

ALBANY MUNICIPAL WATER FINANCE AUTHORITY
MINUTES OF SPECIAL MEETING
September 3, 2020

A special meeting of the Albany Municipal Water Finance Authority was officially convened at 2:00 PM, on Sept. 3, 2020. Pursuant to Executive Order No. 202.1, issued by Governor Cuomo on March 12, 2020, and advisories issued by Federal, State, and Local officials related to the COVID-19 virus, the Albany Municipal Water Finance Authority held the meeting by zoom conference call. The zoom call was available to members of the public to join, and the call was recorded.

PRESENT: Jack McEneny, Chairman; Julia Cannizzaro, Treasurer; Calee Oas, Vice Chairman; Warren Abriel, Vice Secretary; Dan Herring, Member

Members Excused: Gary Overdorf, Secretary

STAFF PRESENT: Joseph Coffey, Jr., P.E., Commissioner; William Simcoe, P.E., Deputy Commissioner; Thomas Dufresne, Chief Fiscal Officer; Emily Lyons, Confidential Assistant

BOARD ADVISORS PRESENT: William Kahn, UHY Advisors; TJ Ruane, Whiteman Osterman Hanna

Public Comment

No public comments.

Advance refunding of 2011-A General Revenue Bonds and New Borrowing To Finance Capital Plan

Discussions have taken place with the Albany Water Board and Board Chairman over the past several weeks concerning this topic.

The Department is forecasting that the debt coverage ratio (which we have been in compliance with) will continue to shrink a little over the coming years. Also, the projected cash is problematic as you move out 2-3 years from now. This means that the rate environment with small water/sewer rate increases factored in will not be adequate to maintain debt coverage and cash where we would like them to be. There is also a need to spend additional funds on annual capital projects. Recently the Board created a subcommittee to work on the rate structure.

We are proposing to go from a cash basis on capital projects to borrowing and fund capital spending over a period of years. We would be comfortable with 2-3 % rate increases under this new financing plan. It creates a more favorable cash flow, and compliance with debt coverage ratio.

We would like to increase the annual capital spending to \$4-6 million or more. We are in a historically low rate environment and we have an overfunded debt service reserve account.

So, by borrowing for the next 3-4 years of capital projects and taking advantage of the reserve account - this would be a transaction for the Authority to issue bonds, probably around \$15 million or more. We

would save about \$5 million dollars, but \$3 million of that would be freeing up the excess reserve, so net present value savings would be about \$2 million dollars.

Currently, the debt service will be declining every year according to our current bond debt. The goal was to get rid of a significant portion of the 2011 bonds early on. Under this 2020 refunding/refinancing plan - By borrowing \$15 million and taking the excess reserve the debt service ratio will not decline as much several years out from now.

We are only paying about \$100,000 more in 2020, but would be borrowing much more - about \$15 million. By combining savings from reserve fund, and from refunding the bonds, this would be a favorable transaction and lock in a favorable rate. This will also allow for funding of the capital plan for about a 3-4 year period.

The final dollar amount for the new borrowing will be decided at a future meeting, and the State Comptroller will need to approve any municipal borrowings before the transaction is completed. Any disruptions in the markets can throw this plan off, so it is important to complete this transaction within the next 2 months.

We would have to outline the capital projects to receive this funding over the 3-4 year period. But these projects can change somewhat depending on changing priorities. The projects for the financing should be identified by mid-September, and AWD and consultants will continue to pursue this plan as directed by the members of the Authority. We will continue to work with Joe Scott as our Bond Counsel and Janine Caruso with Fiscal Advisors. Our current thought is to negotiate with RBC as the underwriter.

Resolutions

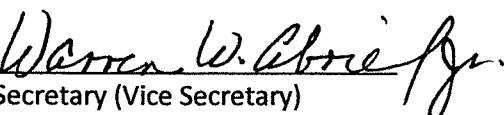
Chairman McEneny called for a motion to approve the following resolution. A motion was made, seconded and the following resolution passed unanimously by members present.

- Resolution 20-11: Authorizing Refunding of 2011-A General Revenue Bonds and New Borrowings to Fund the Capital Plan

Being no further business, Chairman McEneny called for a motion to adjourn the meeting. A motion was made, seconded and passed unanimously. The meeting was adjourned at 3:12 PM.

Next Regular meeting will be held on Thursday, September 24 at 8:00 AM, and the Authority may have another special meeting before then.

Recorded by: Emily Lyons, Confidential Assistant.

Approved by: 
Secretary (Vice Secretary)