

**MONTGOMERY-OTSEGO-SCHOHARIE SOLID WASTE MANAGEMENT
AUTHORITY
BOARD MEETING #2**

DATE: March 24, 2005

LOCATION: Howes Cave Administrative Complex

Members Present

Charles Buck
Donald Lindberg
Meredith McNeil
Olga Podmajersky
James Powers
William Strevy
Edward Wesnofske

Members Absent

Raymond Halgas

Others Present

Gilbert Chichester
Melissa Morlang
Robin Loske
Marijeanne Broadwell
Shane Walters, Chair, MC SWC
Darryl Purinton, CPA - MC

1. **Opening**

Chairman Wesnofske opened the meeting at 9:35 a.m.

2. **Adoption of Agenda**

Donald Lindberg motioned, seconded by Meredith McNeil, to adopt the Agenda. The motion was unanimously approved on voice call.

3. **Privilege of Floor**

Chairman Wesnofske offered privilege of the floor.

Charles Buck referred to a news article that was distributed to the Board stating that he had predicted a couple years ago that some day they would figure out how to zap garbage and make it disappear.

4. **Minutes of Prior Meeting**

Meredith McNeil motioned to accept the minutes of the prior meeting of January 25, 2005 as written. Charles Buck seconded the motion. The minutes were unanimously approved on voice call.

5. **Reports**

Chairman

Chairman Wesnofske reported that he met with Mr. Chichester on several occasions over the past month to get a feel for problems that the Authority might have and what the priorities were. He pointed out that some of the core activities of the Authority are eroding slowly relative to meeting the Authority's needs in the Building and Grounds and Equipment Maintenance areas.

Chairman Wesnofske outlined some of the areas in a memo, which he felt that the Operations Committee and the Executive Director should address. He presented the memo to the Board as attached hereto and pointed out that most of it deals with human resource management. He summarized as follows:

- There is the expected retirement of the Equipment Maintenance Supervisor with no plan for a replacement;
- Part time labor has become increasingly difficult to mobilize for various tasks;
- Personnel are being shifted around and the amount of time spent on the road to do tasks has become costly;
- Service contracts might be looked at for the Building Grounds functions;
- It would be good for the Board to look at the situation to assure that employees are working at the right tasks rather than shifting employees around;
- The Transportation and Disposal Contract needs to be considered relative to invoking the 2006 option along with dealing with the contract amendment, that exists with Riccelli, which expires at the end of 2005.

Chairman Wesnofske stated that the Finance Committee should review the Transportation and Disposal Contract and the associated amendments. The Operations Committee should address the other issues mentioned above.

Chairman Wesnofske asked Board members to refer any other matters they might have to the Chair of the appropriate Committee.

Mr. Strevy asked what work was not getting completed relative to Buildings and Grounds functions. Mr. Wesnofske responded that there is a long list of things with respect to maintenance and ongoing projects. Mr. Chichester provided Mr. Wesnofske with a list of tasks relative to fans, lights, pumps and landfill issues, etc. that need to be addressed. There are ongoing continuing day-to-day tasks such as painting, snow plowing and mowing of the facilities. The Operations Committee needs to figure how best to deal with these tasks.

Mr. Strevy asked if projects that are normally done in-house are not getting done because of the shortage of part time help? Mr. Wesnofske responded that it is not just the shortage of part time help. It is the way in which the Building and Grounds Supervisor is

shifted to do other tasks and the amount of time he spends on the road between the various locations. It is a question of whether there are enough resources to keep up with the tasks that are involved. Another thought might be to subcontract out some of the projects.

Mr. McNeil stated that the Board should be concerned with the fact that the infrastructures of the Authority are getting older and that the Authority is depending on one person to perform maintenance. That one person is the only one in the system that has knowledge of where things are located and how they work. If that person is not here for some reason the Authority is in jeopardy.

Mr. Wesnofske stated that he discussed with Mr. Chichester where in the operations the Authority relying on personnel experience and memory relative to what is being done rather than having documented and recorded events that tell what has happened. He indicated that the same scenario is taking place with the Equipment Maintenance Supervisor who will be retiring.

Olga Podmajersky stated that at the last meeting she recommended that a detail report be prepared relative to the Transportation and Disposal Contract. She also pointed out that research should be done relative to why the Eastern Landfill is generating so much leachate.

Mr. Chichester responded that the leachate situation has been discussed before. The Eastern Landfill is built in a swamp. There was a French Drain put in the swamp, which runs constantly and drains into the leachate system. Ms. Podmajersky asked if anything could be done about it. Mr. Chichester responded that there is 30 years worth of garbage on top of the drain. Ms. Podmajersky pointed out that the same thing was said about the Central Landfill leachate relative to the water running off the bedrock into the landfill. But after tests were performed it was found that there was a different reason for the amount of leachate generation.

Ms. Morlang stated that the same study was performed at the Eastern Landfill as was done at the Central Landfill. All the leachate lines were videoed looking for damage or leakage and nothing was found. The leachate system pipes are being cleaned on a regular basis, which was not done before. The leachate flow at the Eastern Landfill is very much tied to the rainfall.

Mr. Chichester pointed out that the Central Landfill leachate system is above the ground water level where at the Eastern Landfill it is below the ground water level. At the Eastern Landfill there was a major pipe put into a swamp.

Ms. Morlang stated that engineers have looked at the possibility of treating the leachate on site in a pond because the leachate is being diluted with water. But the cost benefit does not exist at this time.

Executive Director Report

Mr. Chichester reported that he has spent the last three months reviewing numerous documents and identified many areas needing attention.

Mr. Chichester also stated that he and Ms. Morlang had attended a two-day seminar in Albany relative to Equipment Maintenance. The material covered clearly brings focus to the point that the Authority operations is in a reactionary mode. Maintenance efforts are focused on repairing the broken. Management relates to the issues of the day.

He pointed out that there is more work to be done relative to safety and regulatory compliance. Plans need to be developed. Training needs to take place. Supervision/monitoring needs to be in place with ongoing training/retraining.

Mr. Chichester stated that he has come to the conclusion that this is where he is spending time and will have to continue to spend a lot of time because there is no one else to perform these functions. One of the reason there is difficulty is because primarily there is one person dealing with buildings and grounds and one person dealing with equipment maintenance.

For a number of years the Director of Finance and the Accountant have spent considerable time developing a tracking system so that Authority knows what is going on in the field. When there is just one person dealing with all aspects of one job, there is only 50% of time spent on the maintenance portion. The other 50% is spent relating to functions pertaining to the job such as travel, accessing what is needed, getting the parts and delivering them where they are needed. So some of the planning and organizing is coming back to the office personnel. Mr. Chichester felt that there is no other option but for him to try to pick up more of these functions over time. However, this conflicts with his other broader administrative duties.

Mr. Chichester pointed out that the work that needs to be done relative to buildings and grounds is not getting done. Staff is moved from other areas in an effort to assist with the equipment maintenance function.

Mr. Chichester stated that staff is being asked to multi task in a big way and it takes its toll over a period of time. Mr. Chichester pointed out that the Authority has some very dedicated staff and indicated that they do not feel appreciated.

Mr. Chichester stated that there are just so many people and just so much that can be done. There is a lot of backlog and a lot issues that can't be dealt with at a level that it should be dealt with.

Mr. Chichester stated that the Transportation and Disposal contract runs out at the end of the year and there are a number issues dealing with the contract. It takes a fair amount of time to make the contacts, have discussions and deal with the committee meetings, etc.

Mr. Chichester indicated that he couldn't continue to deal with these kinds of functions as well as deal with and relate to the line staff. There is no one between the Executive Director and the staff.

Mr. Chichester pointed out that employees are as productive as management plans for them to be. Supervision trains and motivates employees. It is becoming very difficult to motivate them. There is not enough time to do a lot of training.

Mr. Chichester felt that there are boarder issues in the organization that compound the situation. He stated that successful programs begin with a set of shared beliefs. Mr. Chichester stated that over the past year he has not gotten the sense that there are not a lot of shared beliefs relative to Board. He stated that there is a lot work for the committees and some decisions that need to be made if there is to be any progress made.

Mr. Chichester pointed out that another saying that relates is "The significant problems we face cannot be solved with the same level of thinking as when they were created." He stated that the Authority continues to reiterate and revisit broad issues and does not really get down to what is in the best interest of MOSA and handling the garbage in the three county area. He looks forward to more discussion through the committees.

Mr. Strevy asked Mr. Chichester if he was saying that he could not handle it all and that he needs help. Mr. Chichester stated that is what he has been saying for some time but has reached a point where he needs to make it clearer.

Mr. Wesnofske stated that over the years he has seen Mr. Chichester try to devise various "fill in" strategies. He has attempted to develop a peer group supervision structure at the transfer stations in hopes to fill in a void for accountability and responsibility for the operations. It was a long shot and did not work out. There was another attempt to create an internal supervisory structure with an existing employee who ultimately felt uncomfortable and not prepared to take on the responsibility.

Mr. Strevy asked if the employees had "its not my job" attitude. Mr. Chichester responded that absolutely no employee sends that message. He stated that most of the employees go beyond what is asked of them. He explained that these employees are hands on people but they are not supervisors, and not managers or planners. There is a void. In the past a person has been put in the budget to perform these functions and has been cut by the Board. He pointed out that the employees operate in the mindset that they come to work and do all they can and at the end of day go home and not let it bother them. The employees develop an attitude in a way of doing business as self-preservation.

Mr. Chichester stated that there has been a high reliance on part time help. But right now it is very difficult to find people to fill these positions. Generally speaking the people who want these positions are retired and do not know enough to quit and are still here at 72 and they become a liability that puts the Authority risk, which results in more workers compensation cases.

Mr. Chichester pointed out that in the maintenance department several approaches have been taken. Overtime is used on a limited basis. Employees are shifted from other areas to assist. Additionally contracts have been put in place. Mr. Chichester has come to question the effectiveness of the current system.

Mr. Chichester stated that all the full time Weigh Station Operators were abolished and full time Transfer Station Operators were created so that there could be more flexibility in the field. There are part-time Weigh Station Operators that can be called in so that the Transfer Station Operators can deal with other work.

Mr. Chichester pointed out there is only the Buildings and Grounds Supervisor and himself who are trained in certain aspects of the confined space procedures. If the Buildings and Grounds Supervisor needs to go into a hole he cannot write the permit himself. It is very dangerous because we deal with methane gas. There is need to train and retain employees to keep them current on the all the safety programs such as blood borne pathogens, confine space, lockout-tag out and hazardous communication, etc. There is a whole set of records that need to be kept on these programs when they are put into use. Mr. Strevy stated that there are people who will come right to the sites to train the employees. Mr. Chichester stated that is true but asked who follows up and keeps track of the record keeping and MSDS sheets? Mr. Strevy responded that the Safety Coordinator would do that. Mr. Chichester pointed out that there is no Safety Coordinator. Mr. Chichester stated that are a number of issues that have to be tended to that are important or something is going to happen that is going to cost a lot of money or someone is going to get significantly injured or otherwise incapacitated.

Mr. Chichester pointed out that the swales at the Central Landfill have to be cleaned. They have to be leveled out and cleaned so that when a heavy rainstorm comes it will not form a trench from top to bottom as it did in 1996.

Mr. Wesnofske stated that Mr. Chichester has pointed out a lot of things that need to be addressed. Don Lindberg stated that all the Committees should review the situation and bring a recommendation back to the Board. Mr. Wesnofske stated that it is the responsibility Operations Committee.

Financial Report

Ms. Morlang stated that significant reporting took place during the first three months of the year. Reports that were prepared and generated were the DEC Annual Transfers Stations reports, Annual Drug Testing summary, Annual Accident Report summary in accordance with OSHA and the 1099's and W2's were issued. She is currently working on the annual DEC Recycling Report and the MOSA Annual Report and the State Comptrollers Financial Report. The Audit has been prepared and will be briefly reviewed after the Financial Report.

Ms. Morlang reported on the February Financial Report as follows:

1. Page 3 – Bond Account Analysis: This page has changed. It now shows more detail information on how the bond funds were invested. At the end of last year, the Finance Committee directed that a portion of the 2 million dollars in the Bond Redemption and Improvement Fund be invested over different terms to earn more. In the middle of the page it shows the terms of each of the investments. This was done in conjunction with the OTS retrofit project in the event funding is needed for the project.

The Forward Delivery Agreement (FDA) was studied at length last year. Under the FDA a set interest rate is used for the term of the agreement. The theory was more interest would be earned over the term of the contract primarily because current interest rates were so low. Over time the interest rates increased and it was not currently in the best interest of the Authority to enter into a FDA.

A mechanism has been set up very similar to a FDA without the fixed interest rate. All the monthly debt payments that go into the Sinking Fund are now being invested into US Treasury Bills, which comes due at same time as the semi-annual payments for principal and interest are due. The Authority's Bond Trustee is facilitating the investing free of charge.

Currently, there is only \$11,000 of the Bond Funds that is not being invested.

Olga Podmajersky stated that she did not see the Debt payment of \$1.7 million in the Budget vs the Actual. Ms. Morlang stated that the Debt payment Ms. Podmajersky is referring to is the principal and interest that was paid on January 1st. What is in the Board Financial Report is the monthly payment that goes into the Debt Sinking Fund so that on January 1st and July 1st the money is available to make the Debt payment. Ms. Podmajersky asked when the payment was made. Ms. Morlang responded that payments are made every month. Ms. Morlang suggested that she could meet with Ms. Podmajersky after the meeting, to further explain the mechanisms of the payments.

2. Page 4 – Reserve Account Activity: This shows the transfers that were made in January to the Operating Budget as per Resolution 30 of 2004. William Strevy asked if the money from the outside waste revenue that was to be applied to the 2005 Operating Budget was to come from the estimated 2005 outside waste revenue. Ms. Morlang stated that the estimate was based on the earned 2004 outside waste revenue. Ms. Podmajersky asked if the money came out of the Rate Stabilization Fund and what fund it was transferred to. Ms. Morlang responded that funds are transferred into the Revenue Fund. Ms. Podmajersky asked where the cash revenue account was. Ms. Morlang responded that there is not a specific page that shows how much cash is in the bank. She stated that she could provide a report that shows what is in the revenue account each month if that was the Board's desire. She explained that all the

monies collected at the sites goes into the revenue fund, which is controlled by the Trustee. Mr. Strevy pointed out that the Board never knows what the cash is on hand.

Mr. Buck stated that it is impossible to know exactly what the cash on hand is unless all of the expenditures are known to date.

Ms. Morlang stated that she could provide the Board with a Financial Statement every month if the Board wants. Mr. Strevy indicated that he did not want to create more work for Ms. Morlang. He felt if the Board knew what was in the revenue account it would make the whole budget process easier. Ms. Morlang stated that when it comes time for the budgeting process she could change the reports to show what the estimated encumbrances are.

Mr. Wesnofske suggested that Ms. Morlang work with the Finance Committee to ascertain what kind of reports would be useful at budgeting time.

3. Page 6 – Trailers Placed at Projects: Ms. Morlang pointed out that two trailers were placed at Chris’s Flower Shop, in the Town of Cobleskill, for a demolition project which amounted to 38 tons.
4. Page 16 – GAT: As of February all three Counties were projected to be over their GAT. Schoharie County is significantly over their GAT. Ms. Morlang stated that based on a review of tonnages by customers it has become apparent that there is a hauler who is collecting waste in Schoharie County who has not done so in the past. There is another hauler who is collecting refuse in Montgomery County and is reporting it as Schoharie County waste. All the waste is staying in the system but is being reported incorrectly.
5. Page 16 – Outside Waste Tonnage: Ms. Morlang pointed out that the outside waste tonnage is much higher in February 2005 than February 2004. There are three or four waste haulers that started bringing in outside waste in the latter part of last year. These haulers are happy with the MOSA facilities and the outside rate and continue to bring the outside waste.
6. Page 17 – C&D Deliveries: Ms. Morlang pointed out that Schoharie County deliveries are up due to the demolition project in the Town of Cobleskill that was mentioned earlier.

2004 Financial Analysis Budget vs Actual

Ms. Morlang reported that in accordance with Board policies there were several reports prepared and mailed to the Board. Minor changes were made to the December Board financial report. A final Board Report was prepared and noted the pages that changed. The budget versus actual portion of the Financial Report shows the year-end budget to actual by department and by account.

The 2004 Financial Analysis report shows the major accounts that were under budget. A brief explanation is also included. The report also substantiates the factors contributing to the Authority's ability to transfer funds into the Rate Stabilization Fund at the end of year.

2004 ELF Financial Assurance

Ms. Morlang stated that another report that was prepared was the ELF Financial Assurance Report. This report is required for the Audit and estimates the post-closure liability of the landfills. It is also used to estimate the amount needed to establish a financial assurance for the Eastern Landfill. It is noted on the cover page that there were changes in the assumptions used in the calculations. These changes impacted the amount of money that needs to be set aside for the ELF Financial Assurance.

Audit

Ms. Morlang stated that a representative from Bollam & Sheedy was not attending the meeting to present the 2004 Audit, which they prepared for the Authority. She indicated that the Auditor's could be contacted directly if there were any questions. The Auditors prepared a report with four documents; the financial statements, Communication with the Audit Committee, Management Letter, and Accountants Certification.

With respect to the audited financial statements, Ms. Morlang pointed out that GASB 34 now applies to the Authority. This means that the Authority has to include a management discussion and analysis in the Audit, which helps to provide a general overview of the Authority's financial position. This is documented on pages 1 through 6. Ms. Morlang referred the members to Footnote I. In the past the Service Agreement was being amortized through 2015 instead 2014 when the Service Agreement expires. As a result the prior year numbers had to be restated.

Included in the auditor's report is the Communication with the Audit Committee. In this letter the Auditors are required to communicate to the Audit Committee certain matters relative to the Audit.

The Management Letter gives comments and suggestions with respect to matters that came to the Auditor's attention while performing the Audit. Ms. Morlang pointed out that the only comments and recommendations related to fraud.

The Accounts' Certification is a requirement under the Bond Indenture that the Auditors have to perform certain procedures to ascertain whether or not the Authority is in compliance with the indenture requirements. The Authority is in compliance and this will be reported to the Trustee.

Ms. Morlang informed the members that if they had questions, she would be glad to address them or if they would like to have a representative from Bollam and Sheedy present to address questions it could be arranged.

Chairman Wesnofske stated that it was noted that the Audit Report was received and the Board could review it and ask questions at the next meeting if they had any.

Committee Reports

Chairman Wesnofske noted that the Finance Committee has not met and therefore there is nothing to report. He reported that the Mr. Halgas, Chair of the Personnel Committee, indicated that the Personnel Committee would meet sometime in April to address its unfinished business. The Planning Committee is going to plan an agenda and meet soon.

Operations Committee

Donald Lindberg reported that the Operations Committee met on March 23rd and interviewed the firms of Dvirka and Barilucci and Golder Associates relative to the Oneonta Transfer Station retrofit.

Ms. Podmajersky asked if the firms were going to submit quotes prior to the Operations Committee making a decision. Mr. Lindberg stated that they would.

7. Old Business

There was no old business discussed.

8. New Business

Montgomery County Debt Refinancing Proposal

William Strevy, Chairman of the Montgomery County Board of Supervisors, took the floor and presented and reviewed a document entitled "MOSA Debt Refinancing Proposal" as attached hereto.

Mr. Strevy stated that it was the Montgomery County Board of Supervisor's desire that he present the proposal to the Authority. The concept is to eliminate the necessity for the Counties to subsidize the Authority.

Basically, the proposal illustrated that Montgomery County would save \$410,000 per year, Otsego County would save \$96,123 per year and Schoharie County would save \$124,184 per year for a cumulative savings of \$619,705 if the Counties were to buy out the Authority's debt. Currently, MOSA's existing debt is \$17,550,000. If \$9,731,572 of MOSA's funds were applied toward the debt it would leave a balance of \$8,518,428,

including the cost of the refinancing charges of \$700,000, which the Counties would have to pay for.

Ms. Morlang asked where the \$9,731,572 MOSA funds were coming from. Mr. Strevy stated it was coming from all the reserve funds.

Mr. Strevy stated that questions should be directed to Mr. Darryl Puriton, a CPA with Marvin & Company PC, who was hired by Montgomery County to look into the matter.

Mr. Wesnofske asked if the proposal includes any plans for solid waste management? Mr. Puriton responded that the plan was only to deal with restructuring the debt.

Ms. Podmajersky stated that it does strengthen MOSA position for 2014 and beyond.

Mr. Wesnofske asked who assumed that the GAT was the equitable way to divide the debt. Mr. Puriton responded that it was the Montgomery Board of Supervisors. Mr. Strevy stated that this is just one scenario, which could be adjusted but the total savings would remain the same.

Mr. Wesnofske asked if the legalities of the proposal were evaluated. Mr. Puriton responded that Montgomery County did seek advice from a bond attorney. The attorney stated there is no problem purchasing the assets but the Counties cannot assume or lend a credit rating to MOSA. But an exchange of assets could be accomplished. Mr. Wesnofske asked if that bond counsel evaluated whether the Authority's bond counsel would need to approve. Mr. Puriton responded that they have not done that extensive legal work. At this time it is basically just a mathematical concept to structure and give an idea for further discussions and details. Mr. Wesnofske asked if operational needs or challenges were look at. Mr. Puriton responded no and indicated that it is not meant to impair any situations that the Authority currently has. Mr. Wesnofske asked if there is a presumed interest rate. Mr. Strevy stated that it was assumed at 4½%. The plan includes refinancing costs also.

Mr. Wesnofske asked if the County when talking about purchasing the assets of the Authority included the landfills. Mr. Puriton stated that topic is up for discussion. The landfills could be in or out. Mr. Strevy stated that there are many different scenarios. In some scenarios the landfills are included in others they are not. It really comes down to the conversations between MOSA and the Counties.

Mr. Buck asked what length of time the County intends to finance the bonds. Mr. Puriton responded it would be same as the present bond issue.

Mr. Strevy stated that the assumptions were that the transfer stations and the equipment would stay with the respective County, etc. If the County chooses to update or replace a piece of equipment it would be their responsibility and not MOSA's. Mr. Puriton responded that it could be either way. He stated that the key was to have all parties win

and not have any one County be at an advantage or disadvantage. The purpose is for MOSA to eliminate the debt and release it from the Indenture restriction and move forward. This would hopefully build a better financial base so that if the Authority does go back into the debt market it is not based on skepticism of the investors that the Counties would no longer subsidize the Authority. By doing so the Authority would not be subject to this type of financing circumstance again. It would take the inefficiency out of the refinancing and make it more efficient to all parties.

Mr. Strevy stated the Counties could look at leasing back the buildings to the Authority and the Authority could include it in the operations budget.

Mr. Wesnofske responded that this would make operations of the Authority subject to three landlords rather than owning its own facilities. He pointed out that the rights to the Northern Transfer Station do not revert back to the County but to a private entity; the rights to the Oneonta Transfer Station revert back to the City of Oneonta.

Mr. Wesnofske pointed out that if Montgomery County had two transfer stations it does not technically make them efficient in dealing with the market place. He pointed out that there is one large hauler who could divert the waste out of the system and remove a large volume of waste from the Montgomery County system. He stated that without flow control the County could have a very expensive collection system. Mr. Strevy asked if the same situation could happen now. Mr. Wesnofske responded that if it should happen now the County has to make up for it.

Mr. Wesnofske stated that without flow control to guarantee the flow of waste through a transfer station no matter who owns it would create a problem for the Authority to effectively manage its costs and compete in the market place. Mr. Strevy stated that the intent is to make the Authority better able to compete in the market place and not to dissolve or dismantle it.

Mr. Strevy stated that this plan would help to insure the Authority's future after 2014. Ms. Morlang responded that would not be the case because what is being suggested would take all the Authority's financial stability and strength. The rating agency's were impressed with the Authority's strong financial stability and its reserve accounts. Because of this, the Authority was able to refinance its debt and lower the interest rate. She pointed out that MBIA, the Authority's Bond Insurers, attended Board meetings for years until after the refinancing at which time they stop attending the meetings. She stated that by taking away the Authority's financial stability, in 2014 there would be no reserves to move into the future such as buying new equipment, etc.

Mr. Wesnofske stated that if that should happen the Authority would have to raise the tipping fee just to buy a new loader.

Mr. Puriton stated that intent was not to strip the Authority of the capability to move forward and this scenario does not strip the reserves completely. He pointed out that the

details of the concept would have to consider the concerns of the reserves. Right now the reserves are just sitting while interest is being paid on them. The Bond Investors, or public, are actually taking an arbitrage on the money because more is being paid in interest expense than is being gained on interest income on the dollars borrowed. The County is looking to take the inefficiency out of the situation but in no point in time should any of the operational issues be harmed.

Mr. Buck pointed out that once the Service Agreement ends, DEC will require that the Authority set up an assurance fund for the Eastern Landfill's post closure activities. That would take about 1.3 million of the 9 million in reserves. Ms. Podmajersky responded that the 1.3 million was already figured to come out. As of last November the reserves were 11 million. Mr. Buck stated that if the assurance fund is set up, at some point DEC is going to ask that someone back it up if the funds fall short.

Olga Podmajersky stated that looking at the concept of the Counties taking over the debt has got to help. It takes away the Counties subsidies, reduces the debt and puts MOSA in a more competitive position.

James Powers stated that it looked like a shell game where the debt is being swapped around. He pointed out that Mr. Strevy spoke earlier at a County meeting about the counties and towns putting money in towards the concept. Mr. Powers stated that was not going to happen. Mr. Strevy responded that nobody said that had to happen and that the decision was up to the Counties. It is just creative financing at the County level.

Ms. Podmajersky stated that she has always been against subsidizing. She has asked many times if the counties could take over the debt and therefore eliminate it from the tipping fee. She indicated that she had always been told that the counties couldn't take over the debt. Now bond counsel has indicated that the counties can take over the debt by purchasing the assets. She failed to see how it could not be a win-win situation for MOSA.

Mr. Wesnofske stated that he could not remember anyone saying that the counties could not take over the debt because he knows it was previously studied. Mr. Wesnofske referred to a study prepared in 1997 by Cashin and Cahill where it was pointed out that it would not be economical or feasible to buy out the debt. The study concluded that all parties concerned would have to be in agreement and the State Legislature would also have to be a participating party to such an agreement. It was pointed out that the bond documents take precedent. The study also suggested that a user fee be implemented in the three Counties. At this time, the only County who has implemented a user fee is Otsego County. Olga Podmajersky stated that no one pays attention to the Cashin and Cahill report.

Meredith McNeil asked if any thought had been given to how the transfer stations would be operated under MOSA if the Counties were to assume the liability for them. Mr. Strevy responded that the County would have to decide on the matter.

Meredith McNeil pointed out that Montgomery and Schoharie Counties have assets that are worth something but Otsego County is lacking and they would be on the short end of the deal.

Melissa Morlang stated that if the objective were to get the counties out of subsidizing the tip fee has Montgomery County has taken any other alternatives in to consideration to accomplish the same goal, such a flow control. Mr. Strevy responded that Montgomery County is going in the direction of debt buyout at this time.

Mr. Chichester stated that the MOSA constituents are the same as the Counties. He indicated that the same people are paying the same costs. The only savings are the MOSA reserves, which are needed for MOSA to continue its business. He pointed out that there are a number of risks to MOSA and there are no proposed improvements or changes to eliminate these risks.

Shane Walters, Chairman of the Montgomery County Solid Waste Committee, took the floor and stated that Mr. Puriton spoke at County meetings that there would be an actual savings to the taxpayers. He indicated that the Counties should meet with the County Treasurers to look at this proposal and give their input.

James Powers stated that the Otsego County Treasurer stated that she is not about to sign over a check to the Authority.

Mr. Puriton stated that the savings are clear and the County is trying to spend less money on the interest cost and not have a big deposit that is being held which cannot be invested. That would take the inefficiency out of the Counties issuing general obligation debt if they choose to issue all the debt. He stated that the County at this time is not able to invest at a high interest rate either. He pointed out that there is no reason why it cannot be structured to eliminate all the operational issues. There is no intention to fragment the structure of how MOSA operates. Leasing can be arranged so that the day-to-day operations stay identical to what they are now.

Mr. Puriton pointed out that what the County will be doing is taking all the money they have available and bring it back home as opposed to paying third party investors. He pointed out that New York State law allows for other communities to invest in municipal debt and their own debt. Going to the bond market and allowing the market to compensate balances in affect on the books has narrowed the options. The Counties are not able to use those monies freely and they do not have that impairment at this point. In fact they will look better because they would not have the unrecorded liability called a subsidy. He pointed out that the proposal would eliminate the issue every year of how much the GAT should be.

Mr. Puriton stated that he did not understand why the Counties would not want to take over MOSA's assets, which could be distributed in any number of ways and in any

number of amounts and give it back to the constituents as opposed to paying it to the bond holders. He pointed out that this is this only offer that is being addressed. Flow control, landfill siting, and tipping fees are all different issues. He stated that the assets would be taken off the books and the debt would be paid off. The fund equity of MOSA would not have to be touched if that is the decision. There is any number of degrees in which the inefficiency could be eliminated.

Mr. Buck stated that it easy to figure out. The Authority has the money invested now. The interest rate difference is between what the Authority is being paid and what the Authority paid. That would be the savings per year whether the money is in the County's account or the Authority's account. Mr. Strevy stated that it would be a creative form of finance. Mr. Buck stated that it is not true. Simple mathematics is the savings in the difference between what the Authority is earning on the assets and what the Authority is paying.

William Strevy motioned to move the proposal to the Finance Committee for further review and that Mr. Puriton be invited as part of the review process. The motion was seconded by Olga Podmajersky and approved on voice call.

Next Meeting

The next Board meeting was scheduled for Thursday, April 21, 2005 at 9:30 a.m.

9. Closing

Charles Buck motioned to adjourn the meeting. The motion was seconded by Olga Podmajersky and was unanimously approved on voice call.

The meeting adjourned at 11:52 a.m.

Respectfully Submitted,

Robin Loske
Confidential Secretary