

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

Meeting of: June 26, 2018

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

Present: Robert Hutteman, Jean Johnson, David Scudder, Mark Humbert, Dan LaGasse, William Hammond, Donald Ross

Absent: LaVerne Blik, Rick Stevens

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

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

Visitors: None

Mr. Hutteman opened the work session at 3:03 p.m. and Mr. Aman introduced Charles Schachter of Harris Beach, the Authority's Bond Counsel. Mr. Aman described the meeting they had had with representatives from Bernard P. Donegan and MRB Group regarding the financing for the Regional Water Tank project. The USDA, which could provide favorable funding, will likely insist on provisions in their funding agreement which are in conflict with the Authority's existing trust indenture.. For the indenture to be modified, existing Authority bondholders may need to consent, and such consent would be difficult to obtain. Mr. Schachter is looking into this situation. This project is different from usual projects the USDA funds, but since there could be similar WCW&SA projects in the future, Mr. Aman and Mr. Howard feel it may be advantageous to work through the challenges with USDA to obtain the loan and set a precedent. There are other sources of potential funding; Mr. Aman distributed an analysis of three options. There is also the possibility of grant money. It is prudent to adopt the Initial Bond Resolution tonight since it will allow the Authority to incur expenses and be reimbursed from the bond proceeds. The resolution is not specific about the source of funding.

Mr. Aman described the process under which the Authority will be reimbursed by the participating municipalities for the debt. All properties that benefit from the project, in the beginning and in the future, will be assessed a basic charge that would be added to the property tax bill, similar to a special district charge. If a tax bill is not paid, the municipality has the capability to re-levy the charges upon County taxes. This assures that the Authority will be reimbursed. Properties hooking up in the future to mains that are part of the project will be assessed an additional charge for debt service, similar to a charge on a tax bill for a water district.

Mr. Aman also reported on the Western Regional Wastewater Treatment Plant project. The same basic legal structure as for the Regional Tank will be used for repaying the Authority's debt on this project. He reported that SEQR has been done, the Memorandum of Understanding has been signed, the finance application is filled out and grant applications are in process. A common Sewer Use Ordinance must still be adopted by the participants, the Towns of Macedon, Marion and Palmyra, and the Village of Palmyra.

The work session being concluded, Vice-Chairman Robert Hutteman called the Regular Board Meeting to order at 4:00 p.m.

I. Chairman's Report

Adoption of Minutes: Mr. Ross moved, Mr. Humbert seconded, and all members present unanimously approved the following resolution:

RESOLVED, that the minutes of the May 22, 2018 meeting of the Wayne County Water and Sewer Authority be accepted with no changes.

Correspondence: None

II. Treasurer's Report

Ms. Johnson presented the warrant and bills.

Mr. Hammond remarked that the annual insurance renewal was on the warrant, and after due discussion and deliberation, he moved and Mr. Ross seconded, and all members present unanimously approved the following resolution:

RESOLVED, that the Board authorize the Executive Director to renew the Authority's insurance contract with NYMIR, through Eastern Shore Associates Insurance Agency, for the total amount of \$113,794.51 for the policy term of June 1, 2018 to May 31, 2019.

After due discussion and deliberation, Mr. Hammond 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 18-851 to 18-1032 totaling \$635,692.03.

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

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

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

III. Agenda Items

Review Corrective Action Plan Re: 2017 Audit

Mr. Aman distributed the draft of the letter describing the WCW&SA's Corrective Action Plan in response to the 2017 OSC audit and reviewed the plan point by point. Mr. Humbert suggested that the word "enforcement" be added to the response for key finding #5. After due discussion and deliberation, Mr. Humbert moved, Mr. LaGasse seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Corrective Action Plan in response to the OSC 2017 Audit No. 2017M-276 be approved and the Executive Director be directed to mail the letter (as amended) detailing the plan to the Chief Examiner at the Rochester Regional Office.

Western Regional WWTP Project Update

Mr. Aman remarked that the progress of this project had been reported in the work session.

Regional Water Storage Tank Update

Mr. Schachter recapped the reasons for adopting an initial bond resolution. On motion duly made by Mr. Humbert and seconded by Mr. Hammond 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 \$10,500,000.**

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 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 related to a regional water storage facility and related pumping and transmission improvements to serve the Towns of Arcadia, Huron, Lyons, Marion, Sodus and Williamson (the "Project") consisting of (i) the construction of a new 2 million gallon regional water storage tank in the Town of Arcadia on lands owned by the Authority (the "Water Tank"), (ii) the installation of approximately 86,500 linear feet of water mains, (iii) the construction of a new pump station in the Town of Sodus, (iv) the installation of new pressure-reducing valve and other improvements to the existing pump station in the Town of Williamson, (v) the acquisition of easements, licenses, permits and rights of way, and (vi) all ancillary and appurtenant improvements, costs and expenses related to the foregoing, including, without limitation, fire hydrants, valves, water main connections, road crossings, excavation costs, bedding materials, and surface restoration; and

WHEREAS, by resolutions of the Authority adopted on May 23, 2017, and July 25, 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 \$10,500,000 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 \$10,500,000 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 \$10,500,000 (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 \$10,500,000 (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 Authority has entered into an agreement (the "Improvement and Service Agreement") with the Towns of Arcadia, Huron, Lyons, Marion, Sodus and Williamson (or special improvement districts that such towns have formed in accordance with the Town Law) (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 regional water storage services (the "Services") for the benefit of the Participating Municipalities 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) 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").

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 4. 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. Ross	VOTING	Aye
Mr. Scudder	VOTING	Aye
Mr. Hutteman	VOTING	Aye

The Resolution was thereupon declared duly adopted.

Mr. Schachter left the meeting.

Port Bay Sewers Update

Mr. Aman reported that the contractor has started the project and seems to be doing acceptable work. The second phase of the project will be to construct more equalization capacity at the Wolcott Village plant to provide storage for the occurrence of high flows. The SCADA setup has been agreed upon with the village keeping its SCADA separate and the Authority paying for the necessary new improvements and subsequent ongoing costs. A third pump will be added to allow for two to run simultaneously and one for backup.

Update on Building Expansion

Mr. Aman distributed an updated budget for the building expansion and Regional Plant roof replacement project that Derek Ceratt had put together before leaving on vacation. Discussion followed. Mr. Aman reported that Change Order #4 needed to be addressed; this covers some small electrical modifications and a credit for unneeded demolition. After due discussion and deliberation, Mr. Scudder moved, Ms. Johnson seconded and all members present unanimously approved the following resolution:

RESOLVED, that Change Order No. 4 to the building contract in the amount of \$1,469.00 be approved.

CGI Video Discussion

Mr. Aman distributed copies of the draft script for the CGI video and asked for suggestions. The video has been postponed so that the building expansion can be finished and appropriate pictures taken. Mr. Aman distributed graphics of the signage proposed for the building; he is waiting for other proposals to satisfy the Authority's Procurement Policy.

Update on Butler Prison Status

Mr. Aman reported that there is a RFP out on the Butler Prison property. A walk-through for potential purchasers was held today and Seth Galek was there to explain what equipment is owned by the Authority, and how the water and sewer systems operate.

Village of Red Creek Water Operations

Mr. Aman reported that Mr. Monroe and Mr. Galek met with the Village Clerk and the Mayor to discuss and prioritize a list of necessary repairs.

Eastern Regional WWTP Roof Replacement Update

Mr. Monroe and Eugene Martin of Lakeside Roofing and Contracting / Kanga Roof entered the meeting.

Mr. Aman explained that the reissued bid had a base bid and an alternate deduct for a second roofing system, and Kanga Roof is the low bidder for both alternatives. He had invited Mr. Martin to the meeting to explain the difference between the alternates. Mr. Martin explained that the Base Bid and Alternate 3 use the same material, but the method of installation differs. The Base Bid calls for steel panels that are crimped together on the standing seam, whereas Alternate 3 panels are extruded on site and snapped together with fasteners. He explained that the preparation with an ice and water shield over the entire roof and use of ridge vents would be the same for either installation. There was discussion of Alternate 1, a water tightness guarantee. In lieu of that, Mr. Martin's company includes a 20-year company guarantee. Alternate 2, addition of snow guards on parts of the roof, was recommended. Mr. Aman reported that MRB will be examining the material submittals which came today.

Mr. Martin left the meeting. Mr. Aman reported that Scott Bova of MRB felt that Alternate 1, the water tightness guarantee, was not necessary, but he preferred the base bid over the alternate roofing system. Mr. Howard explained that the reason for re-bidding was to give all the bidders a chance to bid on the two alternatives given that the original bid from the apparent low bidder failed to conform with the specs and all of the other bids were over budget. Discussion ensued. After due discussion and deliberation, Mr. Scudder moved, Mr. LaGasse seconded the following resolution:

WHEREAS, the Members of the Authority, in accordance with Article 8 of the Authority's Procurement Policy, make the following determinations: (i) the proposed awardee has been found to be responsible; (ii) the proposed awardee has complied with the Authority's Procurement Policy; (iii) the proposed awardee has disclosed all information required by the Authority's Procurement Policy; and (iv) the procurement process did not involve conduct that is prohibited by the Public Officers Law and the Authority's Procurement Policy.

THEREFORE, BE IT RESOLVED, that the bid be awarded to the lowest responsible bidder, Lakeside Roofing and Contracting / Kanga Roof of Lyons, New York, for the replacement of roofs at the Eastern Regional Wastewater Treatment Plant, including Alternate 3 (deduct \$8,200.00 from the Base Bid and Allowance of \$108,912.00) and Alternate 2, install snow guards on parts of the roofs for an addition of \$3,250.00, for a total net price of \$103,962.00.

Mr. Hutteman called for a roll call vote, and Mr. Humbert, Mr. LaGasse, Ms. Johnson, Mr. Ross and Mr. Scudder voted Aye; Mr. Hutteman voted Nay. The resolution was duly declared adopted.

Miscellaneous Water Projects

Mr. Monroe reported that on the Mill Street project in Marion the water main is completely installed except for a few tie-ins, test samples are at the laboratory, services are run to the Right-of-Way, and he is just waiting for Department of Health approval to put the main in service and connect services. He had a meeting with the company installing the gas main to clarify cleanup responsibilities.

Mr. Aman reported that preparations are underway for the South Geneva Road and Sodus Water District 11 projects, and he would like approval to sign any necessary documents for all the season's projects. After due discussion and deliberation, Mr. Humbert moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Executive Director be authorized to execute any bonds, sureties or other documents as required for the Mill Street, Marion project, pending approval of such documents by the Authority attorney Michael Howard.

Mr. Aman reported that the South Geneva Road, Sodus project will probably start after the Fourth of July holiday. After due discussion and deliberation, Mr. Hammond moved, Mr. Humbert seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Executive Director be authorized to enter into and sign the documents for an agreement with the Town of Sodus for the construction of the South Geneva Road Project; and be it further

RESOLVED, that the Executive Director be authorized to execute any bonds, sureties or other documents as required for this project, pending approval of such documents by the Authority attorney Michael Howard.

Mr. Aman reported that the Sodus Water District 11 project will comprise some 23,000 feet of water main, and the formal proposal has yet to be submitted to the town. After due discussion and deliberation, Mr. Humbert moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

RESOLVED, that the Executive Director be authorized to prepare a construction proposal and enter into and sign the documents for an agreement with the Town of Sodus for the construction of the South Geneva Road Project; and be it further

RESOLVED, that the Executive Director be authorized to execute any bonds, sureties or other documents as required for this project, pending approval of such documents by the Authority attorney Michael Howard.

Mr. Aman reported that a small project for the Village of Palmyra is pending, and the Supervisor of the Town of Arcadia is hoping for a start to Arcadia Water District 17 before the end of the construction season. He will have more to report at future meetings.

Miscellaneous Meetings Report

Mr. Aman reported that he met with representatives from the Village of Fair Haven in regard to the high proposed cost of their wholesale water. It is a small quantity and thus not a material impact to the Authority, but they will review the information on other wholesales rates that he gave them.

Mr. Aman thanked the board for the opportunity to attend the AWWA ACE 2018 Annual Conference in Las Vegas. Mr. Bliet also went and attended the public officials' sessions along with Mr. Aman.

Monthly Operations Report

Mr. Monroe gave a verbal report. Most of the focus has been on the Mill Street project, but water service installations have increased as well. With the addition of more staff members, he has been able to keep a construction crew and service crew working full time without switching from job to job. Some service leaks such as holes in copper services have been repaired. There are a lot of hydrant meters out in use, but although it has been dry there is no need yet to restrict use for irrigation. Mr. Scudder complimented the work crew installing a water service he visited recently. Mr. Monroe reported that there are seven summer employees painting hydrants in Palmyra and working toward Arcadia and then Sodus. There was discussion of water use in dry periods and use of herbicides for spraying around hydrants.

There being no further business to come before it, upon a motion made by Mr. Humbert, seconded by Mr. LaGasse, the meeting was adjourned at 5:37 p.m.

Respectfully submitted: Demaris Verzulli
Demaris Verzulli, Secretary of the Meeting