

Final: October 17, 2017

**MEETING OF THE BOARD OF DIRECTORS OF
THE WATER AUTHORITY OF GREAT NECK NORTH
HELD ON SEPTEMBER 18, 2017
AT 50 WATERMILL LANE, GREAT NECK, NEW YORK.**

PRESENT:

Michael C. Kalnick, Chairperson
Pedram Bral, Director
Jean Celender, Director
Carol Frank, Director
Dan Levy, Director
Susan Lopatkin, Director
Michael Smiley, Director

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

ALSO PRESENT:

Ralph J. Kreitzman, Vice-Chairperson
Robert Graziano, Deputy Chairperson
Gregory Graziano, Superintendent
Michael Rispoli, Assistant Superintendent
Sue Huang, Civil Engineer
Judith Flynn, Treasurer
Lisa Schlichting, Secretary
Stephen G. Limmer, Counsel
Keith Kelly, Senior Vice President

Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
Water Authority of Great Neck North
McLaughlin and Stern, LLP
CDM Smith, Consulting Engineers

NOT PRESENT:

Steven Weinberg, Director

Village of Thomaston

The Board meeting was called to order at 6:05 p.m. Six members (Chairperson/Director Kalnick, Directors Celender, Frank, Levy, Lopatkin, and Smiley) were present, constituting a quorum.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-01, the Minutes of the Board's August 14, 2017, meeting were reviewed by the Directors and were approved. The vote was 6 for, 0 against, 0 abstentions.

On the motion of Director Levy, seconded by Director Celender, by Resolution #17-09-02, the Board reviewed and approved the Abstract of Claims. The vote was 6 for, 0 against, 0 abstentions. A copy of the Abstract is on file with the Secretary.

On the motion of Director Levy, seconded by Director Celender, by Resolution #17-09-03, the Board reviewed and approved the Treasurer's Monthly Report. Director Levy recommended that "EFC Financing Debt" on page 6 be changed to "EFC Financing Loan". Going forward, the Treasurer will make the change. The vote was 6 for, 0 against, 0 abstentions. A copy of the Report is on file with the Secretary.

The Treasurer advised the Board that she spoke to Sound Actuarial Consulting Firm, who provided the 2014 GASB 45 analysis (Post-Employment Benefits for Retirees Expense) and they confirmed that their fee for 2017 would be \$4,000.00, the same as it was in 2014. The Treasurer called the Authority's current External Auditor, Satty, Levine & Ciacco, to recommend a firm to obtain a comparative quote. Satty, Levine & Ciacco advised that many of its clients use Danziger & Markhoff LLP. Treasurer Flynn called Danziger & Markhoff to obtain a comparative quote and was advised that its fee would be \$2,900.00. The Treasurer recommended, and the Superintendent agreed, that the Authority engage Danziger & Markhoff to provide the GASB 45 analysis for 2017 at their fee of \$2,900.00. On the motion of Director Lopatkin, seconded by Director Celender, by Resolution #17-09-04, the Board approved engaging Danziger & Markhoff LLP to provide the 2017 GASB 45 analysis, at their fee of \$2,900.00. The vote was 6 for, 0 against, 0 abstentions.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-05, the Board reviewed and approved the 2018 Draft Budget. The vote was 6 for, 0 against, 0 abstentions. The total operating plan in the Final Budget shows an increase of 1.98% over the 2017 Budget. If reimbursable expenses are taken into account, the actual increase is 1.8%. Superintendent Graziano noted that this is the 10th year in a row without a rate increase. Director Frank suggested that "Leak Detection" be listed under "Conservation" rather than "Transmission and Distribution". The Board thanked Director Frank for the suggestion. The Treasurer will change the header from "Administration" to "Administration & Conservation" with "Conservation & Xeriscape" and "Leak Survey Detection" as the sub-headers. A copy of the Draft Budget is on file with the Secretary.

Camp Dresser McKee & Smith ("CDM Smith") reviewed the financial condition of the Authority and the 2018 Draft Budget that they received from the Authority. CDM Smith found that the budget sets forth a total aggregate debt service of \$2,347,441.00 and estimates net operating revenues, before interest and depreciation, of \$3,195,485.00. Accordingly, CDM Smith certified that the Net Revenues of the Authority for the 2018 Fiscal Year are sufficient to comply with the Net Revenue Requirement covenant as set forth in section 7.11 of the Water System Revenue Bond Resolution of the Authority. By letter dated September 13, 2017, CDM Smith approved the 2018 Draft Budget. CDM Smith will review the Final Budget.

Gary Stuart presented the Engineer's Report:

1. SMLP Project – Improvements at several well sites to address flooding issues including the raising of well houses above flood elevations. The EFC granted an extension until September 2021.
Well 2A – Demolition of existing building and construction of new well house that will be approximately 8 feet higher than existing. Reusing existing well, but replacing the existing pump with new. New chemical feed system. Incorporating Authority comments into the 100% design.

Well 5 – Due to salt water modeling results only SCADA work will be completed under EFC SMLP financing.

Well 6 – Demolition of portion of existing building and construction of new well pump portion of building such that new pump and associated equipment is above flood elevation. CDM Smith conducted the site visit and is beginning the design.

Well 8 – Demolition of existing building and construction of new well house (existing building is below grade and therefore potentially subject to flooding). Pending DEC's response to the Superintendent's letter dated 7/12/17, it will be determined whether the new well will be drilled or the existing well rehabilitated.

2. Weybridge Road Tank Catwalk Structural Review – Review of design plans submitted by Verizon for new antenna to be installed on tank. Received funding from some of the carriers, waiting for the other carriers to provide their funding.
3. SCADA Upgrade – Installation of new control panels, communications equipment, and associated work at all sites so that all SCADA equipment is consistent and up-to-date. Work at some sites is being funded through SMLP program. Eagle Control Corporation was awarded the work and a contract execution date is set up with McLaughlin & Stern.
4. Salt Water Intrusion Modeling for Wells 5, 6, 7, and 8 – Development of a dual-density groundwater flow model to evaluate the potential for salt-water intrusion in both the Lloyd and Magothy Aquifers. The modeling is complete. The Superintendent sent a letter to the DEC and we are waiting for their reply.
5. 2017 Water Main Improvements – Replacement of approximately 13,000 feet of water main including valves, hydrants, and services in Great Neck Estates & Saddle Rock Estates. CDM Smith is working on the final design.
6. Greenway Terrace Water Main – Installation of approximately 800 feet of water main for new development. The bid opening was on August 24th. Bancker Construction was the apparent low bidder.
7. Well 7 Electrical and Instrumentation Upgrades – Various upgrades to improve reliability including new electrical service, motor control center, transformer, wiring, and chemical safety panel. CDM Smith has begun the design.

CDM Smith reviewed the Five Year Capital Plan with the Superintendent and advised Superintendent Graziano that it is acceptable. On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-06, the Board acknowledged that the Five Year Capital Plan was reviewed by the Directors and the Five Year Capital Plan was approved. The vote was 6 for, 0 against, 0 abstentions. A copy of the Five Year Capital Plan is on file with the Secretary.

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

Gregory Graziano presented the Superintendent's Report:

The Assistant Superintendent contacted New York Leak Detection, Inc., ("NYLD") to obtain an estimate to conduct a leak survey for the Authority. NYLD, by letter dated September 15, 2017, proposed a comprehensive leak detection survey and report on approximately 117 miles of the Authority's water distribution system for \$15,500, the same amount as it charged in 2016. Assistant Superintendent Rispoli advised the Board that in 2016, NYLD found 27 leaks. Assuming a 24-hour leak, the lost revenue would have been \$730,000.00, and that, even at the low end of the accuracy of the technology (85%), the Authority saved \$620,000.00. On the motion of Director Celender, seconded by Director Frank, by Resolution #17-09-07, the Board authorized New York Leak Detection, Inc., to conduct a comprehensive leak detection survey and provide a report, in accordance with its September 15, 2017, proposal, for a fee of \$15,500.00. The vote was 7 for, 0 against, 0 abstentions. A copy of the proposal is on file with the Secretary.

The annual contract for the Maintenance of Grounds was awarded in 2016 to Del Graz Enterprises, Inc., with an option to renew for 2018 at \$32,492.00. The 2016 cost was \$32,012.00. Del Graz Enterprises, Inc., agreed to renew its 2018 contract for the Maintenance of Grounds at \$32,655.00. Superintendent Graziano stated that the company has been extremely reliable, has a good working relationship with the Authority, and the proposed price is fair and competitive, and recommended approval of the renewal. On the motion of Director Lopatkin, seconded by Director Levy, by Resolution #17-09-08, the Board approved renewing the 2018 contract for the Maintenance of Grounds with Del Graz Enterprises, Inc., at the estimated price of \$32,655.00. The vote was 7 for, 0 against, 0 abstentions. Deputy Chairperson Graziano reminded the Board that there was a letter on file with the

Secretary stating, in substance, that the Deputy Chairperson and the Superintendent are not related to the principals of Del Graz Enterprises, Inc., who have the same last name, and that the Deputy Chairperson and the Superintendent have no interest in Del Graz Enterprises, Inc.

On August 3, 2017, the Water Authority opened bids for its 2018 contract for Sodium Hypochlorite with options to the Authority to renew for 2019 and 2020. Four bids were submitted:

1. New Haven Chlor-Alkali LLC. (H. Krevit & Co. Inc.) submitted a bid for \$2.27 per gallon. The bid package indicated that the maximum increases for 2019 and 2020 would be 10%.
2. Autochem Corporation submitted a bid for \$1.89 per gallon. The bid package indicated that the maximum increases for 2019 and 2020 would be 3%.
3. Twin County Swimming Pools submitted a bid for \$1.85 per gallon. The bid package indicated that the maximum increase for 2019 would be .025% (\$1.90) and for 2020 would be .024% (\$1.95).
4. Kuehne Company submitted a bid for \$8.00 per gallon. The bid package indicated that the maximum increases for 2019 and 2020 would be 10%. The required bid security was not included in the bid package.

The price paid in 2017 was \$1.90 per gallon. Approximately 9,987 gallons were purchased thus far in 2017 totaling \$18,976.00. At \$1.85 per gallon, 9,552 gallons would cost \$17,671.00, saving the Authority approximately \$1,305.00 in 2018.

CDM Smith opened bids for the Greenway Terrace Water Main Project at the Authority's offices on August 24, 2017. Three bids were received:

- | | |
|------------------------------|--------------|
| 1. Bancker Construction Corp | \$126,464.61 |
| 2. Merrick Utilities | \$149,992.00 |
| 3. G&M Earth Moving Inc. | \$169,000.00 |

CDM Smith reviewed each of the proposals to confirm compliance with the requirements of the Contract. Based upon that review, CDM Smith recommended, and the Superintendent agreed, that the contract be awarded to Bancker Construction Corp, as the lowest responsible bidder. On the motion of Director Smiley, seconded by Director Frank, by Resolution #17-09-09, the Board awarded the contract for the Greenway Terrace Water Main Project to Bancker Construction Corp, at its bid price of \$126,464.61, provided that it is fully funded by the Developer. The vote was 7 for, 0 against, 0 abstentions. Copies of the proposals are on file with the Secretary.

The Authority solicited Request for Proposals ("RFP") for the Authority's Internal and External Audits. The RFP was sent to: Cullen & Danowski, LLP, Abrecht, Viggiano, Zureck & Company, P.C., EPFR Group, CPAs, PLLC (Formerly Toski & Co.), SaxBST LLP, SATTY, LEVINE & CIACCO, CPAs, P.C., Pappas & Co, Rynkar Vail & Barrett, LLP, and CostaRothbort CPAS LLC.

Proposals for the External Audit were received from the below two firms:

<u>EXTERNAL AUDIT: 2017-2018-2019</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Satty, Levine & Ciacco, CPAs, P.C.	\$22,500.00	\$22,500.00	\$23,500.00
Cullen & Danowski, LLP	\$30,000.00	\$31,000.00	\$32,000.00

Proposals for the Internal Audit were received from the below three firms:

<u>INTERNAL AUDIT: 2018-2019-2020</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Rynkar, Vail & Barrett, LLP	\$16,210.00	\$16,400.00	\$16,750.00
Satty, Levine & Ciacco, CPAs, P.C.	\$18,820.00	\$18,820.00	\$18,820.00
CostaRothbort CPAS LLC	\$28,000.00	\$28,800.00	\$29,500.00


On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-10, the Board went into Executive Session at 6:38 to discuss the terms of the lease with the County of Nassau, and the qualifications of the proposers and bidders for the Authority's internal audit and contract for Sodium Hypochlorite. The Board emerged at 7:05 p.m. Chairperson Kalnick announced that no action had been taken and no minutes would be produced.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-11, the Board approved the first amendment to the Lease Agreement with the County of Nassau, subject to execution and ABO approval. The vote was 7 for, 0 against, 0 abstentions. A copy of the amendment is on file with the Secretary.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-12, upon the recommendation of the Audit Committee, the Board approved the retention of Rynkar, Vail & Barrett, LLP as the Authority's Internal Auditor for 2018, with the option to the Authority to renew the engagement for 2019 and 2020. The vote was 7 for, 0 against, 0 abstentions. Copies of the Proposals are on file with the Secretary. The award for the Authority's External Auditor was tabled until the October Board meeting, when all three Audit Committee members are expected to be present.

On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #17-09-13, the Board, after receiving favorable references for Twin County Swimming Pools, reconsidered its previous award of the 2018 contract for Sodium Hypochlorite and awarded the contract to Twin County Swimming Pools, at its bid price of \$1.85 per gallon, with options to the Authority to renew the contract for 2019 and 2020, as the lowest responsible bidder. The vote was 6 for, 1 against, 0 abstentions. Copies of the bids are on file with the Secretary.

The meeting was adjourned at 7:05 p.m.

Approved by Secretary: 

Date: 10-18-17