

Final: March 22, 2016

**MEETING OF THE BOARD OF DIRECTORS OF
THE WATER AUTHORITY OF GREAT NECK NORTH
HELD ON FEBRUARY 8, 2016,
AT 50 WATERMILL LANE, GREAT NECK, NEW YORK.**

PRESENT:

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

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

ALSO PRESENT:

Robert Graziano, Deputy Chairperson
Gregory Graziano, Superintendent
Christine Skrypek, Treasurer
Stephen Moriarty, Assistant Superintendent
Robert McCormack, Supervisor, Water
Plant Operations
Lisa Schlichting, Secretary
Stephen Limmer, Counsel
William J. Jackson, Esq.
Gary Stuart, Principal Engineer

Water Authority of Great Neck North
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Water Authority of Great Neck North
Ackerman, Levine, Cullen, Brickman & Limmer, LLP
Hawkins Delafield & Wood LLP, Bond Counsel
CDM Smith, Consulting Engineer

ALSO PRESENT:

Rachel Khazzam

1 Heritage Lane, Kings Point, NY.

NOT PRESENT:

Howard Miskin, Vice Chairperson
Dan Levy, Director
Suet-Yee Huang, Civil Engineer

Water Authority of Great Neck North
Village of Saddle Rock
Water Authority of Great Neck North

The Board meeting was called to order at 6:00 p.m. Seven members (Chairperson/Director Kalnick, Directors Causin, Celender, Frank, Kreitzman, Lopatkin, and Weinberg) were present, constituting a quorum.

On the motion of Director Lopatkin, seconded by Director Kreitzman, by Resolution #16-02-01, the Minutes of the Board's January 11, 2016, meeting were reviewed by the Directors and were approved as corrected by the elimination of "not to exceed" before the fee of \$45,000.00, on the third paragraph of page four. The vote was 7 for, 0 against, 0 abstentions.

On the motion of Director Celender, seconded by Director Lopatkin, by Resolution #16-02-02, the Board reviewed and approved the Abstract of Claims. 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 Lopatkin, seconded by Director Kreitzman, by Resolution #16-02-03, the Board reviewed and approved the Treasurer's Monthly Report. The vote was 7 for, 0 against, 0 abstentions. A copy of the Report is on file with the Secretary.

Rachel Khazzam spoke to the Board on behalf of her parents who reside at 1 Heritage Lane in Kings Point. Rachel explained that the bill for water service for the Underground Irrigation Service for the period of September 4, 2015, through December 3, 2015, was \$6,908.55, and that her parents disputed that bill in a letter dated February 1, 2016. Superintendent Graziano advised that in response to the dispute, the Authority tested their meter twice, and both times the meter showed that it was more than 99% accurate. The inaccuracy resulted in billing for slightly less water than was actually used. Based upon those tests, the Authority, by law, must charge for the usage shown on the meter, the aforesaid \$6,908.55, and that the irrigation service line cannot be turned back on until said sum is paid in full. Additionally, because of non-payment, a "red card" was issued, which resulted in an additional charge of \$15.00. Together with Mr. Khazzam's letter of February 1, 2016, a check for \$1,000 was included, as payment on account, as a measure of good faith. The Board of Directors, listened to Rachel and, understanding her concerns, agreed to extend the time to pay the \$5,908.44 balance of the bill until June 15, 2016, to allow the Khazzam's time to investigate if there was a leak in the irrigation system that caused the unexpected water usage. On the motion of Director Lopatkin, seconded by Director Causin, by Resolution #16-02-04, the Board agreed to extend payment for the balance of the bill at 1 Heritage Lane, until June 15, 2016. The vote was 7 for, 0 against, 0 abstentions. A letter will be sent to 1 Heritage Lane advising that whether or not a leak is found, unless it can be proven to the Authority that the quantity of water that was billed did not pass through the meter to the premises, the \$5,908.44 balance of the bill must be paid by June 15, 2016, or all water to the premises at 1 Heritage lane will be turned off on June 16, 2016, without any further notice from the Water Authority. Additionally, the \$15.00 red card fee must be paid immediately.

Gary Stuart presented the Engineer's Report:

- Camp Dresser McKee & Smith ("CDMSmith") is reviewing comments they received from the Nassau County Department of Health for the design of the Dock Lane Water Main Replacement.
- CDM Smith submitted a Draft Engineering Report for Phase I of Well 6 to the Authority for review.
- CDM Smith submitted a Draft Engineering Report for Phase I of Well 8 to the Authority for review.
- CDM Smith is working on the Agreements with sub-consultants for the Storm Mitigation Design at Wells 2A, 5, and 8.
- CDM Smith reviewed relevant documents to determine certificate requirements and created a cash flow model for the 2016 Certification of Funds for Bond Issuance.
- CDM Smith submitted its proposal to perform a structural review of the Weybridge Road elevated tank catwalk. The Superintendent will discuss this further in his report.

- Field work was completed for Community Drive Transmission Main Hydrant Flow Testing and a summary memorandum will be submitted to the Authority.
- CDM Smith held review meetings and is making recommendations for the Well 11A SCADA upgrade.

CDM Smith retained Albert Risk Management Consultants to certify compliance with the insurance requirements of the 2008 Bond Resolution. Gary Stuart reviewed the adequacy of the 2016 insurance of the Authority and concurred that it was adequate and in accordance with the requirements of the Bond Resolution adopted April 21, 2008. On the motion of Director Kreitzman, seconded by Director Causin, by Resolution #16-02-05, the Board accepted the Annual Insurance Certification for 2015 from the Consulting Engineer and instructed the Treasurer to file the Certification with the Trustee. Additionally, Albert Risk Management Consultants provided a letter advising that the insurance is solid, well priced, and of high quality. Albert Risk recommended that the Authority consider higher limits on the demolition/increased cost of construction property, and the business interruption coverage. The Superintendent discussed this with the Authority's Insurance broker and agreed with the recommendation. On the motion of Director Lopatkin, seconded by Director Causin, by Resolution #16-02-06, the Board authorized the Superintendent to raise the demolition/increased cost of construction property coverage from \$350,000.00 to \$1,000,000.00. The vote was 7 for, 0 against, 0 abstentions. The additional premium for the increased coverage is \$325.00. On the motion of Director Lopatkin, seconded by Director Causin, by Resolution #16-02-07, the Board authorized the Superintendent to raise the business interruption coverage from \$100,000.00 to \$2,000,000.00. The additional premium for the increased business interruption coverage is \$1,800.00. The vote was 7 for, 0 against, 0 abstentions.

Gregory Graziano presented the Superintendent's Report:

Superintendent Graziano advised the Board that the Hydrants, Valves, and Fittings contract with Ferguson Waterworks, T. Mina Supply, Inc., and Blackman Plumbing Supply, Inc., expires on May 31, 2016, and recommended that it be put out for bid. Copies of the bid will be sent to Ferguson Waterworks, T. Mina Supply, Inc., and Blackman Plumbing Supply, Inc. On the motion of Director Kreitzman, seconded by Director Lopatkin, by Resolution #16-02-08, the Board approved putting the Hydrants, Valves, and Fittings contract out for bid. The vote was 7 for, 0 against, 0 abstentions. The notice to bidders will be placed in the Great Neck Record and the bid document will be posted on the Authority's website.

The Board reviewed the Annual Drinking Water Quality Report for the year ending 2015. The Directors suggestions will be incorporated into the final Report.

CDM Smith submitted its proposal, by letter dated January 15, 2016, to perform a Structural Review of existing inspection reports and remediation made by both D&B Engineers and Architects, P.C. and Verizon for the Weybridge Road Elevated Tank Catwalk. The not to exceed fee is \$12,000.00. Superintendent Graziano recommended that the proposal be approved. On the motion of Director Kreitzman, seconded by Director Weinberg, by Resolution #16-02-09, the Board accepted CDM Smith's proposal, by letter dated January 15, 2016, to perform a Structural Review of the Weybridge Road Elevated Tank Catwalk, for the not to exceed fee of \$12,000.00, on the condition that Verizon Wireless pays the \$12,000.00 fee. The vote was 7 for, 0 against, 0 abstentions. A copy of the proposal is on file with the Secretary.

Janet Morley, from Capital Markets Advisors, LLC ("CMA") joined the meeting via teleconference to review the Request for Proposals ("RFP") for Underwriters in connection with the Authority's proposed refunding of the Authority's 2008 bonds. The RFP was sent to seven prequalified firms selected based on their activity in the New York, tax exempt, bond market. Proposals were received from all seven firms: Citigroup, M&T Securities, Raymond James, Roosevelt & Cross, Stern Brothers, Piper Jaffray ("PJ"), and TD Securities. Janet Morley noted that the RFP advised that \$1,060,000 of the 2008 Debt Service Reserve Fund ("DSRF") would be available to place into escrow along with Refunding Bond proceeds to refund the Refunded Bonds at the first call date in 2018. The RFP called for level savings over the term of the bonds. Typically, when a DSRF is present, assuming it is not drawn upon, it is used toward the repayment of the final principal maturity of bonds. In the case of the 2008 Bonds, absent a refunding, the \$1,060,000 would be used, along with the remainder of the DSRF, towards the repayment of the final principal payment coming due in 2038. The \$1,060,000 will actually be deposited in the refunding escrow at closing and used with new refunding bond

proceeds to retire bonds in 2018 and, therefore, will not be available to reduce the principal payment of the 2008 bonds in 2038. All of the underwriters' proposals, except PJ's, recognized these facts and sized bonds in 2038 assuming the actual 2008 principal maturity in 2038 of \$1,680,000 and calculated savings accordingly. PJ, when sizing the bond issue and calculating savings, applied the \$1,060,000 DSR both to fund the Refunding escrow and to reduce the 2038 maturity of 2008 bonds, thereby erroneously taking a benefit of the \$1,060,000 of the 2008 DSR twice. Had PJ sized the Refunding Bonds appropriately, the savings would have been lower than the next lowest proposal from Raymond James. CMA recommended, and the Superintendent agreed, that the Authority select Raymond James as the underwriter for the Authority's bonds. On the motion of Director Causin, seconded by Director Lopatkin, by Resolution #16-02-10, the Board selected Raymond James as the Underwriter for the Authority's bonds. The vote was 7 for, 0 against, 0 abstentions.

Director Weinberg exited the meeting at 7:15 p.m.

Chairperson Kalnick introduced William ("Bill") Jackson, Esq., from the firm of Hawkins Delafield & Wood, the new bond counsel for the Authority, to the Directors and staff. Bill discussed the proposed bonding and informed the Directors that he would be preparing a bond resolution for adoption at the Board's next meeting on March 21, 2016. At the request of the Board, he said he would provide the resolution in advance of the meeting to provide the Directors sufficient time to review it before the meeting.

Director Causin presented the Governance Committee Report:

Director Causin informed the Board that the Governance Committee had reviewed the Summary of the Self Evaluation forms for Calendar Year 2015 submitted by each of the Directors and unanimously voted to approve it. On the motion of Director Causin, seconded by Director Lopatkin, by Resolution #16-02-11, upon the recommendation of the Governance Committee, the Board approved the Summary of the Evaluation of Board of Directors and authorized its filing with the Authority Budget Office. The vote was 6 for, 0 against, 0 abstentions.

On the motion of Director Celender, seconded by Director Levy, by Resolution #16-02-12, the Board went into Executive Session at 7:30 p.m. to discuss negotiations with Lockheed Martin. The Board emerged from Executive Session at 7:55 p.m. The Chairperson announced that no action had been taken and no minutes would be produced. The meeting was adjourned at 7:57 p.m.

Approved by Secretary:



Date:

