

Final: November 20, 2014

MEETING OF THE BOARD OF DIRECTORS OF THE WATER AUTHORITY OF GREAT NECK NORTH HELD ON OCTOBER 20, 2014, AT 50 WATERMILL LANE, GREAT NECK, NEW YORK.

PRESENT:

Michael C. Kalnick, Chairperson
Edward Causin, Director
Jean Celender, Director
Carol Frank, Director
Ralph J. Kreitzman, Director
Dr. Dan Levy, Director
Susan Lopatkin, Director
Steven Weinberg, Director

Village of Kings Point
Village of Great Neck Estates
Village of Great Neck Plaza
Town of North Hempstead
Village of Great Neck
Village of Saddle Rock
Village of Kensington
Village of Thomaston

ALSO PRESENT:

Howard Miskin, Vice Chairperson
Robert Graziano, Deputy Chairperson
Gregory Graziano, Superintendent
Stephen Moriarty, Assistant Superintendent
Christine Skrypek, Treasurer
Lisa Schlichting, Secretary
Robert McCormack, Supervisor, Water
Plant Operations
Stephen Limmer, Counsel

Bill Merklin

Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
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Water Authority of Great Neck North
Water Authority of Great Neck North

Ackerman, Levine, Cullen, Brickman &
Limmer, LLP
Dvirka & Bartilucci, Consulting Engineer

The Board meeting was called to order at 6:15 p.m. Seven members, (Chairperson/Director Kalnick, Directors Causin, Celender, Frank, Kreitzman, Levy, and Lopatkin) were present, constituting a quorum.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-01, the Board acknowledged that the Minutes of the Board's September 15, 2014, meeting were reviewed by the Directors and the Minutes were approved. The vote was 7 for, 0 against, 0 abstentions.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-02, the Board acknowledged that the Abstract of Claims was reviewed by the Directors and the Abstract was approved. The vote was 7 for, 0 against, 0 abstentions. A copy of the Abstract is on file with the Secretary.

On the motion of Director Kreitzman, seconded by Director Celender, by Resolution #14-10-03, the Board acknowledged that the Treasurer's Monthly Report was reviewed by the Directors and the Report was accepted. The vote was 7 for, 0 against, 0 abstentions. A copy of the Report is on file with the Secretary.

On the motion of Director Kreitzman, seconded by Director Celender, by Resolution #14-10-04, the Board acknowledged that the Treasurer's Revenue and Expenses Quarterly Report for the period ended September 30, 2014, was reviewed by the Directors and the Report was accepted. The vote was 7 for, 0 against, 0 abstentions. A copy of the Report is on file with the Secretary.

Director Weinberg entered the meeting at 6:20 p.m.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-05, the Board acknowledged that the Construction Work in Progress Budget vs. the Actual Report for the period ended September 30, 2014, was reviewed by the Directors and the Report was accepted. The vote was 8 for, 0 against, 0 abstentions.

In accordance with section 7.12 (c) of the Authority's Bond Resolution, after reviewing the Treasurer's annual review of the Authority's financial condition, on the motion of Director Weinberg, seconded by Director Levy, by Resolution #14-10-06, the Board confirmed that the Net Revenues for the 2014 fiscal year of the Authority will be sufficient to comply with the rate covenant of Section 7.12(b) of the Authority's Bond Resolution and directed the Treasurer to file a certified copy of the resolution, with the information required by the Bond Resolution, with the Trustee on or before November 1, 2014. The vote was 8 for, 0 against, 0 abstentions.

Bill Merklin presented the Engineer's Report:

Site restoration work for the Electrical Improvements for Well 10A at Ravine Road has been completed, but has not been approved due to the poor quality of the asphalt. A punch list is being prepared.

D&B Engineers and Architects, P.C. ("D&B") is in the process of modifying the contract documents for the rebidding of the Rehabilitation of Well 11A at Watermill Lane to separate Well Construction from General Construction.

Bids were received for Martin Court, Grassfield Road, and Kings Point Road Water Main Improvements. The Superintendent will report on the recommendation in his report.

Design work has been submitted to the Nassau County Department of Health for Woodland Place Water Main Improvements for the Woodland Place Development.

Superintendent Graziano presented the Superintendent's Report:

The Superintendent presented the 2015 Budget. The Operating Budget reflects a 1.32% decrease. The decrease will allow the current rates to remain in effect through 2015. This will be the eighth year in a row that the rates have remained stable. The budget meets and exceeds the Authority's bond resolution 110% net revenue requirement. On the motion of Director Lopatkin, seconded by Director Levy, by Resolution #14-10-07, the Board acknowledged that the 2015 Budget was reviewed by the Directors and was adopted as the Final Budget. The Treasurer was directed to file a copy of the Budget with the Trustee. The vote was 8 for, 0 against, 0 abstentions. A copy of the budget is on file with the Treasurer.

On October 9, 2014, the Water Authority opened bids for its 2015 contract for Sodium Hypochlorite with options to renew for 2016 and 2017. Three bids were submitted:

- 1) H. Krevit & Co. Inc. bid \$1.92 per gallon, with zero increases for 2016 and 2017;
- 2) Autochem Corporation bid for \$2.25 per gallon, with zero increases for 2016 and 2017;

and

3) Kuehne Company bid for \$8.00 per gallon, with maximum increases of 10% for 2016 and 2017. Kuehne Company did not include the required bid security with its bid.

The price paid for Sodium Hypochlorite in 2014 was \$2.25 per gallon. Approximately 9,552 gallons were purchased thus far in 2014 totaling \$21,492.00. At \$1.92 per gallon, 9,552 gallons would cost \$18,339.00, saving the Authority approximately \$3,152.00 in 2015. Superintendent Graziano recommended that the bid be awarded to H. Krevit & Co. Inc, the lowest responsible bidder. On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-08, the Board approved awarding the bid for the 2015 contract for Sodium Hypochlorite to H. Krevit & Co. Inc., at its bid price of \$1.92 per gallon, with options to renew for 2016 and 2017, providing that the Superintendent first negotiate with H. Krevit for a further reduction in price. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

On October 9, 2014, the Water Authority opened bids for its 2015 contract for Sodium Hydroxide with options to renew for 2016 and 2017. Three bids were submitted:

- 1) H. Krevit & Co. Inc. bid for \$1.29 per gallon, with zero increases for 2016 and 2017;
 - 2) JCI Jones Inc bid for \$1.99 per gallon, with maximum increases of 10% for 2016 and 2017; and
 - 3) Kuehne Company bid for \$4.79 per gallon, with maximum increases of 10% for 2016 and 2017.
- Kuehne Company did not include the required bid security with its bid.

The price paid in 2014 was \$1.45 per gallon. Approximately 9,512 gallons were purchased thus far in 2014 totaling \$13,793.00. At \$1.29 per gallon, the cost would be \$12,270.00, saving the Authority approximately \$1,522.00 in 2015. Superintendent Graziano recommended that the bid be awarded to H. Krevit & Co. Inc, the lowest responsible bidder. On the motion of Director Kreitzman, seconded by Director Levy, by Resolution #14-10-09, the Board approved awarding the bid for the 2015 contract for Sodium Hydroxide to H. Krevit & Co. Inc., at its bid price of \$1.29 per gallon, with options to renew for 2016 and 2017. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

On October 9, 2014, the Water Authority opened bids for its 2015 contract for Poly Orthophosphate with options to renew for 2016 and 2017. Shannon Chemical Corporation, the current supplier, was the only bidder. Shannon Chemical Corporation bid \$12.77 per gallon for 2015. The bid package indicated that there would be a zero increase for 2016 and the maximum increase for 2017 would be 5%. The price paid in 2014 was \$10.77 per gallon. Approximately 3,404 gallons were purchased thus far this year totaling \$36,661.00. At \$12.77 per gallon, 3,404 gallons would cost \$43,469.00, approximately \$6,808.00 more than in 2014.

Superintendent Graziano recommended that the bid be awarded to Shannon Chemical Corporation. On the motion of Director Levy, seconded by Director Weinberg, by Resolution #14-10-10, the Board approved awarding the bid for the 2015 contract for Poly Orthophosphate to Shannon Chemical Corporation at its bid price of \$12.77 per gallon, with options to renew for 2016 and 2017. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

Walden Environmental Engineering, PLLC submitted its proposal for Engineering Services related to the environmental review component for the New York State Environment Facilities Corporation's ("EFC") Storm Mitigation Loan Program financing applications. All of the Authority's proposed projects were deemed eligible for an estimated \$15,038,000.00 of funding, in the form of a 25% grant and 75% zero interest bond. The projects are:

- Well 2A Raise Well Head above flood level
- Well 5 Raise Well Head above flood level
- Well 8 Raise Well Head above flood level
- Well 6 Raise Well Head above flood level/Back-up Generator Installation
- Well 10A Back-up Generator Installation
- Well 11 A Raise Well Head above flood level
- Portable Generator Replacement

Superintendent Graziano recommended that the proposal be approved. On the motion of Director Celender, seconded by Director Kreitzman, by Resolution #14-10-11, the Board authorized retaining Walden Environmental Engineering, PLLC, at a fee not to exceed \$6,500.00, for Engineering Services related to the environmental review component of the EFC's Storm Mitigation Loan Program financing applications, providing that paragraphs 2.0 through 2.9 under the Terms and Conditions be removed. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

Capital Markets Advisors, LLC submitted its proposal to provide Financial Advisory Services regarding funding requirements in connection with the EFC funding, at a not to exceed fee of \$18,500.00. Superintendent Graziano recommended that the proposal be approved. On the motion of Director Lopatkin, seconded by Director Kreitzman, by Resolution #14-10-12, the Board authorized retaining Capital Markets Advisors, LLC, at a fee not to exceed \$18,500.00, to provide Financial Advisory Services related to the funding component of the EFC's Storm Mitigation Loan Program financing applications. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

The Authority requested proposals from D&B and CDM Smith to provide the Certification of Funds for the Bond issuance in connection with the EFC funding. D&B submitted its proposal with a not to exceed fee of \$8,000.00. CDM Smith submitted its proposal with a not to exceed fee of \$20,000.00. Superintendent Graziano recommended that the proposal from D&B be approved. On the motion of Director Lopatkin, seconded by Director Celender, by Resolution #14-10-13, the Board authorized retaining D&B, at a not to exceed fee of \$8,000.00, to provide the Certification of Funds for the Bond issuance related to the funding component of the EFC's Storm Mitigation Loan Program financing applications. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

Fulbright & Jaworski LLP submitted its proposal to represent the Authority as bond counsel in connection with the EFC funding. Fulbright & Jaworski LLP will limit the amount to be charged to \$25,000.00. Superintendent Graziano recommended that the proposal be approved. On the motion of Director Levy, seconded by Director Celender, by Resolution #14-10-14, the Board authorized retaining Fulbright & Jaworski LLP, at a not to exceed fee of \$25,000.00, to represent the Authority as bond counsel related to the funding component of the EFC's Storm Mitigation Loan Program financing applications. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

D&B opened proposals at the Authority's offices on October 8, 2014, for the 2014 Water Main Improvements for Kings Point Road, Martin Court and Grassfield Road. Three bids were received:

- | | |
|-------------------------------------|----------------|
| 1. G&M Earth Moving Inc. | \$2,719,100.00 |
| 2. Bancker Construction Corp. | \$2,939,324.00 |
| 3. Merrick Utility Associates, Inc. | \$3,501,100.00 |

After reviewing the references provided by G&M Earth Moving Inc., D&B determined that it was not qualified to perform the contract work. D&B and the Authority met with G&M Earth Moving Inc. on October 16, 2014, to discuss G&M's qualifications and to review the scope of the work. Following the meeting, G&M Earth Moving Inc. agreed with D&B and retracted its bid. Based upon the review of the bid documents and the retraction letter submitted by the low bidder, D&B recommended, and the Superintendent agreed, that the contract be awarded to Bancker Construction Corp. at its bid price of \$2,939,324.00. The bid price is for Phase I which includes the work on Kings Point Road, Martin Court, and Grassfield Road. Phase II, which includes approximately 1,100 feet of water main on Middle Neck Road, will be incorporated into the project as a change order. Bancker Construction Corp. verbally agreed that the work for Phase II will be performed utilizing the unit bid prices included in its bid, and is estimated to be approximately \$470,000.00. On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-15, the Board awarded Bancker Construction Corp. the contract for Water Main Improvements for Kings Point Road, Martin Court, and Grassfield Road. The vote was 8 for, 0 against, 0 abstentions. A copy of the Proposal is on file with the Secretary.

Superintendent Graziano advised the Board that a canvas of Insurance companies revealed that the Authority could save approximately \$4,388.64 annually by switching the Authority's Dental Insurance from MetLife to Sun Life Financial. The current annual premium for MetLife is \$35,472.96. The proposed annual premium from MetLife is \$38,309.04. The proposed annual premium from Sun Life is \$33,920.40. The Superintendent recommended switching to Sun Life Financial. On the motion of Director Levy, seconded by Director Kreitzman, by Resolution #14-10-16, the Board approved switching to Sun Life Financial for the Authority's Dental Insurance, effective November 1, 2014. The vote was 8 for, 0 against, 0 abstentions.

The Authority sent out a Request for Proposal ("RFP") for the Authority's internal and external audits. The RFP's were sent to: 1) Satty, Levine & Ciacco, CPAs, P.C. 2) Toski & Co., CPAs, P.C., 3) Albrecht, Viggiano, Zureck & Company, P.C., 4) Rynkar, Vail & Barrett, LLP., 5) SaxBST, 6) Pappas & Co., 7) Cullen & Danowski, LLP. The following proposals were received:

Internal Audit Proposals	2015	2016	2017	Total
Toski & Co., CPAs, P.C.	\$11,000.	\$11,000.	\$11,000.	\$33,000.
Satty, Levine & Ciacco, CPAs, P.C.	\$11,600.	\$11,600.	\$11,600.	\$34,800.
Rynkar, Vail & Barrett, LLP	\$17,525.	\$18,000.	\$18,500.	\$54,025.
Albrecht, Viggiano, Zureck & Company, P.C.	\$19,500.	\$19,750.	\$20,000.	\$59,250.
Cullen & Danowski, LLP	\$24,000.	\$21,000.	\$21,500.	\$66,500.
External Audit Proposals	2014	2015	2016	Total
Satty, Levine & Ciacco, CPAs, P.C.	\$13,500.	\$13,500.	\$13,500.	\$40,500.
Toski & Co., CPAs, P.C.	\$17,000.	\$17,500.	\$18,000.	\$52,500.
Albrecht, Viggiano, Zureck & Company, P.C.	\$17,500.	\$17,750.	\$18,000.	\$52,750.
SaxBST	\$18,000.	\$18,000.	\$19,000.	\$55,000.
Cullen & Danowski, LLP	\$21,000.	\$21,500.	\$22,000.	\$64,500.
Pappas & Co	\$23,800.	\$24,700.	\$25,950.	\$74,450.
Rynkar, Vail & Barrett, LLP	\$29,000.	\$29,000.	\$29,000.	\$87,000.

Director Kreitzman advised that the Audit Committee unanimously recommended the retention of Toski & Co., CPAs, P.C., as the Authority's internal auditor and the retention of Satty, Levine & Ciacco, CPAs, P.C. ("SL&C") as the Authority's external auditor. Toski and SL&C had the lowest proposals for the internal auditing and the external auditing, respectively, over a three year period. Director Levy questioned why the Authority was working with both an internal and external Auditor. Superintendent Graziano advised that the Public Authorities Act recommends using both an internal and external Auditor and that the Authority has always made every effort to prevent errors and malfeasance. Director Kreitzman noted that SL&C was charging less because the Authority works with an internal auditor". The lower price of the external auditor to some extent counterbalances the cost for the internal auditor. On the motion of Director Kreitzman, seconded by Director Levy, by Resolution #14-10-17, the Board approved the retention of Toski & Co., CPAs, P.C., as the Authority's internal auditor for 2015, 2016, 2017, and the retention of Satty, Levine & Ciacco, CPAs, P.C. as the Authority's external auditor for 2014, 2015, 2016. The vote was 8 for, 0 against, 0 abstentions. Copies of the Proposals are on file with the Secretary. Copies of the proposals are on file with the Secretary.

Stephen Limmer left the room while his firm's proposed retainer for the 2015 calendar year was discussed. At the conclusion of the discussion, Stephen Limmer was called back into the meeting. On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-18, the Board unanimously approved the retention of Stephen Limmer and the firm of Ackerman, Levine, Cullen, Brickman & Limmer, LLP, as General Counsel for the Authority's fiscal 2015 year, pursuant to Stephen Limmer's proposed retainer letter dated October 7, 2014. There will be an increase of slightly less than 1½ % in hourly rates. The vote was 8 for, 0 against, 0 abstentions. A copy of the letter is on file with the Secretary.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-10-19, the meeting was adjourned at 7:20 p.m.