

UPPER MOHAWK VALLEY REGIONAL WATER FINANCE AUTHORITY MINUTES

A meeting of the Upper Mohawk Valley Regional Water Finance Authority was held in the Water Authority Conference Room on February 15, 2013. The following persons were present:

Upper Mohawk Valley Regional Water Finance Authority

Vincent Gilroy, Chairman
William Barry, Treasurer
Eric Linder - **Absent**
Tom Nelson
Joseph Silberlicht

Others Present

Patrick Becher, MVWA Executive Director, Finance Authority Secretary
Herb Cully, Esq., Finance Authority Counsel
Jim Korfonta, MVWA Comptroller
Mario Bequer, MVWA Deputy Comptroller
Jolie Murray, Administrative Aide

Item # 1 – Approval of June 21, 2012 Minutes

Mr. Gilroy requested a motion to accept the June 21, 2012 minutes. Mr. Barry made the motion to accept the minutes as written, seconded by Mr. Nelson. *Vote: (4) Ayes. (0) Nays. (0) Abstains.* Motion Carried.

Mr. Becher started the meeting by explaining to the Board that the State of New York created a series of laws called the Public Authorities Reform Act. Within the requirements there is a legal guideline stating we now need to establish certain committees and adopt certain policy statements. There are some limitations on how much flexibility there is to make any changes as it is essentially dictated to us by the State. Mr. Cully has taken what the Water Board has enacted and adapted it for the use by the Finance Authority. Mr. Korfonta brought up the discussion as to which website we would like the policies uploaded to. It was discussed that it wouldn't be practical to create a separate website for the Finance Authority but to have a separate section on the main website that covers the entire organization. All the policies would be posted under the section for the Finance Authority.

Item # 2 – Adoption of Finance Authority Budget

Mr. Becher explained the Finance Authority Budget is different from a budget for a typical authority because we use component financial statements meaning there is one set of financials for the entire organization. The two Boards together have interrelated financing so the separate budget for the Finance Authority is a component of the larger budget. The Finance Authority budget simply consists

of the debt service payments made on behalf of the Finance Authority that is related to prior borrowing. Mr. Becher explained the Budget does need to be posted. Mr. Korfonta then explained the budget and stated we have a healthy fund balance. Mr. Gilroy brought up the School Tax **PILOT** Payments. Mr. Becher explained that when the Authority was created, they set up ~~pilot~~ payments in lieu of taxes for schools, towns & villages, the City of Utica and the County. The County and the City go up at times but the school districts by design are getting zeroed out over 22 years. School districts end in 2021; eight years are left.

Mr. Gilroy requested a motion for the adoption of the Finance Authority Budget. Mr. Nelson made the motion to approve said budget, seconded by Mr. Barry. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

Item # 3 – Adoption of By-Laws

Mr Cully gave a brief synopsis of the By-Laws and stated it is consistent with the Public Authorities Law in terms of the operation. An error was noted by Mr. Silberlicht in Article VI, 6.1, the misspelling of “Mohawk Valley Water Authority”. An error was also noted in Article XII, 12.1; it should be by vote of three (3), not seven (7). “Adopted by the Board on September 21, 2009” also needs to be changed to “February 15, 2013” subject to the above noted changes.

Mr. Gilroy requested a motion for the adoption of the By-Laws. Mr. Barry made the motion to approve said By-Laws subject to the changes noted, seconded by Mr. Nelson. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

Item # 4 – Conflict of Interest Disclosure

Mr. Cully explained the Conflict of Interest Disclosure is pretty straight forward with regard to a conflict as it relates either to you or individually or your family members. Mr. Becher explained there is not a legal requirement to have the Conflict of Interest Disclosure filed with the County. This will be kept in our offices available for inspection, and should anyone raise the issue, they are entitled to come in.

Mr. Gilroy requested a motion to accept the Conflict of Interest Disclosure. Mr. Barry made the motion to approve said Conflict of Interest Disclosure, seconded by Mr. Silberlicht. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

Item # 5 – Adoption of Audit Committee Charter

Mr. Becher explained the Audit Committee is a legal requirement. Mr. Cully further explained that three (3) board members meet twice a year. Mr. Becher continued stating that in the past we have not hired separate auditors and produced separate audits because it is a combined financial statement. When the audit is completed and then presented to the Board, the Finance Authority members are invited to attend and be part of the presentation process. In order for the Finance Authority to meet these requirements, the Audit Committee must meet at the time the Board’s Audit Committee meets and have it be a combined meeting to produce one set of audited financial statement. Mr. Korfonta went on to explain we have gone out to bid for Audit Services and are

receiving bids now, and may need to meet to make a decision on who would be the best firm. The Bylaws states that the Finance Authority's Audit Committee must consist of three (3) Board members.

Mr. Gilroy requested a motion for the adoption of the Audit Committee Charter. Mr. Nelson made the motion to adopt said Audit Committee Charter, seconded by Mr. Barry. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

Mr. Gilroy also requested a motion to nominate and appoint Tom Nelson, Eric Linder and Vincent Gilroy as members for the Audit Committee with Eric Linder as Chairman. Mr. Barry made the motion, seconded by Mr. Silberlicht. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

Item # 6 – Adoption of Code of Ethics

Mr. Cully explained the Standard Code of Ethics.

Mr. Gilroy requested a motion for the adoption of the Code of Ethics. Mr. Barry made the motion to approve said Code of Ethics, seconded by Mr. Silberlicht. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

A Code of Ethics Committee will be elected at a later date.

Item # 7 – Adoption of Governance Committee Charter

Mr. Cully explained the Governance Committee must include at least one (1) independent member. The size of the committee is determined by the Board of Directors. The Governance Committee members shall be appointed by and serve at the discretion of the Board of Directors. The Board may designate one member of the committee as its Chair. An independent member would be someone who has no affiliation with the organization.

Mr. Gilroy requested a motion for the adoption of the Governance Committee Charter. Mr. Nelson made the motion to approve said Governance Committee Charter, seconded by Mr. Barry. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

A Governance Committee will be elected at a later date.

Item # 8 – Adoption of Investment Guidelines

Mr. Korfonta explained the highlights of the Investment Guidelines. It replicates what the State Comptroller's office requires that we can invest in only certain types of investments; essentially all things that have the full faith and credit of the United States. Mr. Becher explained further.

Mr. Gilroy requested a motion for the adoption of the Investment Guidelines. Mr. Nelson made the motion to approve said Investment Guidelines, seconded by Mr. Barry. *Vote: (4) Ayes. (0) Nayses. () Abstains.* Motion Carried.

Mr. Becher stated during the next bond series we may start fresh interviewing and begin the RFP process for the financial advisor role, underwriter, bond counsel, etc. Our need to hire a consultant is approximately a year away at minimum because we just closed on a bond issue this past summer that covers our next two construction seasons.

Item # 9 – Adoption of Procurement Policy

After some discussion Mr. Gilroy requested a motion for the adoption of the Procurement Policy. Mr. Barry made the motion to approve said Procurement Policy, seconded by Mr. Silberlicht. *Vote: (4) Ayes. (0) Nays. () Abstains.* Motion Carried.

Item # 10 – Adoption of Whistleblower Policy

Mr. Cully explained this Policy establishes a duty for all employees to report any suspected fraud. It also contains a provision that there can be no retaliation against anyone who reports fraud or any other violation of the Code of Ethics.

Mr. Silberlicht noted errors under the No Retaliation section, the word Police should be replaced with Policy. Also in several locations, instead of referring to the “Authority” it refers to the “Company.” The term Authority should replace the word Company.

Mr. Gilroy requested a motion for the adoption of the Whistleblower Policy. Mr. Nelson made the motion to approve said Whistleblower Policy subject to the changes Jolie Murray was asked to make, seconded by Mr. Silberlicht. *Vote: (4) Ayes. (0) Nays. () Abstains.* Motion Carried.

Item # 11 – Adoption of Personnel Policy

Mr. Cully stated that we don’t necessarily need a Personnel Policy but we should still adopt one.

Mr. Gilroy requested a motion for the adoption of the Personnel Policy. Mr. Barry made the motion to approve said Personnel Policy, seconded by Mr. Silberlicht. *Vote: (4) Ayes. (0) Nays. () Abstains.* Motion Carried.

Item # 12 – Adoption of Fiduciary Duties and Responsibilities

Mr. Gilroy requested a motion for the adoption of the Fiduciary Duties and Responsibilities. Mr. Barry made the motion to approve said Fiduciary Duties and Responsibilities, seconded by Mr. Nelson. *Vote: (4) Ayes. (0) Nays. () Abstains.* Motion Carried.

Item # 8 – Old Business

Mr. Becher updated Finance Authority members on the lawsuit with the Canals. The lawsuit has been settled and favorable to us. Agreements will be signed by the NYS Supreme Court within the next week. Congratulations to Mr. Becher and all involved.

Item # 9 – New Business

Mr. Barry asked about the City of Rome. Mr. Becher stated the City of Rome's Regulatory Compliance deadline to meet Drinking Water Regulations is coming up. Mr. Becher has been in contact with Mayor Fusco. Last year a grant application was submitted to the State of New York for a consolidation study of the whole western side of the county involving MVWA, Rome and Oneida, as well as Vernon, Verona, and Sherrill. The state did not approve the study at that time around, but Mr. Becher believes they will this time and we are getting ready to resubmit the application shortly.

Item # 10 – Adjournment: There being no further business, Mr. Gilroy requested a motion to adjourn. The motion was made by Mr. Nelson, seconded by Mr. Barry (4) Ayes. (0) Nays. (0) Abstains. Motion Carried. Meeting was adjourned.

Respectfully submitted,

Patrick J. Becher, Secretary
UMV Regional Water Finance Authority

PJB/jm