MINUTES of the **MEETING** of the **ERIE COUNTY WATER AUTHORITY** held in the office, 350 Ellicott Square Building, Buffalo, New York, on the 2nd day of October, 2008.

PRESENT: Frank E. Swiatek, Chairman Kelly M. Vacco, Vice Chair Francis G. Warthling, Treasurer Robert A. Mendez, Executive Director Matthew J. Baudo, Secretary to the Authority Robert J. Lichtenthal, Jr., Deputy Director Wesley C. Dust, Executive Engineer Mark J. Fuzak, Attorney Ronald P. Bennett, Associate Attorney Paul H. Riester, Director of Administration Daniel J. NeMoyer, Public Affairs Officer Albert J. Meaney, Comptroller Steven V. D'Amico, Budget and Financial Analyst Susan Rinaldo, Cash Manager

ATTENDEES: Danielle Elliott

CALL TO ORDER

PLEDGE TO THE FLAG

I. - ROLL CALL

II. - READING OF MINUTES

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to waive the reading of the Minutes of the Meeting held on Wednesday, September 17, 2008.

III. - APPROVAL OF MINUTES

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to approve the Minutes of the Meeting held on Wednesday, September 17, 2008.

IV. - REPORTS (See "Report" Minutes for Details)

- A) SECRETARY/PERSONNEL
- **B) LEGAL**
- C) FISCAL
- **D) OPERATIONS**

E) HUMAN RESOURCESF) AUDIT COMMITTEEG) GOVERNANCE COMMITTEE

V. - COMMUNICATIONS AND BILLS

ITEM 1 - CREATION OF MASTER PURCHASE ORDERS:

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to approve the creation of Master Purchase Order Nos. as listed on the attached sheet page 1 not to exceed the amount of \$53,500.00 and that the Director of Administration be authorized to execute the above and all associated documents after certifying that they are in conformity with applicable laws and the Authority's By-Laws and Purchasing Guidelines, Policies and Procedures.

ITEM 2 - MASTER PURCHASE ORDERS:

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to approve for payment of Master Purchase Order Nos. as listed on the attached sheets pages 1-12 after certification by the Comptroller that the orders are in accordance with the quotations and that the Director of Administration be authorized to execute the above and all associated documents after certifying that they are in conformity with applicable laws and the Authority's By-Laws and Purchasing Guidelines, Policies and Procedures.

VI. - UNFINISHED BUSINESS (NONE)

VII. - NEW BUSINESS (RESOLUTIONS 3-16)

ITEM 3 - FINAL ACCEPTANCE OF PROJECT WITH E&R GENERAL CONSTRUCTION FOR CONTRACT NO. DA-006, LARGE VALVE REPLACEMENTS, PROJECT NO. 200700321, CONTRACT NO. 07-40-09 -\$297,505.45

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Heretofore and on the 19th day of September, 2007, the Erie County Water Authority ("Authority") entered into a contract with E&R General Construction for Contract No. DA-006, large valve replacements, identified as Contract No. 07-40-09; and

WHEREAS, E&R General Construction has submitted a final invoice in the amount of \$297,505.45; and

WHEREAS, DiDonato Associates Engineering & Architecture, P.C., Consulting Engineers, Wesley C. Dust, P.E., Executive Engineer, and Robert A. Mendez, Executive Director, recommend acceptance of said project;

NOW, THEREFORE, BE IT RESOLVED:

That the above project is hereby accepted by the Authority as of the date hereof.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 4 - RATIFICATION OF THE INVESTMENT OF FUNDS FROM THE MANUFACTURERS & TRADERS TRUST COMPANY, DEBT SERVICE FUND WATER WORKS SYSTEM REVENUE REFUNDING BONDS, SERIES 1998A - \$50,270.84

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Susan Rinaldo, Cash Manager advised under date of September 18, 2008 that there was available on October 1, 2008 the following amounts in the Debt Service Fund Water Works System Revenue Refunding Bonds, Series 1998A:

Principal Account \$31,666.67 Interest Account \$18,604.17

and has recommended that the Manufacturers & Traders Trust Company, as Fiscal Agent, be authorized to invest from the Interest Account, in the amount of \$18,604.17 to mature in time for the December 15, 2008 Interest Payment at the highest yield to maturity to 1998B Bondholders and invest from the Principal Account in the amount of \$31,666.67 to mature in time for the December 15, 2008 Principal Payment at the highest yield to maturity; and

WHEREAS, Inasmuch as the Authority does not have adequate safekeeping facilities for the aforementioned securities, the Comptroller recommends that the Manufacturers & Traders Trust Company be authorized to maintain possession of the securities, in trust, for the Authority for safekeeping purposes;

NOW, THEREFORE, BE IT RESOLVED:

That the action of Albert Meaney, Comptroller, in authorizing the Manufacturers & Traders Trust Company to invest from the Interest Account in the amount of \$18,604.17 to mature in time for the December 15, 2008 Interest Payment at the highest yield to maturity to

1998B Bondholders and invest from the Principal Account in the amount of \$31,666.67 to mature in time for the December 15, 2008 Principal Payment at the highest yield to maturity to 1998B, is hereby approved and ratified; and be it further

RESOLVED: That the Manufacturers & Traders Trust Company be and it hereby is authorized to retain possession of the securities, in trust, for the Authority until further direction by the Authority's Comptroller.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 5 - RATIFICATION OF THE INVESTMENT OF FUNDS FROM THE MANUFACTURERS & TRADERS TRUST COMPANY, DEBT SERVICE FUND WATER WORKS SYSTEM REVENUE REFUNDING BONDS, SERIES 1998B - \$113,141.74

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Susan Rinaldo, Cash Manager advised under date of September 18, 2008 that there was available on October 1, 2008 the following amounts in the Debt Service Fund Water Works System Revenue Refunding Bonds, Series 1998B:

Interest Account\$46,058.41Principal Account\$67,083.33

and has recommended that the Manufacturers & Traders Trust Company, as Fiscal Agent, be authorized to invest from the Interest Account, in the amount of \$23,755.77 to mature in time for the October 15, 2008 Interest Payment at the highest yield to maturity to 1998B Bondholders and invest from the Interest Account, in the amount of \$22,302.64 to mature in time for the April 15, 2009 Interest Payment at the highest yield to maturity to 1998B Bondholders and invest from the amount of \$67,083.33 to mature in time for the October 15, 2008 Principal Payment at the highest yield to maturity to 1998B Bondholders; and

WHEREAS, Inasmuch as the Authority does not have adequate safekeeping facilities for the aforementioned securities, the Comptroller recommends that the Manufacturers & Traders Trust Company be authorized to maintain possession of the securities, in trust, for the Authority for safekeeping purposes;

NOW, THEREFORE, BE IT RESOLVED:

That the action of Albert Meaney, Comptroller, in authorizing the Manufacturers & Traders Trust Company to invest from the Interest Account in the amount of \$23,755.77 to

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mature in time for the October 15, 2008 Interest Payment at the highest yield to maturity to 1998B Bondholders and invest from the Interest Account, in the amount of \$22,302.64 to mature in time for the April 15, 2009 Interest Payment at the highest yield to maturity to 1998B Bondholders and invest from the Principal Account in the amount of \$67,083.33 to mature in time for the October 15, 2008 Principal Payment at the highest yield to maturity to 1998B Bondholders, is hereby approved and ratified; and be it further

RESOLVED: That the Manufacturers & Traders Trust Company be and it hereby is authorized to retain possession of the securities, in trust, for the Authority until further direction by the Authority's Comptroller.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 6 - RATIFICATION OF THE INVESTMENT OF FUNDS FROM THE MANUFACTURERS & TRADERS TRUST COMPANY, DEBT SERVICE FUND WATER WORKS SYSTEM REVENUE REFUNDING BONDS, SERIES 2003F - \$91,766.74

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Susan Rinaldo, Cash Manager advised under date of September 18, 2008 that there was available on October 1, 2008 the following amounts in the Debt Service Fund Water Works System Revenue Refunding Bonds, Series 2003F:

Interest Account \$39,683.41 Principal Account \$52,083.33

and has recommended that the Manufacturers & Traders Trust Company, as Fiscal Agent, be authorized to invest from the Interest Account, in the amount of \$39,683.41 to mature in time for the January 15, 2009 Interest Payment at the highest yield to maturity to 2003F Bondholders and to invest from the Principal Account in the amount of \$52,083.33 to mature in time for the July 15, 2009 Principal Payment at the highest yield to maturity to 2003F Bondholders; and

WHEREAS, Inasmuch as the Authority does not have adequate safekeeping facilities for the aforementioned securities, the Comptroller recommends that the Manufacturers & Traders Trust Company be authorized to maintain possession of the securities, in trust, for the Authority for safekeeping purposes;

NOW, THEREFORE, BE IT RESOLVED:

That the action of Albert Meaney, Comptroller, in authorizing the Manufacturers & Traders Trust Company to invest from the Interest Account in the amount of \$39,683.41 to mature in time for the January 15, 2009 Interest Payment at the highest yield to maturity to 2003F Bondholders and to invest from the Principal Account in the amount of \$52,083.33 to mature in time for the July 15, 2009 Principal Payment at the highest yield to maturity to 2003F Bondholders, is hereby approved and ratified; and be it further

RESOLVED: That the Manufacturers & Traders Trust Company be and it hereby is authorized to retain possession of the securities, in trust, for the Authority until further direction by the Authority's Comptroller.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 7 - RATIFICATION OF THE INVESTMENT OF FUNDS FROM THE MANUFACTURERS & TRADERS TRUST COMPANY, DEBT SERVICE FUND WATER WORKS SYSTEM REVENUE REFUNDING BONDS, SERIES 2007 - \$160,819.89

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Susan Rinaldo, Cash Manager advised under date of September 18, 2008 that there was available on September 25, 2008 the following amounts in the Debt Service Fund Water Works System Revenue Refunding Bonds, Series 2007:

Interest Account \$136,236.56 Principal Account \$24,583.33

and has recommended that the Manufacturers & Traders Trust Company, as Fiscal Agent, be authorized to invest from the Interest Account, in the amount of \$136,236.56 to mature in time for the December 1, 2008 Interest Payment at the highest yield to maturity to 2007 Bondholders and invest from the Principal Account in the amount of \$24,583.33 to mature in time for the December 1, 2008 Principal Payment at the highest yield to maturity to 2007 Bondholders; and

WHEREAS, Inasmuch as the Authority does not have adequate safekeeping facilities for the aforementioned securities, the Comptroller recommends that the Manufacturers & Traders Trust Company be authorized to maintain possession of the securities, in trust, for the Authority for safekeeping purposes;

NOW, THEREFORE, BE IT RESOLVED:

That the action of Albert Meaney, Comptroller, in authorizing the Manufacturers & Traders Trust Company to invest from the Interest Account in the amount of \$136,236.56 to mature in time for the December 1, 2008 Interest Payment at the highest yield to maturity to 2007 Bondholders and invest from the Principal Account in the amount of \$24,583.33 to mature in time for the December 1, 2008 Principal Payment at the highest yield to maturity to 2007 Bondholders, is hereby approved and ratified; and be it further

RESOLVED: That the Manufacturers & Traders Trust Company be and it hereby is authorized to retain possession of the securities, in trust, for the Authority until further direction by the Authority's Comptroller.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 8 - RATIFICATION OF THE TERMINATION OF CONTRACT WITH AIG MATCHED FUNDING CORPORATION (AIG-MFC)

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, On August 1, 1990, the Authority entered into a Guaranteed Investment Contract with AIG-MFC; and

WHEREAS, By terms of the contract the Authority made periodic monthly deposits of funds to AIG-MFC, the last scheduled payment to be made December 1, 2008; and

WHEREAS, By terms of the contract the Authority received periodic annual payments from AIG-MFC, the last scheduled payment to be received by the Authority on December 1, 2008; and

WHEREAS, By terms of the contract, if the credit rating of AIG were to be lowered by the major credit rating agencies, AIG was required to provide on demand to the Authority additional collateral to secure the Authority's investment of funds; and

WHEREAS, Such demand was made by the Authority in writing on September 17, 2008 by the Treasurer, Francis G. Warthling; and

WHEREAS, AIG-MFC, in lieu of posting the additional collateral demanded by the Authority offered to terminate the contract for it's value as of September 2, 2008 plus accrued interest from this date to the date of payment to the Authority; and

WHEREAS, Due to the unprecedented turmoil in the financial markets, including the \$85,000,000,000 U.S. Government bailout of American International Group (AIG), the parent company of AIG-MFC and the unknown risks associated with these events;

NOW, THEREFORE, BE IT RESOLVED:

That the action of Robert J. Lichtenthal, Jr., Deputy Director, in authorizing the termination of the Guaranteed Investment Contract with AIG-MFC for the sum of \$771,363.84 is hereby approved and ratified and that said funds are to be held for the funding of capital projects of the Authority.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 9 - AUTHORIZATION TO ADVERTISE FOR BIDS FOR ERIE COUNTY WATER AUTHORITY, SERVICE CENTER GARAGE CAR/TRUCK HIGH PRESSURE WASH SYSTEM, PROJECT NO. 200800382

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Wesley C. Dust, P.E., Executive Engineer, Paul H. Riester, Director of Administration and Robert A. Mendez, Executive Director recommend that the Erie County Water Authority ("Authority") publish a notice inviting sealed bids or proposals pursuant to Section 1069 of the Public Authorities Law for Erie County Water Authority, Service Center Garage Car/Truck High Pressure Wash System; and

WHEREAS, The work, labor and services for the abovementioned project is estimated to cost an amount in excess of \$10,000.00; and

WHEREAS, The Advertisement for Bids for Erie County Water Authority, Service Center Garage Car/Truck High Pressure Wash System will be conducted pursuant to the newly enacted legislation, New York State Finance Law §§ 139-j and 139-k and the Authority's Purchasing Guidelines, Policies and Procedures; and

WHEREAS, Paul H. Riester, Director of Administration will be the designated contact person for the project with the adoption of this resolution;

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NOW, THEREFORE, BE IT RESOLVED:

That the plans and specifications and form of bid be prepared for the Erie County Water Authority, Service Center Garage Car/Truck High Pressure Wash System and upon completion be made available for inspection by bidders in the office of the Authority; and be it further

RESOLVED: That the Secretary be and he hereby is authorized and directed to publish a notice inviting sealed bids or proposals pursuant to Section 1069 of the Public Authorities Law for the abovementioned project.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 10 - RATIFICATION OF THE INSTALLATION OF HYDRANTS AND VALVES AND RETIREMENT OF EXISTING HYDRANTS AND VALVES - VARIOUS LOCATIONS

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, The Engineering Department of the Erie County Water Authority ("Authority") advised that hydrants and valves were installed as part of the Authority's program to keep pace with improvements in fire fighting technology, as follows:

Replace existing valve at Laverack Ave. & Calumet St., Village of Depew with a new 6" resilient valve on 9/23/08. Work done by ECWA forces under Work Authorization No. 107.200 5816.

6" gate valve originally installed in 1915 was scrapped and retired under Retirement Authorization No. R80045.

Replace existing hydrant at 130 Bondcroft Drive, Town of Amherst with a new Clow hydrant on 9/16/08. Work done by ECWA forces under Work Authorization No. 107.200 5818.

Kennedy hydrant originally installed in 1952 was scrapped and retired under Retirement Authorization No. R80047.

Replace existing hydrant at 4879 Shimerville Road, Town of Clarence with a new Clow hydrant on 9/2/08. Work done by ECWA forces under Work Authorization No. 107.200 5814.

Mueller hydrant originally installed pre 1999 was scrapped and retired under Retirement Authorization No. R80043.

Replace existing hydrant at 8665 Wolcott Road, Town of Clarence with a new Clow hydrant on 8/26/08. Work done by ECWA forces under Work Authorization No. 107.200 5812.

Eddy hydrant originally installed in pre 1999 was scrapped and retired under Retirement Authorization No. R80042.

Replace existing 6" valve at opposite 427 Maynard Drive, Town of Amherst with a new 6" resilient valve on 9/9/08. Work done by ECWA forces under Work Authorization No. 107.200 5810.

6" gate valve originally installed in 1927 was scrapped and retired under Retirement Authorization No. R80041.

Replace existing 6" valve at Pleasantview Drive & Warner Drive, Town of Amherst with a new 8" resilient valve on 8/7/08. Work done by ECWA forces under Work Authorization No. 107.200 5811.

6" gate valve originally installed in 1929 was scrapped and retired under Retirement Authorization No. R80040.

Replace existing 8" valve at 59 Laverack Avenue, Village of Depew with a new 8" resilient valve on 9/4/08. Work done by ECWA forces under Work Authorization No. 107.200 5815.

8" gate valve originally installed in 1894 was scrapped and retired under Retirement Authorization No. R80044; and

WHEREAS, Wesley C. Dust, P.E., Executive Engineer and Robert A. Mendez, Executive Director ratify said installations and work;

NOW, THEREFORE, BE IT RESOLVED:

That the Authority approve the retirement of the abovementioned hydrants and valves at the abovementioned locations; and be it further

RESOLVED: That the installation of the new hydrants and valves in the abovementioned locations, as part of the Authority's continuing program to improve its facilities is hereby approved, ratified and confirmed.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 11 - AUTHORIZATION TO INTERCONNECT 30" AND 6" WATERMAINS AT CLOVERLEAF DRIVE AND TRANSIT ROAD, TOWN OF CHEEKTOWAGA, NEW YORK, PROJECT NO. 200800409, EC NO. 5813

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, The Erie County Water Authority("Authority") desires to interconnect the 30" and 6" watermains at Cloverleaf Drive and Transit Road, Town of Cheektowaga, New York under the Authority's annual large service contract; and

WHEREAS, This interconnection is necessary to separate pressure zones within the Authority's water system to allow more efficient operation and has been recommended by Richard M. Rosenberry, Sr. Distribution Engineer, Wesley C. Dust, Executive Engineer and Robert A. Mendez, Executive Director; and

WHEREAS, This interconnection has been assigned Work Authorization No. EC5813 and Project No. 200800409;

NOW, THEREFORE, BE IT RESOLVED:

That the Authority interconnect the 30" and 6" watermains at Cloverleaf Drive and Transit Road Town of Cheektowaga, New York under the Authority's annual large service contract.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 12 - AUTHORIZATION TO GRANT LEAK ALLOWANCE REQUEST - \$500.93

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Robert J. Lichtenthal, Jr., Deputy Director advised the Authority that he has received a leak allowance request from an Authority customer listed below resulting from a service line leak:

 Premier Properties
5278 Southwestern Blvd. Hamburg, NY 14075
\$500.93; and

WHEREAS, Robert J. Lichtenthal, Jr., Deputy Director advised that the request contains

documentation showing that the leak has been repaired; and

WHEREAS, Said leak allowance request has complied with all leak allowance requirements; and

WHEREAS, As stated in Section 9.09 of the Authority's Tariff, the granting of a leak allowance shall be in the sole discretion of the Authority; and

WHEREAS, Robert J. Lichtenthal, Jr., Deputy Director recommends granting the above leak allowance request; and

WHEREAS, Robert A. Mendez, Executive Director concurs with said recommendation;

NOW, THEREFORE, BE IT RESOLVED:

That the Authority grant the leak allowance request to the abovementioned customer; and be it further

RESOLVED: That the Comptroller is hereby authorized and directed to adjust the account of the abovementioned customer.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 13 - AUTHORIZATION TO AMEND POLICY NO. 13.0 (PHYSICAL STANDARDS AND REQUIREMENTS POLICY) OF THE ERIE COUNTY WATER AUTHORITY'S HUMAN RESOURCES POLICIES/ PROCEDURES MANUAL

Motion by Mr. Warthling seconded by Mrs. Vacco

WHEREAS, Heretofore and on the 18th day of May, 1995, by Resolution Item No. 25, the Erie County Water Authority (the "Authority") adopted a Human Resources Policies/ Procedures Manual; and

WHEREAS, Heretofore and on the 27th day of December, 2005 the Authority adopted a revised Human Resources Policies/Procedures Manual; and

WHEREAS, Heretofore and on the 17th day of July, 2007 the Authority adopted a Physical Standards & Requirements Policy to incorporate into the Human Resources Policies/Procedures Manual; and

WHEREAS, Matthew J. Baudo, Secretary to the Authority advises that it is in the best interest of the Authority to amend Policy No. 13.0 (Physical Standards & Requirements Policy) of said manual adding the positions of Diesel Mechanic, Pump Mechanic and Pump Mechanic Crew Chief as noted on Schedule "A" attached; and

WHEREAS, Matthew J. Baudo, Secretary to the Authority recommends amending Policy No. 13.0 (Physical Standards & Requirements Policy) of the Authority's Human Resources Policies/Procedures Manual adding the positions of Diesel Mechanic, Pump Mechanic and Pump Mechanic Crew Chief; and

WHEREAS, Robert A. Mendez, Executive Director concurs with said recommendation;

NOW, THEREFORE, BE IT RESOLVED:

That the Authority amend Policy No. 13.0 (Physical Standards & Requirements Policy) of the Authority's Human Resources Policies/Procedures Manual adding the positions of Diesel Mechanic, Pump Mechanic and Pump Mechanic Crew Chief as noted on Schedule "A" attached.

Ayes: Three; Commrs. Swiatek, Vacco and Warthling Noes: None

ITEM 14 - PURCHASE ORDERS:

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to approve for payment of Purchase Order Nos. as listed on the attached sheets pages 13-17 after certification by the Comptroller that the orders are in accordance with the quotations and that the Director of Administration be authorized to execute the above and all associated documents after certifying that they are in conformity with applicable laws and the Authority's By-Laws and Purchasing Guidelines, Policies and Procedures.

ITEM 15 - PURCHASE ORDER AMENDMENTS:

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to approve for payment of Purchase Order Amendments as listed on the attached sheets pages 18-19 after certification by the Comptroller that the orders are in accordance with the quotations and that the Director of Administration be authorized to execute the above and all associated documents after certifying that they are in conformity with applicable laws and the Authority's By-Laws and Purchasing Guidelines, Policies and Procedures.

ITEM 16 - SERVICE CONNECTION WORK ORDER LIST:

Motion by Mr. Warthling seconded by Mrs. Vacco and carried to approve Service Connection Work Order Nos. 2008-38 and 2008-39, to C. Destro Development Co., Inc. for Service Area No. 1 under Contract No. 07-04-01 and to C. Destro Development Co., Inc. for Service Area No. 2 under Contract No. 07-05-01 and large services under Contract No. 07-03-01 to Kandey Company, Inc.

VIII. - ADJOURNMENT

Meeting adjourned until the next regular meeting to be held on Thursday, October 16, 2008 at 10:00 a.m.

Matthew J. Baudo Secretary to the Authority

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