

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 March 8, 2012. The following persons were present:

Upper Mohawk Valley Regional Water Finance Authority

Vincent Gilroy, Chairman
William Barry, Treasurer
Robert Bannigan
Eric Linder
Tom Nelson

Others Present

Patrick Becher, Water Authority Executive Director, Finance Authority Secretary
Bill Calli, Esq., Finance Authority Counsel
Jim Korfonta, Finance Authority Comptroller
Richard Goodney, P.E., MVWA Capital Projects Engineer
Scott Gorgas, MVWA Deputy Comptroller

Item # 1 – Approval of September 8, 2010 Minutes

Mr. Gilroy requested a motion to accept the September 8, 2010 minutes. Mr. Barry made the motion to accept the minutes as written, seconded by Mr. Nelson. *Vote: (5) Ayes. (0) Nays. () Abstains.* Motion Carried.

Item # 2 – Review of Debt Service and Bond Rating

Jim Korfonta distributed and explained the current trust balances and the outstanding bonds as of February 29, 2012. He also distributed a Budget Summary for the Fiscal Year April 1st through March 31st. Mr. Becher added that over the past 7 or 8 years we have been weaning ourselves off of our need for borrowed money for smaller items such as vehicles and using it more for pump station upgrades and longer life investments. After some further discussion Mr. Gilroy requested a motion to approve the budget. Mr. Barry made the motion to approve said budget, seconded by Mr. Bannigan. *Vote: (5) Ayes. (0) Nays. () Abstains.* Motion Carried.

The media release issued by Standard & Poor's stating we were upgraded to A+ was then discussed. Mr. Becher and Mr. Korfonta further explained.

Mr. Barry brought up the subject of going out for RFPs for Environmental Counsel as was discussed at the last meeting. Mr. Becher explained that, for a few months, staff was getting very strong signals from the main board that we were not going to be doing any borrowing and might be postponing projects. After some discussions with Richard Goodney, and revising some estimates, the Board agreed to request the next borrowing as originally planned. If this had been known earlier, there would have been adequate time to conduct an RFP process. Mr. Goodney further explained the reasoning. Mr. Barry would like a review of the present situation and then entertain RFP's in the future.

Jim Korfonta provided the Finance Authority with an Investment Statement which is required quarterly. It shows trust fund balances, which investments they are in, and any income earned and related expenses. A motion to accept the Investment Statement was made by Mr. Barry, seconded by Mr. Nelson. *Vote: (5) Ayes. (0) Nays. () Abstains.* Motion Carried. Mr. Becher explained that the outside auditors take a close look at the Investment Statement for debt service reserve during the annual audit. The current auditors are Marvin & Co. When completed they will review the audit with both Boards. The audited financial statements need to be complete by June 30, 2012.

Item # 3 – Review of Capital Improvement Program and Needs

Mr. Goodney discussed the Capital Improvement Program Summary and our current needs. He explained the core of the capital program is a five (5) year plan that we prepare and update every year. The current program has only one water distribution project we are proposing for bonding. It is the last of the five major tanks which will be a 6 MG concrete tank built at Southern Reservoir at a cost of \$2.7 M. The tank will be under construction this summer, and completed and in service late fall, with cleanup completed the following year.

Item # 5 – Discussion of Bonding Process

Mr. Goodney went on to explain that we do need some professional assistance such as Environmental Legal Services. Hancock & Estabrook submitted a proposal. They have been our environmental Counsel since the inception of our work. The attorney, Wendy Marsh, has been involved for approximately the last nine (9) years. We have been very happy with their services. They have never come close to what they have estimated in their proposal. Mr. Goodney explained the proposal. Mr. Barry asked if we have solicited other companies. Mr. Goodney explained we have not, we have always used Hancock & Estabrook and that Wendy Marsh has the files on all the past projects. Mr. Barry asked that in the future we go out for RFP's. It was noted that there is no requirement that we change attorneys every 10 years like the State.

Mr. Goodney then explained to the Authority Members that O'Brien & Gere has prepared our Engineering Report since 2005. We intend to issue an RFP in the future. However, because this is the tank project, we are proposing to utilize O'Brien & Gere. Mr. Becher further explained they just completed a 2011 Engineering Assessment of the system.

Mr. Becher explained there is the need of a financial advisor and in the past we have used Rick McCarthy. Mr. McCarthy has run the process and coordinated it for us. There is also the need for bond counsel who oversees the legalities of the bonding. We did do an RFP process not that long ago where we interviewed three or four bond counsels and selected Fulbright & Jaworski law firm. Their lead attorney, Randy Mayer, was chosen on cost and on his knowledge of the system because he was the direct assistant to Tom Rothman who set the Authority up in the first place and wrote the legislation that created the Authority.

The Financial Feasibility Study was with Black & Veatch for years, and specifically, Ed Markus. He has since started his own company, Amawalk Consulting. He has been retained by the other Board as the annual rate consultant to certify the budget and rate structure. He would be a logical choice to do the documents for the official statement because he could do it for a third of the cost of someone coming in new.

For Underwriter services, we have used First Albany in the past, and they are now called Jeffries. Their role is to put together the official statement to support the actual bond sale. They act as the intermediary to bring the bonds to market, handle the closing, and all transactions.

Mr. Barry made a motion to retain the following consultants as follows: Randy Mayer, Fulbright & Jaworski as Bond Counsel, Ed Markus for the Financial Feasibility Study, Jeffries (First Albany) as Underwriter, O'Brien & Gere as Engineering Consultant, Wendy Marsh as Environmental Counsel, and O'Brien & Gere for the Engineering Report, seconded by Mr. Nelson. *Vote: (5) Ayes. (0) Nays. () Abstains.* Motion Carried.

Item # 4 – Review of Upcoming Metering Project

Mr. Becher explained the \$6M metering project. It's a fixed radio network system. A person would not have to physically visit each customer to obtain a meter reading. The radio collection system can provide up to four meter readings per day and receive signals from devices that listen for leaks. These devices can be used to blanket various sections of the service area which could save on hiring a leak detection company. The meter reading staff would be redeployed into sections of the company and fill vacancies expected from retirements. This will save money on labor by not hiring from the outside. The payback period is estimated to be within 4 ½ years. Customer Service would be able to view a meter status and generate a bill on demand. Customers will also be able to review their account history on the MVWA website for consumption information and other reports. The project includes the replacement of approximately 12,000 older meters. This project will also take five cars used by meter readers off the streets. Aside from paying for itself, the engineering data that we can get will be a quantum leap forward for evaluating the system and being able to spot some problems before they turn into major crises. The other Board feels this project will solve a lot of problems for us such as disputed bills, and has given the approval to proceed. An RFP is almost finalized and should be out to potential bidders within the next 2 to 3 days.

Item # 6 – Old Business

Mr. Barry questioned the status of the charters of existing policies that were to be handled by Mr. Cully. Mr. Becher believes they are almost complete. Mr. Becher will follow-up with Mr. Cully and mail once available. Committees need to be formed once the policies are adopted.

The Finance Authority will need to adopt bylaws at next meeting.

Mr. Becher updated the Board on the lawsuit.

Item # 7 – New Business

Item # 8 – Adjournment: There being no further business, Mr. Gilroy asked for a motion to adjourn. The motion was made by Mr. Barry, seconded by Mr. Nelson *(5) Ayes. (0) Nayes. (0) Abstains.* Motion Carried. Meeting was adjourned.

Respectfully submitted,

Patrick J. Becher, Secretary
Upper Mohawk Valley Regional Water
Finance Authority

PJB/jam