



SARATOGA COUNTY WATER AUTHORITY

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ED HERNANDEZ, P.E., EXECUTIVE DIRECTOR

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VACANT

SARATOGA COUNTY WATER AUTHORITY BOARD OF DIRECTORS OFFICIAL MEETING MINUTES THURSDAY, JANUARY 21, 2016 @ 2:30P.M.

PRESENT: Chairman John Lawler Treasurer Patrick Ziegler, Supervisor Arthur Johnson, Board Member Tom Cumm, Executive Director Ed Hernandez, and SCWA General Counsel Mark Schachner, Esq. **Absent:** Supervisor Anita Daly, Board Member Jim Smith. Also present were: Supervisor Ed Kinowski, Town of Stillwater, Mayor Rick Nelson and Trustee Eunice Marshall, Village of Stillwater, Press.

Chairman Lawler called the regular meeting to order at 2:50 p.m. and welcomed all in attendance.

Prior to commencement of the meeting, Chairman Lawler and Board Member Tom Cumm were sworn in for their new terms of office by Clerk of the Board Pam Wright. All members present completed annual disclosure statements and Fiduciary Acknowledgements.

Chairman Lawler made the following committee appointments for 2016:

Governance Committee: Lawler, Smith, Ziegler
Audit Committee: Cumm, Daly, Johnson
Finance Committee: Johnson, Lawler, Ziegler
Personnel Committee: Cumm, Smith
Smart Growth Committee: Daly, Johnson, Ziegler

Motion was made by Mr. Cumm and seconded by Mr. Johnson to adopt the draft minutes of the December 17, 2015 Board Meeting minutes as the official minutes of that meeting. General Counsel Mark Schachner had one minor change to the minutes and requested the addition of "to discuss potential litigation" to the minutes under Executive Session. **Motion was offered to adopt the amended minutes by Mr. Cumm and seconded by Mr. Johnson. Motion carried.**

Motion was made by Mr. Johnson and seconded by Mr. Cumm to adopt the minutes of the December 17, 2015 Audit Committee meeting as the official minutes of that meeting. Motion carried.

(As is the practice of the Board, the Board waived a reading of the draft minutes and the adopted minutes include the long form resolutions that were passed at said meeting and the Board waived the reading of the long form resolutions.)

Reports:

Production: Ed Hernandez, Executive Director, reported that production data for the month of December 2015 at 4.47 MGD. Water Consumption for the year was 5.81 MGD. There were no further inquiries from the Board about the production data.

Financial: Mr. Hernandez discussed the preliminary financial reports through December 31, 2015. Budgeted expenses were \$1.92 million and actual expenses were \$1.56 million. Revenues for the year were budgeted at \$4.66 million and actual revenues were \$5.57 million. Mr. Hernandez stated that gross income to date was \$1.24 million. Estimated cash available for operations at March 1, 2016, (after bond payment) is \$896,000. The next bond payment for the 2008 Bond is due March 1, 2016. He stated he anticipated no service fee from the County would be needed to meet the payment.

Legal: Mr. Schachner stated that a Status Update Memo had been distributed to the Board previously and that the only thing to add was that he had been in receipt the day before of a proposed contract with the City of Mechanicville but that he had not had time to review it yet.

Motion was made by Mr. Johnson and seconded by Mr. Cumm to authorize final budget transfers for 2015 as follows:

- From NYS Retirement Expense to Salaries & Wages: \$5,000
- From Salaries & Wages: Contingency to Salaries & Wages General: \$15,000
- From NYS Retirement Expense to Payroll Taxes: \$2,000
- From Prof. Services.: Chief Operator to Prof. Services.: Misc.: \$7,000
- From Utilities to Fuel: \$2,000
- From Utilities to Plant Repairs & Maintenance.: \$6,000
- From Cellular/Data Expense to Saratoga County Sewer: \$2,200
- From Cellular/Data Expense to Telephone: \$200
- From Insurance to Brookfield Power: \$7,000

Mr. Cumm inquired about the need to transfer to Salaries and Wages. Mr. Hernandez explained that there has been an overlap between an anticipated retirement and the addition of a new operator. **Motion carried unanimously. 2016-0001**

Motion to authorize the payment of the vouchers for the month at a total cost of \$78,620.64 in operating costs and \$3,087.60 in Outfall Project costs, as reviewed by the Treasurer. Mr. Ziegler moved to authorize that vouchers be approved for payment. The motion was seconded by Mr. Johnson. Motion passed unanimously. 2016-0002

Motion to award the Contract for the Construction of the SPDES Outfall Project to low bidder Reale Construction, Inc. of Ticonderoga, NY for a total cost of \$727,000 contingent upon the following: receipt of an ACOE permit extension, obtaining all necessary permits, and receipt of their financial statements. Mr. Hernandez stated the bid opening was conducted on January 15, 2016. A total of nine bids were received. He stated that the low bid was well under budget. Mr. Schachner noted that the bid documents did not include the required financial statements from Reale Construction. Mr. Schachner also disclosed at this time that he had done prior legal work for Reale Construction approximately five years ago, but has had no further relationship with

them since. Chairman Lawler inquired about a possible completion date. Mr. Hernandez estimated late summer. **Motion was made by Mr. Cumm and seconded by Mr. Ziegler. Motion passed unanimously. 2016-0003**

Motion was made by Mr. Ziegler and seconded by Mr. Johnson to authorize the commencement of Refunding the Series 2008 Bond Issuance. Chairman Lawler discussed that he had been in discussions with the Authority's Financial Expert, Environmental Capital, regarding this refinancing and the potential interest savings of approximately \$5 million dollars. He noted that he had requested the documents be forwarded to all Board Members for their review. He reviewed the Debt Service Comparison Models, the Federal Reserve interest rates, and the current market conditions. He reflected that the opportunity is now if the Board desires to do this. Mr. Johnson inquired about the fees associated with the transaction. Chairman Lawler stated they are all the same fees that are associated with a normal bond issuance, but the net of the transaction would be a \$4.9 million savings over the life of the Bond, with a gross present value debt service savings of \$3 million. Chairman Lawler requested that the Board authorize the transaction with the proper due diligence of the matter. **Motion passed unanimously. 2016-0004**

The next matter was to authorize the Chairman to Execute the Independent Municipal Advisor Exemption Representation Letter to Jefferies LLC. The letter is a disclosure letter relating to the Municipal Advisor Rule of the Securities and Exchange Commission. **Motion was offered by Mr. Johnson and seconded by Mr. Ziegler. Motion carried unanimously. 2016-0005**

Next motion was to authorize the Chairman to Execute the Engagement Agreement with Environmental Capital LLC for Financial Advisory Services relating to the Refunding of the Series 2008 Bonds at a cost not to exceed \$40,000 contingent upon due diligence. Chairman Lawler noted that he would not fully execute until proper due diligence had been done on the Refunding process. **Motion was made by Mr. Cumm and seconded by Mr. Ziegler. Motion carried unanimously. 2016-0006**

At this time, Mr. Hernandez disclosed that he was also the Engineer for the Village of Stillwater prior to discussions with the Village Representatives present. Chairman Lawler acknowledged same. Mayor Rick Nelson of the Village of Stillwater was introduced by Mr. Hernandez at this time. Mayor Nelson then proceeded to discuss the written request that had previously been sent to the Board regarding their Water Agreement with the SCWA. He stated that at the time of the Agreement the Village agreed to purchase a minimum of 300,000 gallons per day (gpd). He explained that the Village had become aware of a large discrepancy between their meters and the amount of water they had been paying for. They commenced with water leakage testing and discovered several leaks within their system. There appeared to be a large leak that had been continuing for some time and was discovered in September of 2015. After the leaks had been repaired it appeared that there had been a steady decrease in the amount of water they were purchasing from the Authority. At this time, the Village was requesting an amendment to their Agreement with the Authority to reduce the minimum purchase to 235,000 gallons per day effective January 1, 2016. Chairman Lawler inquired if any Board members had any questions. Supervisor Johnson inquired if any other municipalities had requested a reduction to their minimum purchases. Chairman Lawler stated none had and in fact, most had been taking quite a bit more than their contractual requirements. **Motion was made to amend the Village of Stillwater's Water Purchase Agreement to a minimum requirement of 235,000 gallons per day. Motion was made by Mr. Ziegler and seconded by Mr. Cumm.** Chairman Lawler requested that the Village of Stillwater's legal counsel prepare the amendment and forward to Miller, Mannix when prepared. **Motion passed unanimously. 2016-0007**

The next meeting of the Authority Board was scheduled for February 25, 2016 at 2:30 p.m. The Finance Committee will conduct a brief meeting prior to that at 2:15 p.m. Members of that Committee are Lawler, Johnson, and Ziegler.

New Business: Mr. Hernandez requested that the Board authorize the Authority Treasurer and Confidential Secretary to utilize the Ballston Spa National Bank Cash Management Tool for wire transfers, ACH payments and account to account transfers by the Board Treasurer and the Confidential Secretary, following the appropriate control procedures. Motion was made by Chairman Lawler and seconded by Mr. Johnson. Motion carried unanimously. 2016-0008

At this time, Chairman Lawler discussed the recent water emergency in the City of Troy, which supplies water to his community, Waterford and to the Town of Halfmoon, both which are part of Saratoga County. He noted he had asked Supervisor Tollisen to attend today's meeting but he was not able to schedule that. He discussed the failure of the backup connection with Troy that created a complete failure of the system. He referred to the failure as a crisis situation for the residents of Waterford and Halfmoon. He spoke of a temporary connection by fire hose to the City of Cohoes. He further discussed the actions taken by various agencies and personnel to respond to the emergency. He then requested that the Board now provide input on the possibility of a conceptual design to provide a connection with the SCWA to both communities.. Supervisor Kinowski discussed a possible connection point. Mr. Hernandez stated the closest connection between the SCWA and the Town of Halfmoon was in the Coons Crossing area of Rt. 67. Chairman Lawler requested the Board to authorize a conceptual design of the connection by Adirondack Mountain Engineering. He noted that this was by no means a backup connection, which the Authority did not historically provide to customers in Saratoga County. He stated that this would be a preliminary design and that many things would need to be considered by the Boards of Waterford and the Town of Halfmoon, as well as the Board of the Authority. Chairman Lawler again reiterated that he was not speaking on behalf of Supervisor Tollisen or the Town of Halfmoon. He was merely inquiring of the Board's approval for the conceptual design work. Mr. Cumm inquired about the Authority's max capacity during the peak months. Chairman Lawler inquired about a possible plant expansion which Mr. Hernandez stated had already been calculated to add 4 MGD to the plant capacity for a very reasonable cost. **At this time, motion was made by Mr. Ziegler and seconded by Mr. Johnson to retain Adirondack Mountain Engineering for a conceptual design of a connection to the Towns of Halfmoon and Waterford at a cost not to exceed \$15,000 and to be completed within 90 days.** Chairman Lawler requested that Mr. Hernandez keep the Board apprised of his progress at next month's meeting. **Motion carried unanimously. 2016-0009**

At 3:55 p.m. Motion to adjourn was made by Mr. Ziegler and seconded by Mr. Cumm. Motion passed and meeting was adjourned.

Respectfully Submitted,

Carol Al. Alden, Confidential Secretary