

**WAYNE COUNTY WATER AND SEWER AUTHORITY
BOARD MEETING MINUTES**

Meeting of: May 22, 2018

Location: Wayne County Water & Sewer Authority Operations Center, Walworth, New York

Present: LaVerne Blik, Jean Johnson, David Scudder, Mark Humbert, Dan LaGasse, Donald Ross

Absent: Rick Stevens, Robert Hutteman, William Hammond

Advisors Present: Michael Howard, General Counsel
Charles Schachter, Bond Counsel, Harris Beach PLLC

Staff Present: Martin J. Aman, Executive Director
Demaris Verzulli, Secretary of the Meeting
Sheryl LaDelfa, Accounting Manager (Financials portion only)

Visitors: None

Chairman LaVerne Blik called the meeting to order at 4:03 p.m.

I. Chairman's Report

Adoption of Minutes: Mr. Scudder moved, Ms. Johnson seconded, and members present, with the exception of Mr. LaGasse, who abstained, voted on the following resolution:

RESOLVED, that the minutes of the April 24, 2018 meeting of the Wayne County Water and Sewer Authority be accepted with no changes.

Motion failed with 4 votes in favor, 1 abstention.

Correspondence: Mr. Aman reported that State Senator Pamela Helming had called him with the news that she had secured funds in the amount of \$250,000 for each of the regional projects now in progress.

Mr. Ross entered the meeting.

Western Regional WWTP Project Initial Bonding Resolution

Mr. Aman introduced Charles Schachter of Harris Beach PLLC, bond counsel to the Authority. Mr. Schachter explained that in order to authorize indebtedness, the Authority needs to adopt an initial bond resolution which provides preliminary approval of financing for the project and grants authority for borrowing in the future. Later a more detailed bonding resolution will be made. The Initial Bond Resolution contains the proviso that no funding will go forward unless the participating municipalities, the Towns of Macedon and Marion and the Village of Palmyra, and to some extent the Town of Palmyra, enter into an Intermunicipal Agreement assuring that the revenue stream come to the Authority through the participating municipalities.

On motion duly made by Mr. Humbert and seconded by Mr. LaGasse, the following resolution was placed before the members of the Wayne County Water and Sewer Authority:

RESOLUTION TAKING OFFICIAL ACTION TOWARD AND AUTHORIZING THE ISSUANCE BY THE WAYNE COUNTY WATER AND SEWER AUTHORITY OF ITS WATER AND SEWER SYSTEM REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO \$34,200,000.

WHEREAS, by Title 8-E of Article 5 of Chapter 43-A of the Consolidated Laws of the State of New York, as amended, (hereinafter collectively called the "Act"), the Wayne County Water and Sewer Authority (hereinafter called the "Authority") was created with the authority and power to acquire, construct and develop water supply systems, water distribution systems, sewerage treatment facilities and sewerage disposal systems, and to own, operate, maintain, repair, improve, reconstruct, enlarge and extend such water supply systems, water distribution systems, sewerage treatment facilities and sewerage disposal systems in the manner and subject to the limitations imposed by said act and to borrow money and issue negotiable bonds or notes for its corporate purposes and to fix and collect rates and charges for the use of the facilities of or services rendered by the Authority as authorized by the Act; and

WHEREAS the Authority has previously entered into a certain Indenture of Trust, dated as of March 1, 2001, (the "Original Indenture") originally with HSBC Bank USA, as trustee and currently with U.S. Bank National Association, as successor trustee thereunder (the "Trustee"), pursuant to which the Authority may provide for the issuance, from time to time, of its Water and Sewer System Revenue Bonds and Bond Anticipation Notes to finance or refinance the acquisition, construction, reconstruction and installation of certain additional improvements to the Authority's water and sewer system facilities, and

WHEREAS, the Authority has previously issued multiple series of its Water and Sewer System Revenue Bonds pursuant to the Original Indenture, as supplemented from time to time by Supplemental Indentures entered into in accordance with Article II of the Original Indenture between the Authority and the Trustee (such Indenture of Trust, as amended, modified and supplemented from time to time by one or more Supplemental Indentures, being hereinafter referred to as the "Indenture"); and

WHEREAS, the Authority now proposes to undertake certain capital improvements (the "Project") consisting of the construction of a new western regional wastewater treatment plant (the "WWTP") in the Village of Palmyra with a projected capacity of up to 1.75 million gallons per day (MGD), to serve all or portions of the Towns of Macedon and Marion and the Village of Palmyra, including certain "out-of-Village users" within the Town of Palmyra currently receiving wastewater services from the Village of Palmyra, including (i) the acquisition of certain parcels of land on which the WWTP and certain pump stations and other improvements are to be located; (ii) the acquisition from the Towns of Macedon and Marion and the Village of Palmyra of specified portions of their respective existing wastewater facilities and equipment; (iii) the construction of the WWTP, to include, among other things, an influent building, a sequencing batch reactor ("SBR") activated sludge treatment system, an ultraviolet disinfection system, aerobic digesters, a sludge dewatering system, a process building, a chemical facility, aeration blowers and an outfall pipe to the Erie Canal for discharge of treated effluent; (iv) the installation of approximately 65,000 linear feet of gravity and pressure sewer conveyance mains, (v) the construction of two new pump stations and related improvements at the locations of the existing Marion and Macedon wastewater treatment facilities, (vi) the decommissioning and demolition of specified portions of the existing wastewater treatment facilities in the Towns of Marion and Macedon and the Village of Palmyra, including the rehabilitation of certain portions of such existing facilities, such as replacement of existing influent pumps, screenings and grit removal equipment and associated electrical and control systems, and (vii) all ancillary and appurtenant improvements, costs and expenses related to the foregoing and the financing thereof; and

WHEREAS, by resolutions of the Authority adopted on May 23, 2017, and August 22, 2017, the Authority (i) determined that the Project constituted a Type I Action within the meaning of the State Environmental Quality Review Act and the regulations of the New York State Department of Environmental Conservation promulgated thereunder (collectively, "SEQRA"), (ii) assumed "lead agency" status for the purpose of conducting a coordinated review under SEQRA with respect to the

Project; and (iii) determined that the Project will not have a significant adverse impact on the environment and issued a Negative Declaration under SEQRA to such effect; and

WHEREAS, in order to provide for the financing of the cost of the Project the Authority now proposes to authorize the issuance, pursuant to the Indenture, of up to \$34,200,000 aggregate principal amount of its Water and Sewer System Revenue Bonds in one or more series and in anticipation of the issuance of such bonds, the issuance, in one or more series, of up to \$34,200,000 aggregate principal amount of its Water and Sewer System Revenue Bond Anticipation Notes (the specific terms, interest rates and actual principal amounts of each such series of such bonds or notes to be approved by subsequent resolutions of this Board and determined pursuant to supplemental indentures to the Indenture to be executed in connection therewith).

NOW, THEREFORE, BE IT RESOLVED by the Wayne County Water and Sewer Authority as follows:

Section 1. (a) It is desirable and in the public interest of the Authority, and, subject to compliance with subsection (b) of this Section 1, the Authority is hereby authorized, to issue and sell its Water and Sewer System Revenue Bonds in one or more series, in accordance with the Indenture, in the aggregate principal amount of up to \$34,200,000 (the "Bonds") for the purposes of financing the cost of the Project, and in anticipation of the issuance of the Bonds, to issue its Water and Sewer System Revenue Bond Anticipation Notes, in one or more series under the Indenture, in the aggregate principal amount of up to \$34,200,000 (the "Notes") with the specific terms, interest rates and actual principal amount of each such series of Bonds or Notes to be approved by subsequent resolutions of this Board and determined pursuant to supplemental indentures to the Indenture to be executed in connection therewith.

(b) Notwithstanding anything set forth in this resolution to the contrary, no Bonds or Notes shall be issued under the authority of this resolution unless and until the following conditions have been satisfied:

- (i) the Authority has entered into an agreement (the "Improvement and Service Agreement") with the Towns of Macedon and Marion (or special improvement districts that the Town of Macedon and/or the Town of Marion have formed in accordance with the Town Law) and the Village of Palmyra (collectively, the "Participating Municipalities"), in such form and substance as shall hereafter be approved by this Board, pursuant to which the Authority agrees to undertake the Project and provide waste water treatment services (the "Services") for the benefit of the Participating Municipalities (which in the case of the Village of Palmyra, includes certain out-of-Village service areas located in the Town of Palmyra that currently receive wastewater services from such Village) and the Participating Municipalities agree to contribute to the capital cost of the design and construction of the Project (including debt service costs associated with the Bonds and Notes), and to the operation and maintenance costs of the Project by paying to the Authority periodic service fees based on each of the Participating Municipalities' respective *pro rata* share of the costs of Project and the Services (the "Service Fees"); and
- (ii) the Town of Palmyra (or one or more sewer districts that the Town of Palmyra has formed or extended in accordance with the Town Law) has entered into an agreement (either by becoming a party to the Improvement and Service Agreement or by entering into a separate agreement with the Village of Palmyra) with respect to the out-of-Village service areas located in the Town of Palmyra that are currently receiving wastewater services from such Village or may in the future receive such services, pursuant to which, among other things, the Town of Palmyra agrees to (I) collect the capital charge component of the Service Fees attributable to such out-of-Village service areas by assessing, levying and collecting such charges from the several lots and parcels of land within such out-of-Village service areas, and (II) pay such capital charge components to the Village of Palmyra (or to the Authority, if required by the Improvement and Service Agreement) for the right to receive wastewater services from the Project.

Section 2. (a) Each Series of the Bonds and Notes shall be issued solely for the purpose of providing funds to finance the Project and pay certain costs incidental to the issuance thereof.

(b) The Bonds and Notes and the interest thereon are not and shall never be a debt of the State of New York or Wayne County, New York, and neither the State of New York nor Wayne County, New York shall be liable thereon.

(c) The Bonds and Notes, together with interest payable thereon, shall be special obligations of the Authority, payable solely from the revenues and receipts derived from operation of the Authority's water and sewer system facilities and from the enforcement of the security provided by the Indenture.

Section 3. The Authority is hereby authorized to expend current funds of the Authority on the capital costs of the Project and to reimburse such expenditures with the proceeds of the Bonds or the Notes. This Resolution shall constitute the adoption of "official intent" (within the meaning of the United States Treasury Regulations Section 1.150-2(d)) with respect to issuance of the Bonds or Notes and the original expenditures which are reasonably expected to be reimbursed from the proceeds of the Bonds or Notes.

Section 4. It is hereby found and determined that all formal actions of the Authority concerning and relating to the adoption of this resolution were adopted in an open meeting of the Authority; and that all deliberations of the Authority and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.

Section 5. This resolution shall take effect immediately.

Section 6. All prior resolutions or parts thereof inconsistent with this resolution are hereby repealed to the extent of such inconsistency.

After due deliberation and discussion, the question of the adoption of the foregoing resolution was duly put to vote on roll call, which resulted as follows:

Mr. Humbert	VOTING	Aye
Mr. LaGasse	VOTING	Aye
Ms. Johnson	VOTING	Aye
Mr. Scudder	VOTING	Aye
Mr. Bliet	VOTING	Aye
Mr. Ross	VOTING	Aye

The Resolution was thereupon declared duly adopted.

Adoption of Minutes: Mr. Howard reintroduced the adoption of minutes. Mr. Humbert moved, Mr. Scudder seconded, and members present, with the exception of Mr. LaGasse, who abstained, approved the following resolution:

RESOLVED, that the minutes of the April 24, 2018 meeting of the Wayne County Water and Sewer Authority be accepted with no changes.

II. Treasurer's Report

Ms. Johnson presented the warrant and bills. Mr. Scudder questioned if the postage meter use was protected by a PIN or password. Mr. Aman will follow up. Mr. Aman also reported that the cost of

cleaning has increased. Several quotes were received; a proposed rate from employee Dan Demay of \$225 per week on a contractual basis was acceptable. After due discussion and deliberation, Mr. LaGasse moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the following statements are hereby authorized and directed to the Treasurer for payment: Vouchers 18-707 to 18-850 totaling \$608,615.54.

Ms. Johnson presented the Financial Statements for the month of April.

After due discussion and deliberation, Ms. Johnson moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Wayne County Water and Sewer Authority's Monthly Financial Statements for April 2018 be approved and accepted.

Renewal of Certificate of Deposit

Ms. LaDelfa reported that a CD at Lyons National Bank was maturing on May 27. She reported the current interest rates and asked for the Board's decision on reinvesting the proceeds. After due discussion and deliberation, Mr. Scudder moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the expiring six-month Certificate of Deposit for \$500,063.89 with Lyons National Bank be renewed for nine months at the current rate of 0.25%.

III. Agenda Items

Western Regional WWTP Project Update

Mr. Aman distributed copies of the draft Memorandum of Understanding (MOU) for the Western Regional Wastewater Treatment System Improvements Project. This document covers the terms and conditions that are involved in construction, financing and operating the regional project, as well as purchase of property and funding and payment of service fees by the participating municipalities, the Towns of Macedon and Marion and the Village of Palmyra. It is refining the details of the project so that the project can be scheduled and all conditions identified. The Town of Palmyra needs to participate because there are users outside the village that have connections to the village system. Mr. Aman reported that the Village of Palmyra board has authorized the mayor to sign off on the MOU, and he asked for authorization to sign on behalf of the Authority. After due discussion and deliberation, Mr. Scudder moved, Mr. LaGasse seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Executive Director be authorized to sign the Memorandum of Understanding (MOU) for the Western Regional Wastewater Treatment System Improvements Project, subject to approval by the Authority's General Counsel Michael Howard.

Mr. Howard recommended that the Board schedule a one-hour work session to review the financing options for this project and for the Regional Water Storage Tank project. Mr. Schachter will attend as well as a representative from Bernard P. Donegan's office. It was agreed that since the best time to do this would be before a board meeting, starting the next meeting early would be the best solution. After due discussion and deliberation, Ms. Johnson moved, Mr. LaGasse seconded and all members present unanimously approved the following resolution:

RESOLVED, to schedule the June 26, 2018 meeting of the Authority Board at 3 p.m., with the intention of beginning the meeting with a work session to discuss financing of the current projects before the Authority.

Governance/Policies Discussion

Mr. Aman reported that three policies concerning billing procedures have been formalized, two at the suggestion of the Comptroller's audit. Mr. Scudder had met with members of the administrative staff to compile these policies and the drafts had been sent to the Board for review. Mr. Scudder suggested some wording changes and recommended that the Board approve the policies. After due discussion and deliberation, Mr. Humbert moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Board of Directors of the Wayne County Water and Sewer Authority accept and ratify the Promise to Pay Policy and Procedure, the High Consumption Adjustment Policy and Procedure and the Removing or Forgiving Fines, Penalties and Fees Procedure, copies attached, to be distributed to the administrative staff and take effect immediately.

Update on Building Expansion

Mr. Aman reported that the contractor has been somewhat slow at finishing a number of things and there has been the need to fix some problems. One change order is still pending, and there is a significant amount of the contract still withheld until the project is complete. The contractor and a representative from the Authority's engineers, MRB Group, will be meeting the following week to compile a final punch list. The work of constructing the parking lot and other outside areas is being done by Authority staff. Mr. Aman expects to have final cost figures for the paving at the next board meeting. Board members agreed to dedicate the large conference room to the late Chairman, David Lyon. This can be done when the building is complete and furnishings and aesthetics are in place.

Eastern Regional WWTP Roof Replacement Update

Mr. Aman reported that upon full review of the proposed roofing system and materials that were submitted by the apparent lowest bidder (Lakeside Roofing & Contracting, Home of KangaRoof) for this project, it was determined that this bid did not conform substantially with the advertised project specifications and should, therefore, be rejected. In addition, it was noted that all of the other bids that were received exceeded the budget that was established for this project and should, therefore, also be rejected. Mr. Aman also noted that the advertisement for bids provided that the WCWSA reserved the right to reject any and all bids.

Accordingly, it was the recommendation of WCWSA Counsel, MRB Group, and Mr. Aman that all bids should be rejected and this project should be re-bid. The project has now been re-issued for bid with a core (or base) bid similar to the original bid specifications, but also provides for alternate add-on items for snow guards and a water tightness guarantee. An alternate deduct line item has also been provided to allow for an alternative roofing system to be considered. This re-bid will now allow the WCWSA to quantify the cost of additional add-on items, while also allowing for quantification of potential cost savings if an alternate roofing system is selected. Bids are due by 11:00 am on Wednesday, June 6th, 2018.

Regional Water Storage Tank Update

Mr. Aman reported that he anticipates that an initial bond resolution will be introduced at the next board meeting. An addendum to the existing Memorandum of Understanding (MOU) is being

circulated among the participants, and there was a meeting with almost all the involved attorneys that went well. A two-tier charge is proposed: a basic charge to all customers in the district and also a supplemental charge for customers hooking up to the water line. This second fee would likely be in line with the average debt service in the town involved. Mr. Aman expects to be able to present the MOU to the Board at the next meeting. At best this will be a 2019 project.

Port Bay Sewers Update

Mr. Aman reported that the contractor expects to start after Memorial Day.

Village of Red Creek Water Operations

Mr. Aman reported that there is little to report except a boil water situation resulting from a broken hose on the chlorine feed mechanism. There was no known evidence of unsafe water, but it is a Department of Health regulation to call for a boil water advisory in this type of situation. Mr. Aman reported that the recent Boil Water Advisory in the Town of Ontario did not affect any Authority areas.

BOCES Co-op Bid Resolution (Natural Gas)

Mr. Aman reported that it is necessary to make a resolution to continue to participate in the BOCES natural gas bid as the Authority has since 2015. After due discussion and deliberation, Mr. LaGasse moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

WHEREAS, the Wayne County Water & Sewer Authority desires to participate in a Cooperative Bidding Program conducted by The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties from year to year or, until this Resolution is rescinded, for the purchase for supply of natural gas; and

WHEREAS, the Wayne County Water & Sewer Authority is desirous of participating with The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties in the joint bid of the commodities and/or services mentioned below as authorized by General Municipal Law, Section 119-o; and

WHEREAS, the Wayne County Water & Sewer Authority has appointed The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties as representative to assume the responsibility for drafting of specifications, advertising for bids, accepting and opening bids, tabulating bids, reporting the results to the appropriate agency of New York State and making recommendations thereon; THEREFORE

BE IT RESOLVED, that the Wayne County Water & Sewer Authority and The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties hereby accepts the appointment of The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties to represent it in all matters related above; and

BE IT FURTHER RESOLVED, that the Wayne County Water & Sewer Authority authorizes the above-mentioned Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties to represent it in all matters regarding the entering into contract for the purchase of the below-mentioned commodities and/or services; and

BE IT FURTHER RESOLVED, that the Wayne County Water & Sewer Authority agrees to assume its equitable share of the costs incurred as a result of the cooperative bidding; and

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director on behalf of the Wayne County Water & Sewer Authority hereby is authorized to participate in cooperative bidding conducted by The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties for supply of natural gas and if requested to furnish The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties an estimated minimum number of units that will be purchased by The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties. The Board of Cooperative Educational Services of Ontario, Seneca, Wayne and Yates Counties is hereby authorized to award cooperative bids to the bidder deemed to be the lowest responsive and responsible meeting the bid specifications and otherwise complying with Article 5-A of the General Municipal Law of the State of New York relating to public bids and contracts.

Miscellaneous Water Projects

Mr. Aman reported that tonight he will be attending a meeting in the Town of Sodus regarding a proposed water district on Route 14 between the Sodus Bay Heights Golf Club and the hamlet of Alton. There are also possible projects being discussed in the towns of Arcadia and Huron.

New Employee Discussion

Mr. Aman reported that one of the operations sector employees had been dismissed. To replace this employee, a member of the construction crew was promoted with a raise, and a new employee was hired to fill the resulting construction crew vacancy. Schedule A, the Authority salary schedule for 2018, needs to be amended to include these changes. After due discussion and deliberation, Mr. Humbert moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Board amend Schedule A, the Authority salary schedule for 2018, as discussed, and a copy shall be placed on file in the office of the Executive Director.

Mr. Scudder suggested having another comparison survey of Authority pay rates as was done by the Burke Group several years ago. Mr. Ross suggested comparisons with municipalities that have similar operations, such as the Towns of Ontario and Williamson.

Miscellaneous Meetings Report

Mr. Aman reported that Jason Monroe and Derek Ceratt were not at today's meeting because they are attending the New York Rural Water Association's Annual Technical Training Workshop and Exhibition in Verona, New York. He also reported that a reporter from Channel 8 in Rochester requested a meeting with him in regard to the recent lead sampling letter that was sent to selected customers. This is a sampling program update as required by the Department of Health and not particularly newsworthy. Mr. Aman also reported that he and Mr. Bliet attended a NYMIR meeting that focused on insured losses over a 30-year period. NYMIR encourages its customers to update equipment because newer equipment is safer and more reliable.

Monthly Operations Report

Mr. Monroe had emailed his report to the Board members in his absence. Mr. Scudder commented on the uptick in installations and hoped future reports might be able to include historical data for comparison. Mr. Aman reported that he and Mr. Ceratt had had a phone conference with CGI about the planned video promoting the Authority. It is scheduled to be produced in mid-July when the building landscaping will be in place. He thanked the Board members who had contributed ideas; they have been included in the draft script.

There being no further business to come before it, upon a motion made by Mr. Humbert, seconded by Mr. Scudder, the meeting was adjourned at 6:00 p.m.

Respectfully submitted: _____
Demaris Verzulli, Secretary of the Meeting