

Final: October 22, 2014

**MEETING OF THE BOARD OF DIRECTORS OF THE WATER AUTHORITY OF GREAT NECK NORTH HELD ON SEPTEMBER 15, 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:**

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

**NOT PRESENT:**

Howard Miskin, Vice Chairperson

Water Authority of Great Neck North

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

On the motion of Director Kreitzman, seconded by Director Celender, by Resolution #14-09-01, the Board acknowledged that the Minutes of the Board's August 11, 2014, meeting were reviewed by the Directors and the Minutes were approved, with one correction: "Citizens Water Supply of Company" on page 2 will be corrected to "Citizens Water Supply Company". The vote was 8 for, 0 against, 0 abstentions.

On the motion of Director Celender, seconded by Director Levy, by Resolution #14-09-02, the Board acknowledged that the Abstract of Claims was reviewed by the Directors and the Abstract was approved. The vote was 8 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 #14-09-03, the Board acknowledged that the Treasurer's Monthly Report was reviewed by the Directors and the Report was accepted. The vote was 8 for, 0 against, 0 abstentions. A copy of the Report is on file with the Secretary.

The Superintendent presented the 2015 Budget. The Budget will be reviewed by the Directors and will be discussed at the October Board Meeting.

D&B Engineers and Architects, P.C. ("D&B") reviewed the 2015 Budget that they received from the Authority as required under Section 7.08 of the Authority's Water System Revenue Resolution. The budget sets forth an aggregate debt service of \$2,972,250.00 and projects net operating revenues, before interest and depreciation, of \$3,706,350.00. The net operating revenues are greater than 110 percent of the aggregate debt service and therefore meet the Authority's minimum requirement. Based on that, by letter dated September 5, 2014, D&B certified that the Budget for 2015 provided for net operating revenues greater than 110 percent of the aggregate debt service and, therefore, met the Authority's minimum requirement under the Authority's Bond Resolution and recommended adoption of the Budget. On the motion of Director Kreitzman, seconded by Director Levy, by Resolution #14-09-04, the Board directed the Treasurer to file a copy of the letter with the Trustee. The vote was 8 for, 0 against, 0 abstentions. A copy of the letter is on file with the Secretary.

Bill Merklin presented the Engineer's Report:

The Electrical Improvements for Well 10A at Ravine Road have been started up and tested. The generator has been started up and tested. Site restoration work is underway.

D&B received bids for the Rehabilitation of Well 11A at Watermill Lane. The Superintendent will discuss Well 11A further in his report.

Design work is underway for Martin Court, Grassfield Road, and Kings Point Road Water Main Improvements. The contract documents will be ready for bidding in October.

Design work is underway for Woodland Place Water Main Improvements for the Woodland Place Development. D&B provided preliminary drawings to the Developer for his use in permit application submittals.

Superintendent Graziano presented the Superintendent's Report:

Superintendent Graziano advised the Directors that the failure of Well 6 (at Juniper Drive in Great Neck Estates) was caused by the contractor's improper installation of the well. Although the warranty expired, and the cost to repair the well are likely to be in the vicinity of \$25,000.00, the Superintendent was able to negotiate with Layne Christensen Company to absorb almost all of the cost. The only cost to the Authority will be \$2,000.00.

Superintendent Graziano requested the Board's approval to sell as, surplus, a 2005 Ford Crown Victoria with approximately 69,250 miles to the highest bidder, in "as is" condition. The Superintendent advised that the vehicle will not be replaced. The cost to the Authority to repair the vehicle exceeds the value of the vehicle to the Authority. The vehicle will be posted for auction online through GovDeals, Inc. On the motion of Director Celender, seconded by Director Causin, by Resolution #14-09-05, the Board approved selling the 2005 Ford Crown Victoria to the highest bidder in "as is" condition. The vote was 8 for, 0 against, 0 abstentions.

The Authority solicited bids from Auditing Firms for the 2014, 2015, and 2016 External Audits. The Audit Committee will review the bids and will make its recommendation for award at the October Board Meeting. Although the recommendation for award will not be made until the October Board meeting, the proposals were distributed at the September Board meeting to allow time for review.

The present license agreement permitting the Village of Kings Point to erect and maintain an offset antenna on the Water Authority's Weybridge Road elevated tank expires on December 31, 2014. On the motion of Director Kreitzman, seconded by Director Causin, by Resolution #14-09-06, the Board: (i) waived any conflict of interest for Counsel Limmer, whose firm represents both the Authority and the Village of Kings Point, to revise and prepare the agreement for execution; (ii) directed Counsel Limmer to revise the existing agreement to insert recitals as to the benefit of the agreement to the Authority and the Village; and (iii) authorized the Deputy Chairperson to negotiate, review, approve, sign, and deliver the revised agreement extending the lease for another 5 years, on substantially the same terms as the existing lease, on behalf of the Authority. The vote was 7 for, 0 against, 1 abstention (Chairperson Kalnick).

Proposals for the Rehabilitation of Well 11A were opened on August 28, 2014. Bids were received from Philip Ross Industries, Inc. (\$1,820,000.00), and Bensin Contracting, Inc. (\$2,241,500.00). The bid from Philip Ross Industries was more than \$300,000.00 higher than the construction cost estimate. The Superintendent stated that he was informed that the high bids were based upon certain uncertainties by the bidders, and that if those uncertainties could be resolved before the bidding and if the work was rebid as two separate contracts, one for the drilling of the well and one for the construction of the well house, the total of the two bids probably would be greatly reduced. On the motion of Director Lopatkin, seconded by Director Levy, by Resolution #14-09-07, the Board authorized the Rehabilitation of Well 11A to be rebid as two separate contracts: one for the drilling of the well and one for the construction of the well house. The vote was 8 for, 0 against, 0 abstentions.

The Authority has been selected to receive an estimated \$15,038,000.00 in funding from the New York State Environmental Facilities Corporation ("EFC"). The money is in the form of a 25% grant/75% zero interest bond. Fulbright & Jaworski LLP submitted its proposal to represent the Authority as bond counsel to review the EFC funding. Fulbright & Jaworski's fees are based on a standard hourly fee schedule, less a 10% discount. On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-09-08, the Board approved the retention of Fulbright & Jaworski LLP, as bond counsel, at a not to exceed fee of \$2,000.00, to ascertain if the Authority is eligible for EFC funding without violating or otherwise adversely impacting the Authority's outstanding bond issues, and, if yes, to provide a proposal for

representation as bond counsel with a fixed cost or a not to exceed fee. The vote was 8 for, 0 against, 0 abstentions.

Superintendent Graziano advised the Board that Randolph Mayer, a Partner at Fulbright & Jaworski LLP, recommended that the Authority contact a financial advisor to review the application for the EFC funding and to advise the Board what affect, if any, the EFC funding would have on future bonding by the Authority. The Superintendent recommended seeking that information from Capital Markets Advisors, LLC. ("Capital Markets"), which had acted as financial advisor to the Authority on its last bonding. The Superintendent discussed the matter with Richard Tortora at Capital Markets. On the motion of Director Levy, seconded by Director Lopatkin, by Resolution #14-09-09, the Board authorized retaining Capital Markets, at a fee not to exceed \$5,000.00, to advise the Board as to what affect, if any, the EFC funding would have on future bonding by the Authority, and, if it would not have a significant adverse affect, to provide a proposal to act as financial advisor to the Authority for the EFC funding with a fixed cost or a not to exceed fee. The vote was 8 for, 0 against, 0 abstentions.

On the motion of Director Levy, seconded by Director Weinberg, by Resolution #14-09-10, the Board went into Executive Session at 7:10 p.m. The Board emerged from Executive Session at 7:35 p.m.

On the motion of Director Levy, seconded by Director Frank, by Resolution #14-09-11, the Board authorized Superintendent Graziano to engage the public relations firm of Ryan & Ryan, PR, Inc., to work with the Superintendent on various matters, at a not to exceed fee of \$5,000.00. The vote was 8 for, 0 against, 0 abstentions.

On the motion of Director Kreitzman, seconded by Director Weinberg, by Resolution #14-09-12, the Board approved the draft response prepared by the Superintendent, which had been circulated to the Directors in advance of the meeting, to the ABO's Draft Report of its Operational Review of the Authority, and authorized the Superintendent to finalize the draft response and forward it to the ABO. The vote was 8 for, 0 against, 0 abstentions.

On the motion of Director Causin, seconded by Director Kreitzman, by Resolution #14-09-13, the meeting was adjourned at 7:45 p.m.