

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

NOVEMBER 10, 2011

The regular meeting of the Board of Directors of the Bethlehem Authority (“Authority”) was held on November 10, 2011 in Conference Room B504, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Chairman John Tallarico, with the following also in attendance:

- Vaughn Gower, Vice Chairman
- Mark Jobes, Treasurer
- LauraLynne Burtner, Assistant Secretary/Treasurer
- Jim Broughal, Solicitor
- John Filipos, Controller
- Stephen Repasch, Executive Director
- Sandra Reppert, Administrative Assistant
- Daniel Meixell, Special Police Officer

J. Tallarico presented the minutes from the regular meeting held October 13, 2011. V. Gower moved to approve the minutes. M. Jobes seconded. Motion passed unanimously.

RECOGNITION OF VISITORS / COURTESY OF THE FLOOR

J. Tallarico welcomed the following visitors:

- Stephen Antalics, Bethlehem resident
- Bud Cook, The Nature Conservancy
- Robin Wildermuth, Authority Forester
- Pete Sussenbach, PA Game Commission
- Pat McElhenny, The Nature Conservancy

REPORT OF THE CHAIRMAN

Wind Energy Project. J. Tallarico reported that the wind energy project will be discussed in an Executive Session due to contract negotiations with Delsea and Apex.

(Dave Brong, Gene Auman and Terry Faul entered the meeting at 3:35 PM)

REPORT OF THE EXECUTIVE DIRECTOR

Tunkhannock Creek Watershed Habitat Restoration Presentation. Mr. Pete Sussenbach, Land Management Supervisor the PA Game Commission (PGC), Northeast Region, and Mr. Pat McElhenny, Fire Manager for The Nature Conservancy (TNC), gave a presentation to the Board regarding habitat restoration on Authority property in the barrens areas in Long Pond. The PGC

has funding available until June, 2012 and would like to be under contract before that deadline to use the funds in a partnership with a private landowner who is enrolled in the PGC's Public Access Program.. Benefits to the Authority include the reduction of fuel sources to minimize wild fire potential and improved road and fire lane maintenance.

(Richard Master telephoned into the meeting at 4:00 PM)

Following the presentation, the Board indicated it will not make a decision on this today. Due diligence on how this habitat restoration could affect the watershed, hydrology, the forest management plan, the carbon credits, and the legal liabilities associated with prescribed burning must be considered before moving forward with any plan.

Forest Management Update Presentation. Mr. Robin Wildermuth, the Authority's Forester, presented an update to the Board on the status of the forest inventory, FSC certification process, the forest management plan, the carbon credit monitoring and work that still needs to be completed. He also outlined the silvicultural projects for 2012 and the respective forecasted revenues. There will be a report on the tree species in both watersheds, as well as a breakdown of all trees and seedlings, and a characterization of shrub layers.

2012 Bethlehem Authority Operating Budget. S. Repasch reported that he, J. Tallarico, and V. Gower met to discuss the 2012 budget. Because the health insurance plan rates will not be available until next week, the budget could not be completed. Also, the timber revenue that currently goes to the City will be kept by the Authority beginning in 2012 and the associated timbering expenses, such as fencing, will be incurred by the Authority. This will decrease the operating funds that the Authority receives from the City. The 2012 budget will be formally presented and acted on at the December 8 meeting.

4th Quarter 2011 Expense Projection

- Cash on Hand – October 1, 2011 -- \$432,496
- Projected Revenues Receivable for the 4th Quarter -- \$192,635
- Total Projected Professional, Administrative and Police Expenses for the 4th Quarter -- \$108,946
- Total Projected Cash on Hand at the end of the 4th Quarter -- \$516,185

Expense Budget Comparative. S. Repasch reported the following for the ten month period ended October 31, 2011:

- Professional Services – \$71,462, 62% of budget. The Trustee Fees are over budget due to The Bank of New York Mellon's contract to do the arbitrage reports on the bond issues.
- Operating Reserves - \$6,311, 9% of budget.
- Security and Property -- \$29,844, 94% of budget.
- Administrative Expenses -- \$188,702, 77% of budget.
- Overall -- \$296,320, 65% of budget (versus 83% linear budget)

REPORT OF THE CONTROLLER

Controllers Summary Report. J. Filipos' report for the month ended October 31, 2011 was circulated and filed. He noted that the BRIF increased \$218,000 due to an H2O PA Grant reimbursement. The Hirko debt service payment (principal \$715,000 and interest \$81,068.75) was made.

Resolution 333 – Professional and Administrative Expenses. J. Tallarico presented Resolution 333 totaling \$226,061.41 to the Board for approval. The resolution includes professional and administrative expenses totaling \$25,914.46 and a water capital expense to be paid from the BRIF in the amount of \$200,146.95. S. Repasch noted that the City's line of credit is being used for water capital expenses, but also the BRIF is being used when money has been reimbursed for the grant projects. This month there was a grant project invoice from MPC Containment in an amount almost equal to the recent reimbursement.

V. Gower moved to approve Resolution 333. M. Jobes seconded. Motion passed unanimously.

Investment Ratifications. There were numerous investment recommendations previously circulated to the Board via email and approved. M. Jobes queried why KNBT withdrew their offer. S. Reppert responded the government banking representatives would be out of the office the week the investment was to transact. Due to the complexity of the agreements involved with a CDARS investment, they were not comfortable having someone else handle the investment and the bank respectfully withdrew its offer for this time. She presented the following investments for ratification:

- \$250,000.00 CD with First Star Bank, 0.45% for 6 months
- \$250,000.00 CD with Lafayette Ambassador Bank, 0.30% for 6 months
- \$250,000.00 CD with TD Bank, 0.30% for 6 months
- \$250,000.00 CD with Fulton Financial Inter-Affiliate CD Program, 0.58% for 13 months
- \$496,723.77 CD's with Fulton Financial Inter-Affiliate CD Program, 0.15% for 6 months

V. Gower moved to approve the investments as presented. L. Burtner seconded. J. Tallarico voted aye. M. Jobes voted aye on First Star Bank and TD Bank CD's, and abstained from voting on the Lafayette Ambassador Bank and Fulton Financial CD's.

REPORT OF THE SOLICITOR

J. Broughal had no report other than what will be discussed in Executive Session.

REPORT OF THE CONSULTING ENGINEER

No report filed. S. Repasch reported that the field inspections pertaining to the 2011 Annual Report were completed this week.

REPORT OF BETHLEHEM AUTHORITY SPECIAL POLICE

Officer Meixell's report for the month of November 2011 was circulated and filed. He noted that bear hunting season opens next week. Also, there are people searching for old Indian hunting camps on Authority property, excavating the sites for artifacts, and removing anything found for profit. He's learning more about this through DCNR and will investigate how to address this matter in the event persons are caught.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

D. Brong provided the Board with a copy of the City's proposed 2012 water capital budget, which is ~\$3.4 million and expected to be funded from the line of credit, remaining H2O PA Grant funds, and the BRIF. Highlights of the budget are as follows:

- Meters, fire hydrants, vehicles, road repairs, everyday items.
- Water treatment expenses.
- Roof replacement on the out-buildings at the water treatment plant.
- Critical facilities infrastructure projects (water tanks, pump and pressure reducing stations) that should be complete by 2014. When these are completed, the focus will shift to in-ground infrastructure.
- Systems, such as telemetry, pumps, valves and SCADA. Most important is the ability to access the SCADA system remotely in the event of an emergency as well as the addition of a secondary site to control the system. During the snowstorm two weeks ago, power was lost to most tanks and pump stations. On-site gas generators and/or fuel-driven pumps had to be used to keep the systems operating. There is a design initiative to install transfer switches to automatically turn over to back-up power in the event of a long term power outage.

He also reported the City sent the funds for the November debt service payment to the Trustee earlier this week.

OTHER BUSINESS / COURTESY OF THE FLOOR

Mr. Terry Faul indicated that Delsea and Apex would very much like to move forward with the Authority and are willing to meet as early as next week if convenient. J. Tallarico indicated that this will be discussed in Executive Session.

NEXT MEETING

J. Tallarico announced the next meeting is scheduled for December 8.

EXECUTIVE SESSION

At 5:00 PM, V. Gower moved to convene into Executive Session. L. Burtner seconded. Motion passed unanimously. After adjournment of the Executive Session, the Board announced it will commence the RFP process to find a new wind energy developer and will be contracting with Broadlands Financial Group at a cost not to exceed \$15,000. Delsea and Apex will be notified that they will have to go through the RFP process as well.

ADJOURNMENT

The meeting adjourned at 5:40 PM.

Laura Lynne Burtner, Asst. Secretary