs \$25 to \$30 per acre to manage versus \$400 per acre for corn. The potential exists to make twice as much net profit.
- Is it necessary to tie into an end user? Yes, at this point, because it sets the stage for the crop to be grown. For the Benton project, the engineering and equipment placement took about the same amount of time as it did for the grass crop to get established.

In closing, Mr. Singer said that it's hard not to focus on the positives. The challenges are how to balance ourselves and energy consumption. If we don't change, none of this will matter. Scientists will prove on paper that we can't continue to use energy the way we do. We must focus on the conservation of energy and rethink the way we do things. He appreciated everyone's attention. He's available to discuss this program at any time and will provide his contact information.

**Working Woodlands Program Update.** With regard to the Letter of Intent between the Authority and The Nature Conservancy (TNC) on the Working Woodlands Program, Chairman Jobes asked the Executive Director to identify some of the costs associated with the program. He wanted to discuss the details of the memo that was circulated.

Mr. Repasch said he identified the issues at last month's meeting that need to be looked at and addressed if the Authority's watershed forests are to become certified. Based upon what the Board asked for, he presented the following:

- Boundary line marking. Based on some estimates on how long it would take to mark necessary boundaries, the cost is approximately \$1,600 over a three-year period. If surveying is required, that would increase the cost. The marking does need to be done.
- The City-Authority land management relationship. This is outlined in more detail in the letter from TNC. Costs are estimated to be \$1,000 per year for training or minor equipment purchases.
- Invasive species. This is critical. Some have been identified and create problems if nothing is done. One species is Japanese knot weed. The City already has this problem at the waste water treatment plant and it is treated annually to keep it under control and eventually eradicate it. The cost to piggy-back on the current City contract would conservatively be \$2,500 annually.
- Stakeholder input. Overall, the costs are minimal and not prohibitive, mostly staff time. Also, the City is pursuing a Source Water Protection Program under the auspices of the PA DEP. Stakeholder input is key to that effort. We would gain efficiency by working and presenting both programs together for stakeholder interest and other issues as well.

There were some other issues related to TNC and their partner, Blue Source, regarding the carbon market, mainly if the Authority would be getting the best deal, or should it evaluate other potential marketers for future for carbon sequestering. It is Mr. Repasch's opinion that the Authority can continue to move forward with TNC on developing an agreement to eventually get to the point it wants to be at.

### Board Discussion:

Mr. Gower said more talks will help shape negotiations that everyone can get up to speed on. Some Board members haven't had the benefit of spending the same amount of time on this issue as others. Everyone should have the same information and philosophical position. He thinks the Board should continue to learn more and keep talking.

Chairman Jobes agreed. He moved this topic under his report because now that the refinancing is done, this is going to be a high priority item. His only concern is how big the hurdle is for the boundaries and surveys. This should be known up front sooner rather than later because if it is a potential deal breaker, the Board won't spend a lot of time and effort on the other issues. Mr. Repasch said he doesn't think we can know up front costs because somebody needs to physically walk and mark the boundaries before it is known if anything needs to be surveyed. Chairman Jobes said that due diligence is to have someone try to provide an estimate of what needs to be done and the associated costs.

Mr. Broughal said it's important for the entire Board to know and understand a very important aspect. If it pursues this agreement with TNC, for the next 60 years the property, all 23,000 acres, will not be able to be developed, sold or used in any way except for the purposes that will be stated in the agreement with TNC and Blue Source. It does make sense because the trees are needed to receive the carbon credits.

Mr. Master said he's not up to speed on this issue, and Mr. Broughal's statement is very dramatic. When more modest conservation easements were looked at in the past, there was real concern and push back from both the Board and other people in the City about encumbering the land in an easement. The aspirations and objectives of TNC's agreement are wonderful, but he needs more education. He will make himself available for discussions.

Mr. Broughal said recently the Board considered the Monroe Country agricultural easement, which were very restrictive with regard to the Authority's activities on its property. TNC's agreement will be a lot less restrictive. The property can be utilized for timbering, water production, agriculture, wind energy, and other things. He didn't want to make it sound as restrictive as the agriculture easement. What's important to understand is the land can't be sold for other purposes or developed.

Mr. Master asked if Administration or Council is involved in discussions. Mr. Broughal responded not yet, but because of the restrictions put on the property, Administration will have a say and Council will have to approve.

Mr. Master asked if there are proponents on the Board that want to move this forward to develop a consensus. Mr. Tallarico responded he likes the certified forest idea. It's number one and stands out more than anything. The Authority can't get that on its own because it will cost a lot of money. The certification is what the Authority wants to have.

Mr. Broughal said the benefits of moving forward is the Authority receives a full forest management plan on 23,000 acres of land, FSC certification, and a tree inventory in addition to revenue from carbon credits. These are all very good and positive things. He didn't want to make it sound like

the program was not good; he just wanted to make sure the Board understands it won't receive the money unless the land is put aside for the 60-year period.

Mr. Gower said while the Authority's forestry management activities are in line with TNC, the carbon credits **are** a different area. TNC is partnered with Blue Source, but maybe the Authority shouldn't be. There are a lot of permutations to the thought process.

Mr. Repasch said a workshop session would be appropriate to educate the rest of the Board, and to include TNC. Chairman Jobes would like him to follow through on setting up this session.

**Wind Energy Developer Evaluation.** Chairman Jobes said the Delsea and Iberdrola proposal evaluations are complete and have been reviewed by the Board. They are very different in form. The consultant, Broadlands, has been asked to do some more comparison. He thinks a decision can be made by next month.

## **REPORT OF THE EXECUTIVE DIRECTOR**

**Forestry Consultant.** Mr. Repasch said the Authority's current consulting forester is contracted only for 3,100 acres in the Tunkhannock watershed. With the wind energy, Working Woodlands Program and biofuels issues, the need to address the forest management issues related to the entire Wild Creek and Tunkhannock Watersheds became apparent. The last management plans for the Watersheds date back to the late 1980's. It was decided to broaden the view on forestry consulting services, and Requests for Proposals were sent **to** seven forestry consultants. Proposals were received from Woodland Management Services, ForestLand Consulting, and Don Oaks, who **is the Authority's current consulting forester for the Tunkhannock Creek Watershed.** In summary, all three were well qualified based on education, background and experience. Through the interview process and prior experience, he recommended Woodland Management Services for the position of consulting forester. They have two additional employees that will allow greater flexibility and turn-around time. No agreement **will be** entered into until there is an acceptable contract.

Mr. Robin Wildermuth said his wife, Cindy, has a master's degree in environmental management and they have one employee, who is a graduate forester from Penn State University with five years experience. Their office is located in Tafton, Pike County, PA.

Mr. Don Oaks said his services have been highly underutilized, particularly in the last year and a half. He felt he did not have the opportunity to advise the Authority as he thinks a consultant should on the activities that have been followed. There are others who can verify that the Authority is high maintenance in the forestry consulting field. Whatever decision the Board makes, he wishes it all the best. As a final word of advice, perhaps, the Authority really needs to look at some of the issues and explore the opportunities that are out there. It has been his ethical obligation to bring some issues to the Board, and he wishes Woodland Management Services all the best.

Chairman Jobes said there are newer Board members and a new Executive Director. The Authority probably is high maintenance, but there is a lot of land and a lot of issues. We need someone who can stay on top of everything, advise us and help us. No one on this Board is a

forester or environmentalist. We try to partner with others, like TNC and the Sierra Club, to help advise us.

Mr. Oaks said that whoever is selected as forester is going to have to be much more involved than he was permitted to be. That has been the major problem with the program to date. In the decision-making process, the forester is needed to time the prospectuses and deal with the industry and loggers. This was not the case.

Mr. Dave McGuire said that he sits on the Allentown Environmental Advisory Council. They are having an array of **unproductive discussions** with regard to Allentown's forestry issues. Unless an advisory council is included early enough, it becomes not useful and also, it can be too late to come to a conclusion. He's only commenting on the problems that any group has and not with regard to any of the parties here. He said the Board is moving in a positive and creative way, not perfectly because it can't control everything it wants to do. He suggests educating Council now, and to include the people who should be interested and involved as early as possible.

Chairman Jobs agreed whole-heartedly. There has been some feedback received from environmentalists. We welcome that feedback and have asked these people to join our (public) meetings. The Board appreciates Mr. McGuire attending the meetings, his input and his help. The Authority is trying to do all the right things for the majority of the people and still operate a water system, which is the main mission it has to oversee.

Chairman Jobs moved to hire Woodlands Management Services as the Authority's Consulting Forester, based upon the Executive Director's recommendation and subject to reaching an acceptable contract agreement. Mr. Gower seconded. Motion passed unanimously.

Mr. Wildermuth thanked the Board and said they are here to bring their expertise and look forward to working with the Authority on its large resource.

Chairman Jobs and the Board thanked Mr. Oaks for his services over the years.

**Access to Bethlehem Authority Property in Tunkhannock Township.** Mr. Repasch reported he recently met with the Monroe County Industrial Development Authority (MCIDA), which has a potential project to construct a gas pipeline from Route 115 to Route 611. One of the proposed routes crosses Authority property. MCIDA would like permission to access Authority property to survey the route and install approximately eight to ten survey markers, which are standard in-ground stakes. If the Board is agreeable to this, he would like to allow MCIDA access, conditioned upon getting an indemnification agreement and insurance certificates from the MCIDA naming the Authority as an additional insured.

Mr. Tallarico added the MCIDA will eventually come back to the Authority with a proposal for a right-of-way. They need the access to perform the survey work.

Mr. Broughal said this work is preliminary to the MCIDA asking the Authority to grant an easement for a pipeline. At that time, the Authority will have to assess a value and he hopes Mr. Gower can provide his expertise.

Mr. Tallarico queried if we're sure about the boundary MCIDA is working off of. We have to make sure where that line is. Officer Meixell responded that there are some survey markers along Hysie Gap Road, but the pipeline surveyors could utilize sections where there are no markers, which could be of good benefit to the Authority.

Mr. Master queried if there are other utility easements on Authority property. We need to find out if there is anything objectionable to a gas pipeline, as well as how wide a path of destruction there will be. Mr. Repasch responded yes, there are power line easements and Buckeye has a gas pipeline on a portion of the Watershed off Kuhenbeaker Road, approximately 1,000 yards in length.

Mr. Master moved to permit the Monroe County Industrial Development Authority access to Authority property for survey purposes, subject to an indemnification agreement and insurance certification naming the Authority as an additional insured. Mr. Tallarico seconded. Motion passed unanimously.

### **1st Quarter 2010 Income/Expense Projection and Expense Budget Comparative.**

#### **Income and Expense Projection for the 1st Quarter 2010:**

- Cash on Hand at March 1 - \$356,615 in various accounts
- Revenues Receivable – \$97,390 for the 1<sup>st</sup> Quarter.
- Total Projected Professional, Administrative and Police Expenses – \$82,765 overall for the 1<sup>st</sup> Quarter.
- Total Projected Cash on Hand at the end of the 1<sup>st</sup> Quarter – \$419,835.

#### **Expense Budget Comparative for the month ended February 28:**

- Professional Services – \$8,573, 4% of budget. PRAG has been working significantly off the COI fees for the bond refinancing.
- Security and Property Expenses – \$6,742, 22% of budget.
- Administrative Expenses – \$39,133, 16% of budget.
- Overall – \$54,448, 11% of budget and tracking slightly under budget.

### **REPORT OF THE CONTROLLER**

Mr. Filipos' report for the month ended February 28, was circulated and filed, and was accepted without comment.

**Fourth Quarter 2009 Controller's Oversight Report.** Mr. Filipos reported on the Fourth Quarter 2009 Controller's Oversight Report. For the year ended December 31, 2009 The City's charges to the Water Fund totaled \$2,340,000 for General Fund charges, and \$997,420 for Pension charges. These were the amounts budgeted for 2009. The report was reviewed and signed by him, Mr. Repasch and the City's Controller.

Chairman Jobes queried when the Maximus Study is released. Mr. Filipos responded it is usually received and reviewed in April/May. As soon the study is available, it will be scrutinized and reported on.

**Resolution 313 – Approval of Professional and Administrative Expenses.** Chairman Jobs presented Resolution 313 to the Board for approval. The resolution totals \$69,423.83 and consists of the following:

- Requisition 302 - City's water capital invoice totaling \$47,607.73
- Professional and Administrative expenses totaling \$21,816.10

Mr. Tallarico moved to accept and approve Resolution 313 as presented. Chairman Jobs seconded. Motion passed unanimously.

### **REPORT OF THE SOLICITOR**

Mr. Broughal said that because the Board is still without a fifth member, and because some members are out of town occasionally, it would be helpful if Mr. Gower were appointed as an additional Assistant Secretary, as Secretaries are required to sign a lot of documents.

Chairman Jobs moved to appoint Mr. Gower as an additional Assistant Secretary. Mr. Master seconded. Motion passed unanimously.

### **REPORT OF THE CONSULTING ENGINEER**

Neal Kern's monthly report was circulated via email and filed. It was noted that the Engineer's Certificate for the bond refinancing was completed, and the Annual Report work is still in progress.

### **REPORT OF BETHLEHEM AUTHORITY SPECIAL POLICE**

Officer Meixell's report as circulated via email and filed was accepted.

### **WATER REPORT**

The Water Report for the month of February 2010, as circulated and filed, indicates the reservoirs are at 99.7% capacity.

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

Ms. Michelle Cichocki, sitting in for Dave Brong, reported the following as of February 28:

- Year-to-date invoicings are healthier than receipts, but invoicings are also slightly behind due to conservative assumptions from not being able to read meters due to the weather.
- Expenses are slightly higher than plan.
- Cash balance in the Water Fund is \$800,000.

## **OTHER BUSINESS**

Ms. Reppert said there are CD's that will mature a few days after the April meeting. She wanted to verify that the Chairman would like these investments bid prior to the April meeting, with the recommendation presented for approval at that meeting, to which Chairman Jobes said yes.

Mr. Repasch informed the Board that the Authority's Trustee, Bank of New York Mellon, is re-organizing. The City's and the Authority's accounts are being moved from the New Jersey office to the Pittsburgh office. The relationship manager who has handled the accounts for many years, Andrea Harris, will no longer be involved in the process or the bank. There is going to be a learning curve for a short time.

## **COURTESY OF THE FLOOR**

Mr. McGuire said ten years ago, at the initiation of the efforts to preserve the Watershed in its fundamental composition, Don Oaks was brought in as a DCNR consultant. He helped set the boundaries of knowledge and responsibility that have been translated over this time period to correspond with the continual upgrading of the Board, which is now working very hard and in the right direction. He thinks all the people owe Mr. Oaks appreciation. The environmental community appreciates not only what he did for the Bethlehem Watershed, but also for his contributions to ethical forestry in the State of Pennsylvania. He thanked Mr. Oakes very much. The Board acknowledged his statement.

## **NEXT MEETING DATE**

The next meeting is scheduled for April 8, 2010 at 3:30 PM. Please advise of any conflicts.

## **ADJOURNMENT**

There being no further business, Mr. Gower moved to adjourn the meeting. Mr. Tallarico seconded. The meeting adjourned at 5:10 PM.

*Vaughn C. Gower, Asst. Secretary*