

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

FEBRUARY 12, 2015

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, February 12, 2015 in Room B504, City Administration Building, 10 E. Church Street, Bethlehem, PA and called to order at 4:00 PM by Mr. John Tallarico, Chairman. Also in attendance were:

- Ms. Laurie Hackett, Vice Chairwoman
- Mr. Mark Jobes, 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

M. Jobes moved and L. Hackett seconded to approve the minutes from the January 8, 2015 Reorganization and Regular meetings. Motion passed unanimously.

RECOGNITION OF VISITORS

- Mr. Pat McElhenny, The Nature Conservancy
- Mr. Pete Sussenbach, Land Management Supervisor, Northeast Region, PA Game Commission
- Ms. Cindy Wildermuth, Woodland Management Services
- Mr. Robin Wildermuth, Authority Forester, Woodland Management Services
- Ms. Linda Christman, Carbon County resident in opposition of the PennEast Pipeline
- Mr. Roy Christman, Carbon County resident in opposition of the PennEast Pipeline
- Mr. Ron Madison, Engineer
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Dave McGuire, Sierra Club
- Mr. Stephen Antalics, Bethlehem citizen
- Mr. Nate Jastremski, Bethlehem Press

COURTESY OF THE FLOOR

J. Tallarico stated that all comments on the PennEast Pipeline will be heard when the topic is reached on the agenda.

CHAIRMAN

J. Tallarico spoke about David DiGiacinto, who passed away unexpectedly. DiGiacinto was a man with great integrity and served on the Authority Board from 2003 to 2007. He was instrumental in taking the Authority in a different and better direction. His legacy was the hiring of the current Executive Director and Financial Advisor. He did a lot of good things for the City and will be missed.

S. Antalics said that he was very impressed with DiGiacinto's non-political agenda, his concern for the welfare of the City and his exposing of "funny money." DiGiacinto's time as a City Councilman and City Controller was also a tremendous service to the City.

The Board will be making a donation to the Boys and Girls Club of Bethlehem in memory of DiGiacinto.

EXECUTIVE DIRECTOR

PGC/TNC Burn Project. P. McElhenny and P. Sussenbach presented a review of the burn project and the areas that have been completed to date. This was the first prescribed fire project in the northeast region of PA and a very important one for rare plant species and wildlife. The snowshoe hare project has drawn a lot of attention. Some benefits to the Authority have been improved access roads and new fire breaks. They thanked the Authority for its participation in this very successful program.

S. Repasch queried why there has not been much mention of the golden-winged warbler since it was part of the project. P. Sussenbach responded that the bird is part of the project, is being monitored annually and ultimately should return as the habitat changes back to its preferred state.

On behalf of the Board, J. Tallarico thanked them for the excellent job.

Forestry Management Activity. R. Wildermuth presented a review of 2014 forestry activities and 2015 projects:

2014 Projects. There were three projects completed in 2014 and the revenue from those projects exceeded the estimates. Two projects were prepped in 2014 for harvesting in 2015.

Carbon Audit. The carbon audit is a very detailed process when compared to typical silvicultural activities. The 2014 audit is a desktop audit, much less involved and cheaper than the 2013 field audit. The 2014 audit information is complete and will be submitted tomorrow for review.

2015 Projects. There are three projects in the Wild Creek watershed. One is a prescribed fire project coordinated through the PGC/TNC partnership to foster oak

regeneration. There is one project in the Tunkhannock watershed. The projects are mostly thinnings.

Gypsy Moth Activity. There is increased gypsy moth activity and risk in some pockets of the Wild Creek watershed. The egg masses are highest along Smith Road and Hell Hollow Road. Fungal and viral agents are present and killing some of the caterpillars, but there could be significant defoliation if not controlled. The recommendation is a targeted (aerial) spray program of Foray (the safest bacterium) on 250 – 350 acres at a cost of \$10 – \$12,000. The alternative would be to monitor outbreaks with no treatment, but the risk of tree mortality will increase. Potential funding either through DCNR or a Carbon County program is being investigated. If the Authority chooses to spray, contracts need to be in place by March or early April, as spraying has to be done in May. It should be noted that the City sprayed the area very extensively in the early 1990's. The next step is to have follow-up discussions and input from the City, after which it will be brought back to the board for possible action.

Wind Energy Project. S. Repasch reported that Iberdrola would like to install two additional met towers, each 300 feet tall. Two meteorologists are scheduled to survey the area next week to determine the optimal sites to install the towers. They may also begin bat studies this summer.

PennEast Gas Pipeline. S. Repasch reported he and E. Boscola attended a FERC (Federal Energy Regulatory Commission) meeting at Northampton Community College this past Tuesday. The meeting was very well attended, mostly by those opposed to the pipeline. The Authority's main concern is where the proposed pipeline parallels and intersects the main water transmission lines in addition to the overall concern about the pipeline's affect on the Authority's watershed property. The City is preparing a letter to FERC that addresses its concerns and it will be signed by the Mayor.

S. Repasch is recommending that the Authority also prepare a letter to FERC. All comments have to be submitted to FERC by February 27. E. Boscola added FERC's permitting (prescribed) process will require further studies, review and comment opportunities. FERC's final decision is anticipated at the end of 2015. The City / Authority should register as an intervener after the draft EIS (Environmental Impact Statement) is released.

Ms. Victoria Opthof, 1010 Laurel Drive, Bethlehem, PA and a practicing attorney in Palmerton, Carbon County, interjected stating the FERC process is very complicated. PennEast has pre-filed to finalize the proposed pipeline route. The best time for the ability to impact FERC and the route is now. PennEast will have to address all the issues. She said the Authority should submit its letter and then formally intervene at the right time.

J. Broughal emphatically stated that the Board needs to hire a consultant expert on pipelines and strongly urged to have the risk assessment done. The Board has the fiduciary responsibility to make sure that the water supply is not damaged by this pipeline. FERC will listen to the Authority's requests to minimize any threats to its water system and environment.

The Board is in agreement for S. Repasch and J. Broughal to draft a letter to submit to FERC before February 27. The letter should mirror the City's comments and address the Authority's concerns, which are quite serious. Also, the proposals from Carroll Engineering and Maser Engineering to perform a risk assessment (both less than \$5,000) will be reviewed by the Authority's Consulting Engineer and a recommendation will be brought to the Board for approval.

Comments:

Mr. Roy Christman, 6495 Pohopoco Drive, Lehighton, PA. Mr. Christman said he spoke at a FERC scoping hearing. Some of his major concerns are:

- The maps provided by PennEast are not accurate enough;
- The Comment period should be extended
- The reservoirs and this historical buildings will need to be protected
- The Authority should submit a letter stating that it needs more time to examine the matter

Ms. Victoria Opthof. Ms. Opthof said the pipeline route can constantly change due to pushback. If the portions of the watershed that could be affected are unable to be identified, that gives FERC more responsibility to extend the comment period. The Authority needs more specific mapping to help identify the risk to the water supply.

Ms. Linda Christman, 6495 Pohopoco Drive, Lehighton, PA. Ms. Christman said the Authority needs to have a specific header on the material it submits to FERC in order for FERC to take it as a comment on the EIS. She provided information on how and when to become an intervener.

Mr. Dave McGuire, informally representing the Sierra Club. Mr. McGuire said the main goal of the Sierra Club is to maintain the highest quality of environmental protection, wherever it may be. In looking at the proposed route, a large part of watershed land is being bisected by the pipeline. A permanent pipeline ROW of 50' will have a severe, direct negative environmental impact on the watershed. It also appears that the pipeline would be in the area where Wild Creek originates and this area should be avoided. A more logical route is closer to the turnpike as there is less fragmentation on the watershed. Ultimately, the Sierra Club wants the pipeline to go through the least amount of public property as possible. The Sierra Club will help the Authority in any way it can.

J. Tallarico thanked everyone for their comments.

Solar Project. S. Repasch reported Green Energy has contacted him to find out if the Authority has made a decision on a solar project at the Water Filtration Plant. He will work with the City on an RFP for alternatives on a project of this type. More information will be provided to the Board within the next two months.

PLGIT CD Investments. S. Repasch said there has been no resolution to date on the purchase of PLGIT CD's with excess BRIF funds. There is a conference call scheduled for next Tuesday with BNY Mellon and PFM/PLGIT. The Authority's Financial Advisor will take part in the call because there are also legal issues. It is hoped a resolution can be reached.

1st Quarter 2015 Income and Expense Projections. The 1st Quarter, 2015 Income and Expense Projections report was presented as circulated and filed. The largest expense was the arbitrage payment of \$1.174 million. The \$10,000 yearly license fee from Iberdrola is anticipated this quarter.

Expense Budget Comparative. The Expense Budget Comparative for the month ended January, 2015 was presented as circulated and filed.

CONTROLLER

J. Filipos's report for the month of January, 2015 was circulated and filed. Other than the arbitrage payment to the U.S. Treasury, there was no activity to mention.

Resolution 374. J. Tallarico presented Resolution 374 to the Board for approval. The resolution totals \$96,534.20 for the payment of water capital expenses from the Construction Fund and administrative, professional and security expenses from the General Account.

M. Jobes moved and L. Hackett seconded to approve Resolution 374 as presented. Motion passed unanimously.

SOLICITOR

Resolution 375 – Municipal Records Retention. J. Broughal reported that the Municipal Records Act dictates how long certain municipal records must be kept, after which they can be destroyed. In addition, if records destroyed in accordance with the Act cannot be found, then the staff cannot be held liable. He presented Resolution 375 to the Board for approval, which states the Authority agrees to abide by the Municipal Records Act.

M. Jobes moved and J. Tallarico seconded to approve Resolution 375 as presented. Motion passed unanimously.

PRAG Agreement. J. Broughal presented the Financial Services Agreement with PRAG to the Board for approval and execution. The agreement is for financial advisory

services and it now includes a section that states the Authority's records will be kept in accordance with the Municipal Records Act.

L. Hackett moved and M. Jobs seconded to approve the Financial Services Agreement with PRAG as presented and authorize the Chairman and Secretary to execute same. Motion passed unanimously.

CONSULTING ENGINEER

The Consulting Engineer's report for the month of February, 2015 was circulated and filed. The Certificate of Insurance has been completed and provided to the Trustee as required. The draft annual report will be provided to the Board by the end of the month. A section is being added to the report on the long-term capital improvement plan.

SPECIAL POLICE

Officer D. Meixell's report for the month of February, 2015 was circulated and filed. He brought to the Board's attention that the proposed pipeline is close to the stream where the intake building is.

WATER REPORT

The Water Report for the month of January, 2015 was circulated and filed.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the financial status of the Water Fund and status of major projects for the month of February, 2015 was circulated and filed. When the Comprehensive Plan is finalized, it will be included with the PUC application for DSIC funding. The plan is a good overview of the water system, the capital plan and the needs of the water system through 2030. The department is focused on getting as many projects bid in the first quarter so construction can begin in the Spring.

There was no Other Business and there were no comments during Courtesy of the Floor.

NEXT MEETING

The next Board meeting is scheduled for March 12, 2015.

ADJOURNMENT

J. Tallarico moved and M. Jobs seconded to adjourn the meeting at 5:35 PM. Motion passed unanimously.

John J. Tallarico, Chairman