

Members Attending: T. Anderson, P. Brooks, J. Deming, D. LeFeber, M. McKeown

Excused Absent: S. Beardsley, F. Miller

Others attending: M. Baines (Executive Director), M. Kosakowski (Director of Operations), R. Lewis (Principal Account Clerk), J. Campbell (Kruk & Campbell, P.C.), R. Shepard (Bonadio & Co., LLP), E. Wies (Clark Patterson Lee).

Call to Order – With a quorum present, Chairman T. Anderson called the meeting to order at 8:00 am.

Approval of Minutes – February 28, 2018 Regular Board Meeting

Motion: D. LeFeber moved and P. Brooks seconded to approve regular board meeting minutes dated February 28, 2018. Carried unanimously.

Privilege of the Floor

Audit Report/Presentation – Randy Shepard, CPA (Bonadio & Co., LLP)

R. Shepard reviewed the draft audited financial statements for the years ended December 31, 2017 and 2016, with the Board. Financial highlights that were discussed include:

- Net position increased from 2016 by \$5,175,485, resulting in total 2017 net position of \$29,533,550. This is primarily due to an increase in non-operating revenue associated with the ongoing DOCCS water supply project, which increased work in progress by approximately \$4,528,000.
- 2017 Operating Revenues increased over 2016 by \$118,717, or 3.6%.
- 2017 Operating Expenses increased over 2016 by \$160,138, or 4.7%.

R. Shepard also reviewed the summary of audit adjustments, totaling \$195,533. The largest adjustments related to recording DOCCS project expenses incurred but not paid at year end, and reducing revenue and receivable related to the DOCCS project. R. Shepard indicated that a subsequent event footnote had been included in the notes to the financial statements regarding the short-term financing agreement that LCWSA entered into with NYSEFC on February 1, 2018 for the upcoming Lakeville Wastewater Treatment Plant Upgrades Project (Total project cost of \$5,716,460, comprising: \$4,303,960 of debt and \$1,412,500 of grant funds). R. Shepard also briefly discussed that the Authority became a member of the New York State & Local Retirement System (NYSLRS) in 2017, and will be required to report costs and obligations associated with this pension plan as part of future audits, in accordance with applicable Governmental Accounting Standards Board (GASB) statements. In addition, GASB recently issued Statement No. 87 (Leases), which will require recognition of certain lease assets and liabilities. LCWSA is required to adopt the provisions of this statement for the year ended December 31, 2020. The potential impact of this statement on LCWSA's future financial statements will be assessed in the coming periods.

In conclusion, R. Shepard indicated that it is Bonadio & Co's opinion, that the audited financial statements present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2017 and 2016, and the changes in its financial position, and its cash flows thereof

for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Motion: M. McKeown moved and D. LeFeber seconded to approve the audit as presented and to direct LCWSA staff to submit the audit to the NYS Authorities Budget Office (ABO) to meet the submittal deadline of April 1, 2018. Carried unanimously.

Financial report: R. Lewis reviewed the Financial report with the Board. R. Lewis noted that LCWSA staff had reached out to Five Star Bank to verify current interest rates for Certificate of Deposits (CDs), which are favorable and significantly higher than the interest currently being earned on LCWSA's various accounts (money market, checking, savings, etc.). It is recommended that LCWSA continue to research its investment options. R. Lewis also indicated that discussions continue with the Village of Mount Morris regarding a potential increase in the sewer rate charged to LCWSA. The Village had recently provided unit information and copies of its sewer budgets from 2012-2017. LCWSA staff is currently reviewing this information.

Motion: G. Deming moved and P. Brooks seconded to approve the Financial Report. Carried unanimously.

PARIS Submittals – Annual Report, Audit Report, Investment Report, Procurement Report
R. Lewis and M. Baines reviewed upcoming submittals to the ABO that are due by April 1, 2018, and are to be submitted online through the Public Authorities Reporting Information System (PARIS). In order to complete these submittals, R. Lewis and M. Baines requested that the Board: (1) acknowledge that an annual assessment of the effectiveness of the LCWSA's internal controls was completed for 2017 and (2) review and re-adopt LCWSA's Investment Policy.

Motion: M. McKeown moved and P. Brooks seconded to approve the following: "This statement certifies that the Livingston County Water & Sewer Authority followed a process that assessed and documented the adequacy of its internal control structure and policies for the year ending December 31, 2017. To the extent that deficiencies were identified, the Authority has developed corrective action plans to reduce any corresponding risk". Carried unanimously.

Motion: D. LeFeber moved and J. Deming seconded to approve the Investment Policy with no changes. Carried unanimously.

Bills: R. Lewis reviewed the monthly bills.

Motion: M. McKeown moved and D. LeFeber seconded to approve paying the bills for Operating Expenditures in an amount not to exceed \$119,933.93, DOCCS Expenditures in an amount not to exceed \$131,436.66 and Projects in an amount not to exceed \$28,897.70. Carried unanimously.

Motion: J. Deming moved and P. Brooks seconded to approve paying the bills for Utilities in an amount not to exceed \$29,477.15, Commodity in an amount not to exceed \$32,258.64, DOCCS in an amount not to exceed \$15,463.50 and for miscellaneous/payroll expense in an amount not to exceed \$7,484.51. Carried unanimously.

Operations and Capital Report

M. Kosakowski reviewed the Operations and Capital Reports with the Board (on file with the Secretary).

Other Business

Establishing Section 401(a) Employer Contribution Plan

As the Board continues to evaluate a potential transition from County-leased Employees to Authority employees, it is recommended that the Authority proceed with establishing a deferred compensation plan in accordance with Section 401(a) of the IRS code, which would be consistent with the plan that is currently offered to Livingston County employees. The Board reviewed the engagement letter submitted by Robert F. Pizzo, Esq., who is proposing to provide assistance to LCWSA in establishing the 401(a) plan. The Board discussed establishing an initial not-to-exceed fee of \$5,000, and requested that M.Baines contact R. Pizzo to verify number of hours that are anticipated to undertake this effort.

Motion: D. LeFeber moved and M. McKeown seconded to approve the Engagement letter with R. Pizzo, Esq, to provide assistance in establishing a 401(a) plan, for a not-to-exceed fee of \$5,000. Carried unanimously.

Lakeville WWTP Upgrades (NYSEFC Project No C8-6449-05-00)

E. Wies discussed the following bidding schedule that has been established for Phase 1 (SPDES Permit Compliance) of the Project:

- April 11, 2018 – Advertisement
- May 10, 2018 – Bid Opening
- May 23, 2018 – Award (LCWSA Regular Board mtg)

E. Wies also discussed anticipated construction sequencing and schedule. The goal will be to complete all improvements by March 1, 2019 – one month prior to the SPDES permit compliance deadline of April 1, 2019. Recognizing that that this is an aggressive schedule, a meeting has been scheduled with NYSDEC on April 5, 2018 to discuss options if unforeseen conditions (e.g. inclement weather, equipment lead times, etc.) adversely impact the schedule.

Communications: The following items were provided to Board members for informational purposes. No action taken.

- NYSDEC Invitation Letter (dated March 15, 2018) re: Harmful Algal Bloom (HABs) Summit (to be held on Monday, March 26, 2018 at SUNY Monroe Community College)
Attended by M.Baines, on behalf of LCWSA.
- Livingston County Ethics and Disclosure Law – Annual Statement of Financial Disclosure (Reminder – Form due to Clerk of Board of Supervisors by Friday, April 13, 2018)

Resignation letter – D. LeFeber, effective April 10, 2018

D. LeFeber presented the Board with his resignation letter, effective April 10, 2018. The Board expressed its gratitude to D. LeFeber for his service to LCWSA, and wished him well in his future endeavors.

Motion: J. Deming moved and P. Brooks seconded to accept the resignation letter from D. LeFeber. Carried unanimously.

Adjourn: Motion: J. Deming moved and P. Brooks seconded to adjourn the board meeting. Carried unanimously.