

## **WATER COMMITTEE MEETING**

**November 15, 2006 – 9:00 a.m.**

PRESENT: Chairman Callanan; Supervisors Daly, Thompson, Wood, Gutheil; Lawler; Keyrouze; David Wickerham, Co. Administrator; Wes Carr, Project Coordinator; Kevin King, Water Authority; Mark Rider, Co. Attorney; Wilma Koss, Saratoga Lake Association; Steve Williams, Daily Gazette

Chairman Callanan called the meeting to order.

Chairman Callanan stated this is a reconvened meeting from November 8<sup>th</sup>. He said at that meeting, we interviewed people who submitted proposals for the financial advisor. We took a week's time to let everyone review the information they received, he said.

Chairman Callanan said we asked for additional information from the PFM Group, and he received that information last night. He asked if the Committee had any suggestions as to short listing these. Mr. Wood said he compared each group to specific criteria. He said one issue he listed was cots. It was difficult to nail it down because it was on an hourly rate, he said. He said another factor was location. He said he like the fact Fiscal Advisors would be more readily available to us.

Chairman Callanan asked if anyone has had experience with any one of the groups. Mr. Lawler asked who will do the cash flow projections. He said PFM wants somebody to explain how different parts of this project are coming together. He asked about water supply vs. contracts. Chairman Callanan said there are none. Mr. Lawler said all of the groups look qualified to him. He suggested that administration do a NASD background check on the firms. I would like to get the name of all the licensed individuals and look at their insurance qualifications, he said. Chairman Callanan said this morning, we have to narrow it down to one entity that we will be dealing with.

Mr. King said PFM was the only group that stated the lowest interest rate possible. He said he believes the interest rate in a big component. Mr. Gutheil said the most important part of the equasion is the bond rate we get. That is the most critical component, he said. He stated another important issue is the cash flow. We do not have the feasibility study they are looking for, he added. Chairman Callanan said we talked to Malcolm Pirnie about what that entails, but they have not given us a proposal for that as yet. He said his town has done a little work with Fiscal Advisors. Mr. Lawler said the fundamentals of the deal is the revenue stream clearly exceeding the O & M and anticipated debt service. If you do not have that, it does not matter who your financial advisor is, he stated.

Mr. Lawler asked what the shortfall is if the project is not 100% covered from the revenue bonds. What are the additional funding sources and how firm are they, he asked. He said the advisors will want to see a very specific set of documents for every single dollar that goes into this. The deal speaks for itself at this level, he said.

Chairman Callanan stated the first step is to start getting somebody on board. Mr. Lawler said he was unclear on their charges. Chairman Callanan said there was a multiple and a maximum of 200 hours. He said the answer is an aggregate of 200 hours. In most cases, the maximum fee would be \$40,000 to \$45,000, he said. He said Financial Advisors was around \$29,000. Ms. Daly mentioned Environmental Capital as worked for Clifton Park. They have cross county water authority experience, she said. Mr. Lawler mentioned local people with experience is a plus.

**Ms. Daly moved to approve entering into an agreement with Environmental Capital subject to the satisfaction of terms and conditions and approval of the County Attorney. Mr. Wood seconded. Unanimous.**

Chairman Callanan said we will have them come back with a contract subject to the approval of the full Board. Mr. Thompson said if they decide to work on the train, we have to pay for their trips. Chairman Callanan said we could put a limit on their fee. Mr. Lawler said he figured their fee to be \$80,000. Doesn't mean we would spend it all, he added. Mr. Gutheil said that is only an estimate. Mr. Lawler said he would like to make sure the contract has some sort of a termination clause without penalties.

Mr. Gutheil said how far are we going to go with spending money without water contracts. There is not enough coordination between financing and engineering, he stated. We need to know who will be the major commitment on this project, otherwise, why are we spending money on engineering and opening bids, he asked. Mr. Lawler said an advisor needs to have something to advise you on. He stated he can understand why it is difficult to have contracts even drawn up when you have no idea what your volume is and when water will be available. There are so many unknowns, he said. I do not think this is a 30 or 60-day job, he said. Chairman Callanan said we are waiting on a commitment from the Chip plant, and they are working on that in Albany. Mr. Lawler said at some point I do not think the County can continue to put money in this project until some of the commitments start to become signed contracts. I do not think there is a majority of support on the Board to spend \$75 million for water unless somebody wants to buy the water.

In discussing easements and appraisals, Mr. Carr stated Tom Trevett indicated he is putting proposals together to do the appraisals for the easements for the properties. We should have that in a week or two, he said. He said he met with Parks on two easements, for Moreau and Saratoga State Parks, and they are agreeable to the easements, but they want to be paid on the basis of a certified appraisal.

Mr. Carr said he gave the Committee members a copy of an October 31<sup>st</sup> letter he received from DEC asking the County to do some stream mitigation work as a condition of granting the permit. This goes back to open trenching versus directional drilling in the Kayaderosseras Creek, Snook Kill and Little Snook Kill wetland. He said he has been working with George Hodgson and Soil & Water in putting a draft plan together for them. Most of this work can be done as in-kind labor to satisfy their requirements, he said. He stated he has the draft Mitigation Plan ready for them.

Mr. Gutheil asked where we were with the ACOE. Mr. Carr said all three of our letters have done in. They are waiting to see what DEC does with our water supply permit. All indications are we should be getting a permit from DEC by the end of the year. ACOE is waiting on that, he said.

Ms. Keyrouze asked why we weren't going with federal funding. Chairman Callanan said EPA was requiring an additional EIS. The three projects have already done EIS's with a cost of \$800,000. Rather than doing that, we walked away from the money, he said.

Mr. Thompson stated it is getting to a point of how much can we spend before we back out. I have been trying to support this. I think it can be good for the County, he said. He stated it is coming down to crunch time. Chairman Callanan said we have to get the Authority involved and have an organizational meeting with them and start the process of reviewing everything with them. Mr. Gutheil said one issue that will come up is the contracts are only for 10 years, and the life of the loan is 40 years.

Mr. Lawler said what we are doing is done every day. We are almost putting the cart before the horse. That has been the difficulty with this project all along, he said. The devil will be in the details, he added.

Ms. Keyrouze asked how many years will the FEIS be good before another one is done. Chairman Callanan said he believes it is forever. Mr. Lawler said someone would have to challenge it.

Mr. Carr said three bids were opened for the pipeline. Overall, the totals for the three contracts are just under \$3 million from what the engineers had estimated, he said. Mr. Wickerham stated they are required by law to hold this for 45 days. Chairman Callanan said the first bidder indicated he would be willing to extend that. Mr. Gutheil said if this trend continues, the County may not have to bank the bulk of that loan.

Ms. Daly asked how the mitigation costs were factored in. Mr. Carr said the amount derived is the savings of the amount of directional drilling. He said the overall estimate was assuming directional drilling.

Mr. Lawler said it is unclear what the role of the Authority is versus the role of the Committee. Chairman Callanan said in his mind, the Water Authority will accept the responsibility for the whole project. Mr. Lawler said so the Committee will see this through the financing contracts and issuing bonds and once that is done, it will be turned over to the Water Authority. Chairman Callanan said that is what he foresees. Mr. Gutheil said it will probably be a transition of the Committee and Authority working together.

On a motion by Mr. Wood, seconded by Ms. Daly, the meeting was adjourned.

Respectfully submitted,

Elaine M. Sodemann