MINUTES of the **GOVERNANCE COMMITTEE MEETING** of the **ERIE COUNTY WATER AUTHORITY** held in the office, 295 Main Street, Rm. 350, Buffalo, New York, on the 20th day of March, 2014.

PRESENT: **Francis G. Warthling, Chairman**
Earl L. Jann, Jr., Vice Chairman
Jerome D. Schad, Treasurer (via video conference)
Matthew J. Baudo, Secretary to the Authority/Personnel Director
Robert F. Gaylord, Executive Director
Robert J. Lichtenthal, Jr. Deputy Director
Wesley C. Dust, Executive Engineer
John B. Licata, Counsel
Ronald P. Bennett, Associate Attorney
Daniel J. NeMoyer, Director of Human Resources
Karen A. Prendergast, Comptroller
Steven V. D'Amico, Budget and Financial Analyst

ATTENDEES: Brian Gould

CALL TO ORDER

PLEDGE TO THE FLAG

I. - ROLL CALL

II. - READING OF MINUTES

Motion by Mr. Jann seconded by Mr. Schad and carried to waive the reading of the Minutes of the Governance Committee Meeting held on January 23, 2014.

III. - APPROVAL OF MINUTES

Motion by Mr. Jann seconded by Mr. Schad and carried to approve the Minutes of the Governance Committee Meeting held on January 23, 2014.

IV. - REPORTS

PARIS Filing and Authorities Budget Office Submission of Summary Form, Mission Statement and Performance Measurements Report

A proposed PARIS filing and the Summary Form, Mission Statement and Performance

Measurements Report for the Authorities Budget Office were distributed to the Board.

Motion by Mr. Jann, seconded by Mr. Schad and carried that a recommendation be made to the Board for the approval of the PARIS filing and the Authorities Budget Office Submission of Summary Form, Mission Statement and Performance Measurements Report at the Authority's Board Meeting.

Erie County Water Authority

350 Ellicott Square Building • 295 Main Street • Buffalo, NY 14203-2494
716-849-8484 • FAX 716-849-8467

March 5, 2014

MANAGEMENT'S ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROL STRUCTURE AND PROCEDURES

The Authority's internal control over operations and financial reporting includes policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and disposition of assets; (b) provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of the Executive Director, Deputy Director and Members of the Authority; and, (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Authority assets that could have a material effect on the Authority's operations, financial statements and reports.

Because of its inherent limitations, internal control over operations and financial reporting may not prevent or detect misstatements. Projections of any evaluation of the effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As of December 31, 2013, management conducted an assessment of the effectiveness of the Authority's internal control over operations and financial reporting and has determined that the controls are adequate. The assessment was made through testing, inquiry and observation.

Respectfully Submitted,

Robert F. Gaylord

Robert F. Gaylord, Executive Director
Chief Executive Officer

Robert J. Lichtenthal, Jr.

Robert J. Lichtenthal, Jr., Deputy Director
Chief Financial Officer

PARTNERSHIP FOR SAFE WATER

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Annual Report

Instructions

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3/20/14

ENTER GOVERNANCE INFORMATION (AUTHORITY-RELATED)

* Required Field

No items found. Current Document List

Action	Document Name	Document Type	Date Attached

Operations and Accomplishments

Yes ● No ○

Yes ● No ○

Yes ● No ○

Yes ○ No ●

Yes ● No ○

Yes ● No ○

Authority Mission Statement

Yes ● No ○

Yes ○ No ●

Authority Measurement Report

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ENTER GOVERNANCE INFORMATION (BOARD-RELATED)

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BOARD OF DIRECTORS LIST

Public Authority Board Members

Action	Last Name	First Name	Chair	Appointed by	Term Exp. Date
[illegible]	[illegible]	[illegible]	No	Other	[illegible]
[illegible]	[illegible]	[illegible]	No	Other	[illegible]
[illegible]	[illegible]	[illegible]	Yes	Other	[illegible]

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SEARCH STAFF

Last Name:
First Name:
Group:
Annualized Salary Range: to
Total Compensation Range: to

Search Results

Action	Last Name	First Name	Title	[illegible]	[illegible]	Annualized Salary	Total Compensation

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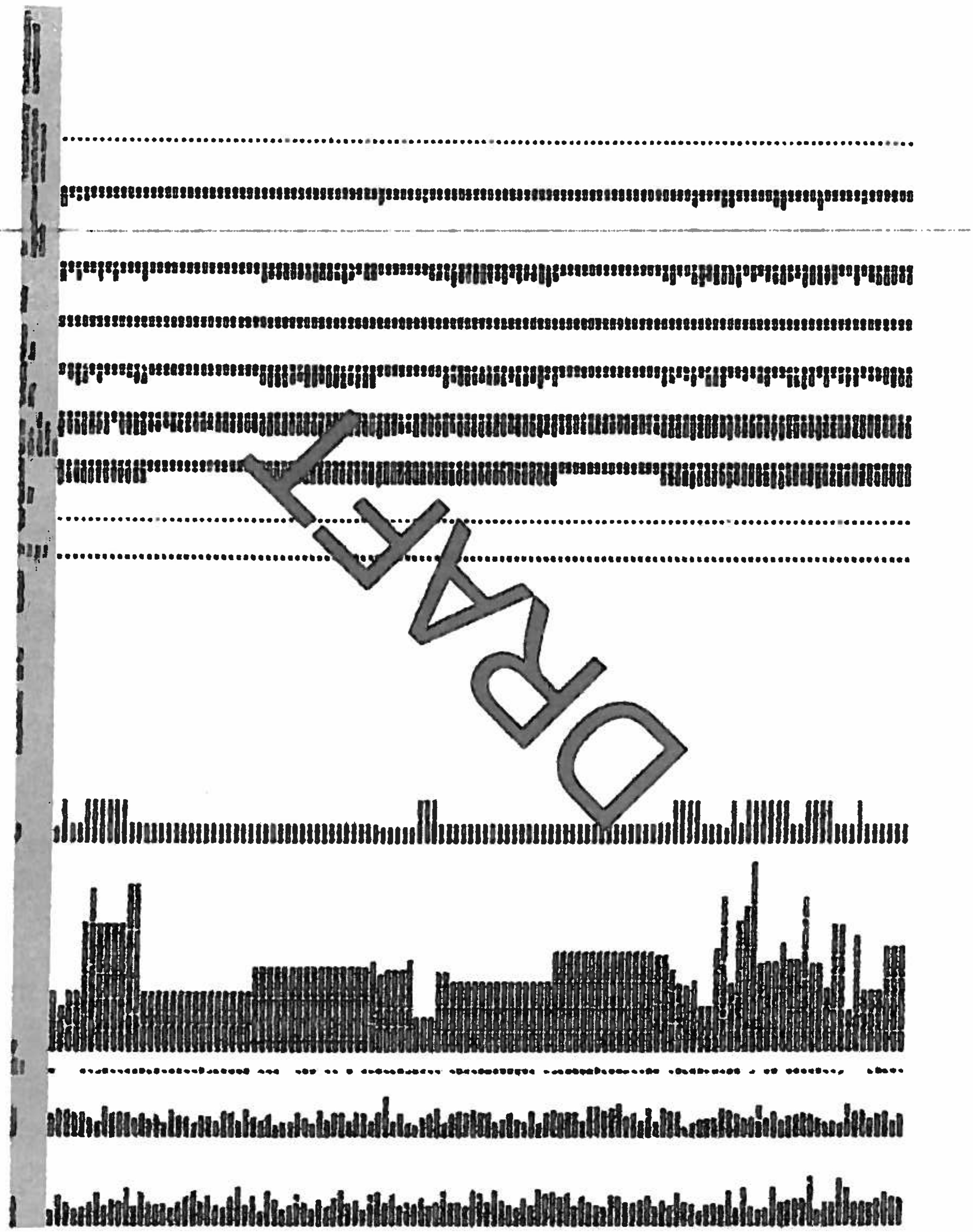

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BENEFITS LIST

Board of Directors and Staff information must be entered before the Benefits pages are available for data entry.

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SUBSIDIARY/COMPONENT UNIT LIST

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SUMMARY FINANCIAL INFORMATION

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3/20/14

Nonoperating Revenues	
Investment earnings	[illegible]
State subsidies/grants	0.00
Federal subsidies/grants	0.00
Municipal subsidies/grants	0.00
Public authority subsidies	0.00
Other nonoperating revenues	[illegible]
Total Nonoperating Revenue	[illegible]
Nonoperating Expenses	
Interest and other financing charges	[illegible]
Subsidies to other public authorities	0.00
Grants and donations	0.00
Other nonoperating expenses	0.00
Total Nonoperating Expenses	[illegible]
Income (Loss) Before Contributions	[illegible]
Capital Contributions	[illegible]
Change in net assets	[illegible]
Net assets (deficit) beginning of year	[illegible]
Other net assets changes	0.00
Net assets (deficit) at end of year	[illegible]

[illegible]

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CURRENT DEBT

[illegible]

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NEW DEBT ISSUANCES LIST

New Debt Issuances List

Action	Type of Debt	Program	Total Amount	Bond Closing Date	Project Name

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SCHEDULE OF DEBT

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REAL PROPERTY ACQUISITION/DISPOSAL LIST

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PERSONAL PROPERTY DISPOSAL LIST

Personal Property Disposal List

[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

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VIEW PROPERTY DOCUMENTS

1. [illegible]

Yes ◉ No ○

2. [illegible]

Yes ◉ No ○

3. [illegible]

Yes ◉ No ○

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Procurement Report

Instructions

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SEARCH PROCUREMENT TRANSACTIONS

Search Results

Action	Vendor Name	Amount	Award Date

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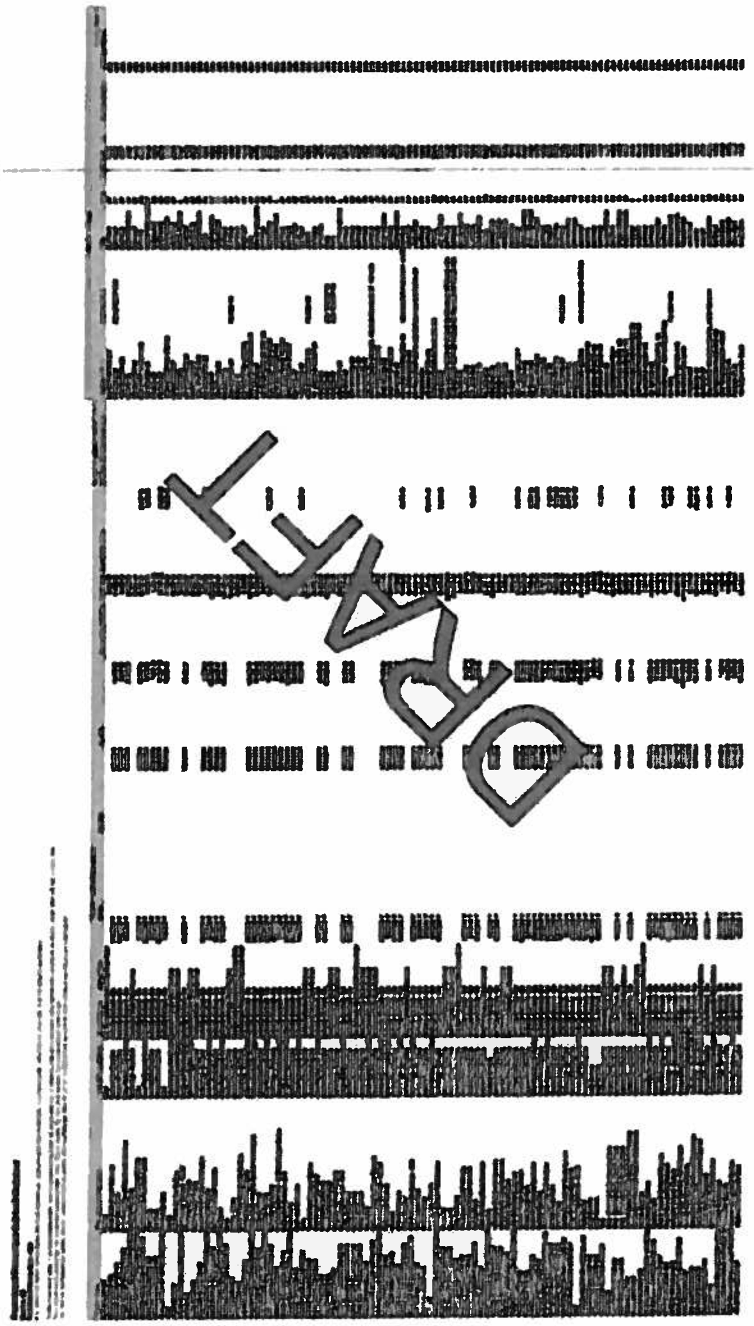

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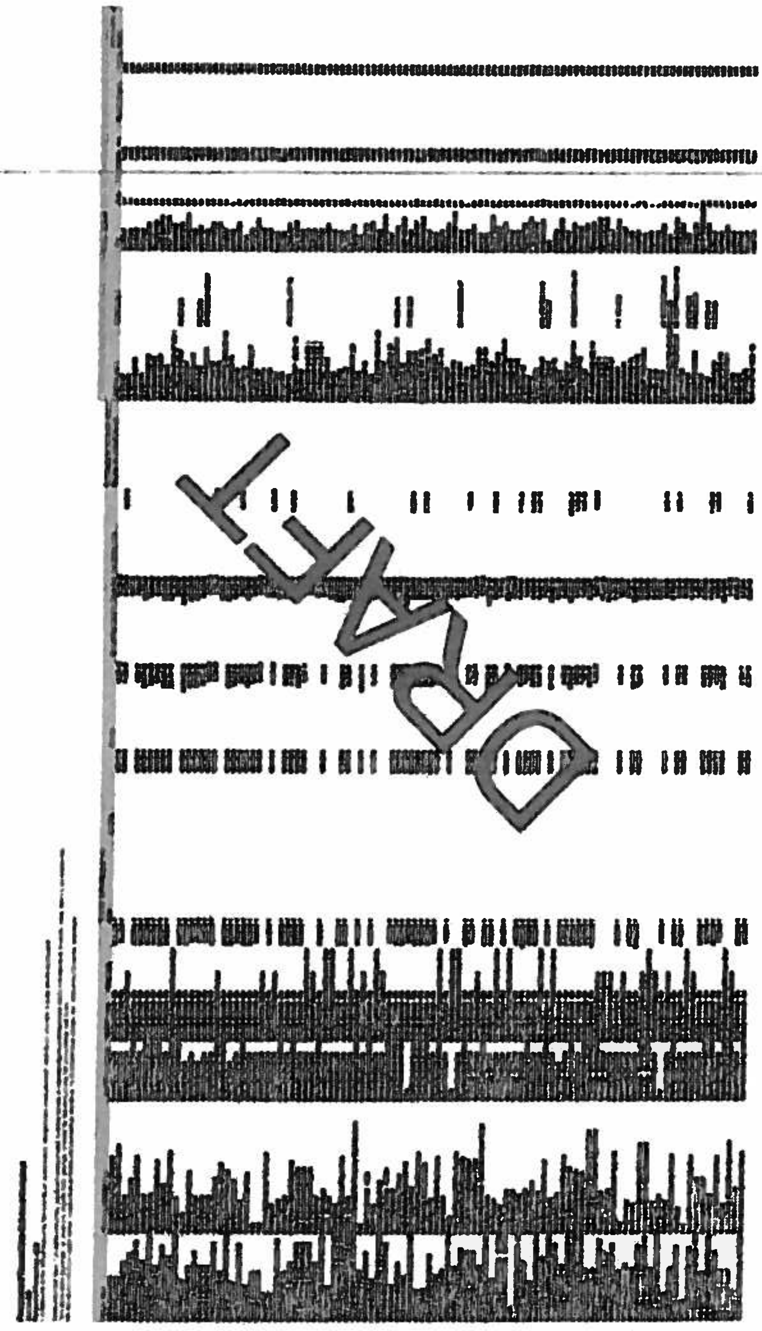

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VIEW PROCUREMENT INFORMATION

[illegible] Current Document List

Action	Document Name	Document Type	Date Attached

Procurement Guidelines

1. [illegible]

2. [illegible]

3. [illegible]

* 4. [illegible]

* 5. [illegible]

* 6. [illegible]

* 7. [illegible]

Impermissible Contacts

* 8. [illegible]

* 9. [illegible]

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Investment Report

Instructions

[illegible]

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VIEW INVESTMENT INFORMATION

Annual Investment Report

Investment Guidelines

Investment Audit Report

Management Letter

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[illegible]

Certified Financial Audit

Instructions

[illegible]

[illegible]

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ENTER FINANCIAL DOCUMENTS

No items found Current Document List

Audit Report

Audit Report

Management Letter

Management Letter

Internal Controls

Internal Controls

Additional Communications

Additional Communications

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Summary Results of Confidential Evaluation of Board Performance

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
	#	#	#	#
Board members have a shared understanding of the mission and purpose of the Authority.	2	1		
The policies, practices and decisions of the Board are always consistent with this mission.	2	1		
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	2		1	
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	2	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	2	1		
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest.	3			
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	2	1		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	2	1		
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	2		1	
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	2		1	
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	2	1		
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	2			1
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	2	1		
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	2	1		
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	2	1		
Board members demonstrate leadership and vision and work respectfully with each other.	2	1		

Name of Authority: ERIE COUNTY WATER AUTHORITY

Date Completed: MARCH 18, 2014

3/20/14

AUTHORITY MISSION STATEMENT AND PERFORMANCE MEASUREMENTS

NAME OF PUBLIC AUTHORITY: ERIE COUNTY WATER AUTHORITY

PUBLIC AUTHORITY'S MISSION STATEMENT:

THE ERIE COUNTY WATER AUTHORITY IS AN ORGANIZATION OF DEDICATED PROFESSIONALS WHO STRIVE TO CONTINUOUSLY PROVIDE OUR CUSTOMERS WITH A PLENTIFUL SUPPLY OF SAFE, CLEAN DRINKING WATER AT AN AFFORDABLE RATE.

WE ARE UNITED IN ONE GOAL – TO DELIVER A SUPERIOR PRODUCT AND OUTSTANDING SERVICE THAT MERITS EQUAL RECOGNITION FROM OUR CUSTOMERS AND OUR PEERS. WE TAKE PRIDE IN CREATING A WORK ENVIRONMENT THAT ACHIEVES EXCELLENCE THROUGH REWARDING DEDICATION, PROFESSIONALISM AND A PROGRESSIVE VISION

DATE ADOPTED: FEBRUARY 24, 2011

LIST OF PERFORMANCE GOALS:

The Authority believes its mission imposes a responsibility to provide our customers with a plentiful supply of safe, clean drinking water at an affordable rate, with outstanding service through dedication, professionalism and a progressive vision within a framework of a sound long term financial policy. The elements of that policy are:

1. An unqualified commitment to meet all obligations to the bondholders in the full letter and spirit of the Authority's General Revenue Bond Resolutions and the covenants made therein;

2. An integrated program of inspection, maintenance, repair, rehabilitation and capital improvements to insure the continued integrity of its infrastructure and facilities and the health of its customers;

3. Control of expenditures to the fullest extent consistent with prudent management and responsible administration;

4. Provide the lowest possible rates and outstanding service which at the same time enables the Authority to meet its obligations and responsibilities to provide for adequate financial reserves and capital improvements.

PERFORMANCE MEASUREMENTS

1.(a) Affirmation of credit ratings from bond rating firms

2.(a) The Authority has adopted "Management by Objectives" and each department has established goals and objectives which are reviewed with the Board of Commissioners periodically and annually.

(b) Preparation of a capital budget for the coming year and the next succeeding four years which is reviewed by the Board.

3.(a) Financial statements consisting of a Balance Sheet, Income Statement, and an Investment Report are prepared monthly, usually within fifteen (15) days of the last day of each month.

3.(b) An independent audit firm retained to annually review and provide a report on the financial statements and expenditures at the end of the fiscal year.

3.(c) Various regular reports related to review and monitoring of the operating and capital improvement budgets by management, the Finance Committee and the Authority Board to allow for the containment of controllable expenses throughout the year.

4.(a) A series of budget hearings are held with each department head, the Executive Director, the Deputy Director and the Budget Director. A final annual operating and capital budget is reviewed, approved and adopted by the Board.

4.(b) The Authority regularly participates in an industry wide benchmarking survey prepared by the American Productivity and Quality Center using Qualserve Performance indicators for water and wastewater utilities.

4.(c) The Authority has commissioned several customer surveys focusing on the customer's perception of the service they receive.

Additional Questions:

1. **Have the board members acknowledged that they have read and understood the mission of the public authority?**

   Yes, Board Members have acknowledged that they have read and understood the mission of the Authority. The Board Members have all signed the Acknowledgement of Fiduciary Duties and Responsibilities.

2. **Who has the power to appoint the management of the public authority?**

   The Board of Commissioners hire the Secretary to the Authority, Executive Director, Deputy Executive Director, Executive Engineer, Comptroller, Attorney and Associate Attorneys.

3. **If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?**

   The Authority follows all applicable policies, rules and regulations of the New York State Civil Service Commission as overseen by the Erie County Department of Personnel.

4. **Briefly describe the role of the Board and the role of management in the implementation of the mission.**

   The Board is the governing body of the Authority and is responsible for periodically reviewing the Authority's mission, vision, and goals and accomplishments. The Board establishes policies to promote a plentiful supply of safe, clean drinking water with outstanding service at an affordable rate through the dedication and professionalism of the Authority's employees. The Board reviews the financial, legal and operational management reports and oversees the Authority's internal controls. Management has the task of implementing policies and procedures to achieve the Authority's goals and report on the status of them to the Board and Board Committees on a periodic basis. The Board oversees the fiscal stability of ECWA through the performance of various functions, including but not limited to, the following: Annual review of the budget and four year financial plans; approval of contracts that exceed $3,000; approval of proposed collective bargaining agreements; approval of budget modifications in excess of approved thresholds; approval of the annual operating and capital budget and approval of capital borrowings.

5. **Has the Board acknowledged that they have read and understood the responses to each of these questions:**

Yes, the Board has acknowledged that it has read and understood the responses of each of these questions.

V. - COMMUNICATIONS AND BILLS

VI. - UNFINISHED BUSINESS

VII. - NEW BUSINESS

VIII. – ADJOURNMENT

Motion by Mr. Jann, seconded by Mr. Schad and carried that the meeting adjourn.

Matthew J. Baudo
Secretary to the Authority/Personnel
Director

SLZ

3/20/14