



SARATOGA COUNTY WATER AUTHORITY

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SARATOGA COUNTY WATER AUTHORITY BOARD OF DIRECTORS OFFICIAL MEETING MINUTES THURSDAY, MAY 26, 2016 @ 2:30P.M.

PRESENT: Chairman John Lawler, , Supervisor Art Johnson, Treasurer Patrick Ziegler (arrived at 3:15 p.m. due to prior commitment), Board Members Tom Cumm, Jim Smith and Darren O'Connor, Executive Director Ed Hernandez, SCWA General Counsel Mark Schachner, Esq. and Leah Everhart, Esq. Special Counsel Chris Martell, Hodgson Russ LLP. **Absent:** Vice Chairwoman Anita Daly.

Chairman Lawler called the regular meeting to order at 2:30 p.m. and welcomed all in attendance.

Motion was made by Mr. Smith and seconded by Mr. Cumm to adopt the draft minutes of the April 28, 2016 Board Meeting minutes as the official minutes of that meeting. Motion to adopt the minutes – Unanimous.

Motion was made by Chairman Lawler and seconded by Mr. Johnson to adopt the draft minutes of the February 25, 2016 Finance Committee minutes as the official minutes of that meeting. Motion to adopt the minutes – Unanimous.

(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.)

At this time Chairman Lawler wished to discuss the lawsuit against GE and the ensuing Settlement Agreement for same. He indicated that the agreed upon settlement amount would be \$5.3 million. He stated that the attorneys will receive 30% and some minor costs. That would leave approximately \$3.5 million for the Authority. On the advice of general counsel, the Board of Directors should have an opinion from Bond Counsel regarding the use of those proceeds. He discussed the costs of issuance and the expense. He discussed the reasons why the Board should consider a firm in the Albany area to opine on this matter. He introduced Chris Martell of Hodgson Russ LLP, to do that for the Authority. He requested a proposal from Hodgson Russ for this particular matter. He reviewed the proposal with the Board members. He mentioned that their offices are located in Saratoga Springs and Albany. Mr. Martell then commented further on the proposal and that he had done some work for the Authority previously in negotiating with the Saratoga County IDA for a lease agreement to finance the Outfall Project. He then

discussed what steps he would take to provide the opinion in terms of the use of the revenue from the settlement at an approximate cost of \$5,000. Mr. Schachner then spoke regarding the proposed resolution before the Board and further discussed their firm's experience with Hodgson Russ. Chairman Lawler then discussed Mr. Martell's other experience with Saratoga County. He then proposed to the Board to engage Hodgson Russ in an amount not to exceed \$5,000 to provide the opinion on the revenues from the settlement and for possible services during the future EFC financing application and resolutions. At this time Mr. Martell and Mr. Schachner excused themselves from the meeting.

Reports:

Production: Ed Hernandez, Executive Director, reported that production data for the month of April 2016 at 4.806 MGD. Rolling annual average was 5.521 MGD. There were no further inquiries from the Board about the production data.

Financial: Mr. Hernandez discussed the financial report through April 30, 2016. Budgeted expenses were \$694,000 and actual expenses were \$472,000. Revenues for the year were budgeted at \$1.59 million and actual revenues were \$1.6 million. Estimated cash available for operations at June 1, 2016, (after bond payment) is \$1.87 million. The next payment for the 2014 Bonds is due June 1, 2016. Chairman Lawler inquired about the line item Water System Maintenance and what that encompassed. Mr. Hernandez responded that the line item was for pipeline mowing and vault painting expenses.

SPDES Outfall Project:

Mr. Hernandez stated they were almost half way done with the construction of the project and that the project was currently under budget.

Legal: Ms. Everhart stated there was not further litigation to discuss.

Personnel Committee: Mr. Cumm discussed that the committee met prior to the full board meeting and reviewed some proposed changes to the Personnel Manual. All changes were approved by the committee and are being recommended for approval and adoption by the Board under a motion to follow.

Motion was made by Mr. Cumm and seconded by Mr. Smith to authorize the payment of the monthly vouchers at a cost of \$59,218.34 in operating costs, \$196,284.04 in SPDES Outfall Project costs, \$136,242.07 in DBP Project Costs and \$218,653.19 in Bond Issuance Costs. Mr. Hernandez stated that all vouchers had been reviewed previously by Mr. Ziegler and were approved. **Motion carried unanimously. (2016-0048)**

Motion to approve the proposed increase from General Control Systems for their Prevailing Wage Rates effective March, 2016. Mr. Hernandez reviewed the rate increases and commented on the proposed changes that had been reviewed last month by the Board. He noted he had been in touch with General

Controls regarding the confusion over the mileage rate. They have since reduced that rate. The rate increases proposed for 2% and 1.7% for Technician and Engineering rates. **Motion carried unanimously. (2016-0049)**

Motion was made by Mr. Cumm and seconded by Mr. Smith to award the Vault Piping Painting Contract to Frank Ryan and Sons at a cost of \$7,800 per vault. Mr. Hernandez discussed that an RFP had been sent to several contractors and there was only one vendor who bid. He noted that the Authority had used this vendor previously to do work on the vaults with good results. He also noted that pricing was similar to that received in 2015 from multiple vendors. Mr. Cumm inquired what was in those vaults. Mr. Hernandez stated the vaults contained large diameter piping and air release valves. Chairman Lawler inquired why the work was so expensive. Mr. Hernandez responded that the work involved confined spaces and humid conditions along with dewatering. **Motion carried unanimously. (2016-0050)**

Motion to approve an employee to be reimbursed for the cost of the IIA Water Operator Course at a cost of \$275 pending the successful completion of the course. Motion was made by Mr. Johnson and seconded by Mr. Smith. Mr. Cumm inquired if there were measures in place in the event the employee left the SCWA after completion of the course. Mr. Hernandez responded that the Education policy requires reimbursement from the employee if they leave employment within one year of completion of the course. **Motion carried unanimously. (2016-0051)**

Motion to approve the revisions to the Personnel Manual as recommended by the Personnel Committee. Motion was made by Mr. Cumm and seconded by Mr. Smith. Motion carried unanimously. (2016-0052)

Motion was made by Mr. O'Connor and seconded by Mr. Johnson to approve the Request for Proposal for Engineering Consultant services for the SCWA Water Distribution System Expansion to Halfmoon. Mr. Hernandez explained that this was for the proposed water extensions to Halfmoon and Waterford. It is for the design of only the portion that SCWA is funding. As the process is moving forward for the DWSRF funding, we need to hire an engineering firm. He requested that the Board select an Engineering committee to assist in the selection of the firm due to his position as the Authority Director and his professional affiliations with several engineering firms in the area. Chairman Lawler requested to appoint Mr. O'Connor and Mr. Cumm to that committee. Mr. Cumm inquired about the timeline to complete the whole project. Mr. Hernandez responded that it will take approximately two years after financing is completed. Mr. Cumm inquired if this would max out the production of the plant. Mr. Hernandez stated that it has the potential to get the Authority close the maximum Average Daily Flow capacity of the plant. He also indicated that it would be cost effective to to expand the plant by an additional 4 MGD. Chairman Lawler instructed Mr. Hernandez to assist the committee with the review of the proposals due to his expertise. **With no further discussion, motion carried unanimously. (2016-0053)**

Motion was made by Mr. Ziegler and seconded by Mr. Johnson to approve the Executive Director to complete the DWSRF application for financing and for the Chairman to execute same. Mr. Hernandez discussed the Drinking Water State Revolving Fund (DWSRF) and that EFC had called the Authority to invite us to apply for the financing available for the proposed expansion at a potentially low interest rate of 0.7%. **With no further discussion, motion carried unanimously. (2016-0054)**

Motion was made by Mr. Johnson and seconded by Mr. Cumm to retain Hodgson Russ LLP as Bond Counsel to provide Special Counsel Services relating to the use of the revenue from the GE Settlement. Mr. Lawler explained to Mr. Ziegler, who joined the meeting later, that the use of the settlement funds should be reviewed by special counsel for the permitted uses of same. He explained that using a local firm and the cost of same might be prudent at this time. With no further discussion, Ms. Everhart read the following resolution:

RESOLUTION 2016-0055 OF THE SARATOGA COUNTY WATER AUTHORITY RETAINING THE LAW FIRM OF HODGSON RUSS LLP AS BOND COUNSEL

IT IS HEREBY RESOLVED, that for the initial purpose of obtaining guidance on use of certain settlement proceeds and other guidance and tasks as directed, the Authority hereby authorizes the Chairman to retain the services of Hodgson Russ, LLP as Bond Counsel on terms consistent with the engagement letter provided by Hodgson Russ, LLP; and be it further

RESOLVED, that the Chairman is hereby authorized to execute a legal services agreement with Hodgson Russ, LLP in a form acceptable to Authority General Counsel for an initial amount not to exceed \$5,000 for guidance on use of settlement funds; and be it further

RESOLVED, that the Authority Chairman, Authority General Counsel, Authority Treasurer and Authority Executive Director are hereby authorized to undertake any further action necessary to effectuate the intent of this Resolution.

The question of the adoption of this Resolution was duly put to a vote on roll call which resulted as follows:

AYES: Lawler, Johnson, Ziegler, Cumm, Smith, O'Connor
NAYS: None
ABSENT: Daly

The Resolution was declared duly adopted on May 26, 2016.

Motion was offered by Mr. O'Connor and seconded by Mr. Cumm to Authorize the Chairman to Execute the Settlement Agreement with General Electric Company in a form acceptable to counsel in the amount of \$5.3 million. Chairman Lawler reviewed the terms of the settlement for the benefit of Mr. Ziegler. He reiterated that this was a long process and he was very pleased with the results. **Motion carried unanimously. (2016-0056)**

The next meeting of the Authority Board was scheduled for June 30, 2016 at 3:00 p.m. There will be no prior committee meetings.

Motion was offered by Mr. Johnson and seconded by Mr. O'Connor to adjourn to Executive Session at 3:40 p.m. for purposes of attorney/client privileged discussions relating to ongoing discussions with Saratoga County for an easement. Unanimous.

Motion to return to open session at 3:50 p.m. was made by Mr. Smith and seconded by Mr. Johnson. Unanimous.

With no further action, motion to adjourn was made by Mr. O'Connor and seconded by Mr. Cumm. Motion passed and meeting was adjourned at 3:52 p.m.

Respectfully Submitted,

Carol A. Alden, Confidential Secretary