

**WAYNE COUNTY WATER AND SEWER AUTHORITY
FINANCE COMMITTEE MEETING**

Meeting of: Tuesday, February 28, 2023

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

Present: LaVerne Blik, Chairman; Jean Johnson, David Scudder

Absent: Robert Hutteman

Staff Present: Martin Aman, Executive Director
Sheryl LaDelfa, Accounting Manager
Demaris Verzulli, Secretary of the Meeting

Advisors Present: Michael Howard, General Counsel

Chairman LaVerne Blik called the meeting to order at 3:32 p.m.

Adoption of Minutes:

Ms. Johnson moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

RESOLVED, that the minutes of the October 21, 2022 meeting of the Finance Committee of the Wayne County Water and Sewer Authority be accepted with no changes.

Review Investment Guidelines

Mr. Howard reported that he had reviewed the Investment Guidelines; there are no statutory changes and no changes are needed to the Guidelines. After due discussion and deliberation, Ms. Johnson moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

WHEREAS, the Authority is required by Public Authorities Law §2925 to adopt and annually review and approve comprehensive investment guidelines which detail the Authority's operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Authority; and

WHEREAS, the Authority has adopted comprehensive investment guidelines ("Investment Guidelines") and has reviewed the Investment Guidelines as required by statute; it is therefore

RESOLVED, that the Finance Committee recommend to the Board that the Investment Guidelines be ratified and approved in their current form; and it is further

RESOLVED, that the Finance Committee recommend that the Board authorize and direct the Authority Staff to implement the Investment Guidelines in accordance with their terms.

Review Procurement Policy

Mr. Howard reported that he had also reviewed the Procurement Policy, current statutes and ABO Guidance; there are no statutory changes and no changes are needed to the Policy. After due discussion

and deliberation, Mr. Scudder moved, Ms. Johnson seconded and all members present unanimously approved the following resolution:

WHEREAS, the Authority is required by General Municipal Law §104b to adopt policies and procedures for purchases for which competitive bidding is not required by statute and to annually review such policies and procedures; and

WHEREAS, the Authority has adopted a Procurement Policy in conformance with the state finance law ("Policy") and has reviewed the Policy as required by statute; it is therefore

RESOLVED, that the Finance Committee recommend to the Board that the Procurement Policy be ratified and approved in its current form; and it is further

RESOLVED, that the Finance Committee recommend that the Board authorize and direct the Authority Staff to implement the Procurement Policy in accordance with its terms.

Review Capital Reserve Fund

Mr. Aman and Mr. Howard reviewed for the committee members present the history of the Authority's Capital Projects Plan and the necessity to annually review the planned use of reserves. Mr. Aman reported that with the Authority's current two large capital projects, there is a possibility that some reserves might need to be used for such things as payment for materials or payments to contractors. Consequently, the wording of the resolution before the Board has been broadened to allow for this possibility. Any potential use of reserves would be brought before the Board. After due discussion and deliberation, Ms. Johnson moved, Mr. Scudder seconded and all members present unanimously approved the following resolution:

WHEREAS, the Wayne County Water and Sewer Authority (hereafter "Authority") was created by the New York State Legislature pursuant to Chapter 685 of the Law of 1987, as supplemented and amended by Chapter 501 of the Laws of 1990, to provide for the long-term water and sewer needs of the residents of Wayne County, and

WHEREAS, the Authority is authorized by Public Authorities Law §1199-kk to deposit and invest moneys of the Authority not required for immediate use and disbursement in statutorily-authorized obligations and, thereby, to establish reserve funds; and

WHEREAS, the Authority has established a policy of maintaining a reasonable amount of undesignated fund balance within its annual operating funds to protect against unforeseen expenditures or revenue shortfalls and to help ensure that adequate cash flow is available to meet the cost of operations; and

WHEREAS, the Authority recognizes the need to plan for and establish reasonable reserve requirements in support of future anticipated infrastructure, equipment and other requirements while minimizing debt service costs and obligations; and

WHEREAS, the Authority has adopted a long-term, 20-year Capital Projects Plan, the most recent version of which was last updated in 2018 (the "2018 Capital Plan") and provides for water, sewer and building-related capital needs and improvements through 2038; and

WHEREAS, the Authority recognizes the need to annually monitor and review the reasonableness of reserves in light of current and anticipated growth plans as the Authority's water and sewer operations continue to expand in response to ongoing municipal consolidation within Wayne County, as well as evolving water and sewer needs; and

WHEREAS, the Authority previously approved utilizing a portion of the current reserves in an amount not to exceed \$1.2 Million to pay for Project Development Costs in connection with the Western Regional Wastewater Treatment Project ("Regional WWTP"), provided that such costs, together with interest at 1% per annum, shall be repaid to the Authority by the municipalities participating in such project over a period of twenty-four (24) months commencing on June 1, 2020; and

WHEREAS, such costs, together with interest, have now been repaid to the Authority by such participating municipalities; and

WHEREAS, the Authority previously closed with the NYS Environmental Facilities Corporation ("EFC") on short term financing for the Regional WWTP in the aggregate principal amount of up to \$36,995,940.00 by entering into a Project Finance Agreement, dated as of September 24, 2022, as amended by that certain Amendment Number One, dated as of November 10, 2022; and

WHEREAS, by letter dated November 9, 2022, the Authority was advised by EFC that the Regional WWTP has been awarded an IMG Grant of up to \$30 Million and expects to close with EFC on enhanced, replacement short term funding of up to \$80 Million for the Regional WWTP in the first quarter of 2023 (collectively, the "EFC Closing"); and

WHEREAS, the Authority issued a notice to proceed on January 26, 2023 to its approved contractors to commence construction of the Regional WWTP and may need to utilize a portion of existing reserve funds to make payments in advance of the EFC Closing; and

WHEREAS, the Authority closed on its permanent financing for the 2017 Regional Water Tank Project ("Regional Tank Project") on May 11, 2021 and is waiting for the final disbursement of funds flowing substantial completion of the project; and

WHEREAS, the Authority may, from time to time, be required to purchase materials needed in connection with approved contracts with area towns/improvement districts for municipal water and or/sewer expansion projects, in advance of being reimbursed for the cost of such materials; and

WHEREAS, the Authority also recognizes the need to carefully balance the appropriate level of reserves with the impact on ratepayers; and

WHEREAS, the Authority's sound financial planning, including its strong debt service coverage and limited exposure to capital improvement needs, has been favorably commented upon by the rating agencies (as evidenced most recently by a credit upgrade in Moody's Credit Opinion, dated November 2, 2016);

NOW, THEREFORE, be it

RESOLVED, that the Finance Committee recommend that the Board ratify the 2018 Capital Plan and confirm that it continues to be appropriate and reasonable given the Authority's current and anticipated capital needs; and it is further

RESOLVED, to recommend that the Board authorize and approve the current level of Restricted Assets-Capital Reserve ("Reserves") in the aggregate amount of \$2,649,527, in light of the longer-term needs identified in the 2018 Capital Plan; and it is further

RESOLVED, to recommend that the Board ratify and approve the attached Policy Regarding the Authority's Operating and Capital Reserve Funds for 2023.

Schedule of Meetings

The next meeting of the Finance Committee will be in October to review the next year's budget. After due discussion and deliberation, Ms. Johnson moved, Mr. Scudder seconded, and all members present unanimously approved the following resolution:

RESOLVED, that the next meeting of the Finance Committee of the Wayne County Water and Sewer Authority be scheduled in October, 2023, at a date before the October Board meeting, for the purpose of reviewing the 2024 Authority Budget and other business that may come before the Committee.

There being no further business, upon a motion by Mr. Scudder, seconded by Ms. Johnson, the meeting was adjourned at 3:48 p.m.

Note: Investment Guidelines of the Wayne County Water and Sewer Authority and Procurement Policy of the Wayne County Water and Sewer Authority are available for downloading at the Authority's website, www.wcwsa.org.

Respectfully submitted: 
Demaris Verzulli, Secretary of the Meeting