

**MONTGOMERY-OTSEGO-SCHOHARIE SOLID WASTE MANAGEMENT AUTHORITY  
FINANCE COMMITTEE MEETING**

**DATE:** December 3, 2009  
**LOCATION:** MOSA Administrative Complex, Howes Cave

**Members Present:**

Martha Clarvoe  
Olga Podmajersky (chair)  
Harold Vroman

**Others Present:**

John Mattas  
David Parker  
John Thayer  
Chris Chale (via telephone)  
Dennis Heaton  
Barbara Corrigan

**1. Opening**

Chairman Podmajersky opened the meeting at 9:06 a.m. with Ms. Chale joining the meeting via telephone.

**2. Minutes of Prior Meeting – September 16, 2009**

Chairman Podmajersky asked for a motion to approve the minutes; Mr. Vroman so moved, Ms. Clarvoe seconded and on voice call the minutes were unanimously approved as written.

**3. Approve Agenda**

Chairman Podmajersky asked for a motion to approve the agenda with the addition of an item under “Other Business”; Ms. Clarvoe so moved, Mr. Vroman seconded and on voice call the amended agenda was unanimously approved.

**4. Defeasance**

Chairman Podmajersky asked Ms. Chale to report on the status of the defeasance process.

Ms. Chale advised the following:

- ✓ In addition to Resolution #66, a second resolution, regarding an Escrow Agreement with M&T, the chosen escrow agent, is necessary; she will prepare it and send it to the Board for review.
- ✓ Explanation of the Escrow Agreement:
  - Shows where the money goes
  - Gives amounts required for funding
  - Details the State & Local Governmental (SLGs) obligations that will be purchased
- ✓ Explanation of the rates on the bonds
- ✓ Explained how the Escrow Agreement will be structured; a choice needs to be made as to whether it is based on economic or legal defeasance
  - Economic defeasance
    - Would continue the interest subsidy of approximately \$20,000 on the EFC bonds
    - Need to be conscious of costs
    - Need to waive covenants by consent of both parties (EFC and MOSA)
    - Will rely on money in the Escrow Account to pay the bonds
    - Requires a 90-120 day “Preference Period” after an event occurs; the event being closing on the Escrow Agreement
    - During this period, if MOSA goes bankrupt, it has the option to bring back the covenants.
    - MOSA can assess the risk of bankruptcy (consensus is it is unlikely)
    - This would not make MOSA free and clear of the indenture
  - Discussion on economic defeasance:
    - Mr. Heaton and Ms. Podmajersky agreed that it was worth \$20,000 to assure the Counties freedom from bond indentures.

- Ms. Podmajersky inquired as to whether the 4% interest was included in the fees; Ms. Corrigan advised that the fees were calculated using 4% interest.
- Mr. Mattas inquired about what entities could go bankrupt; Ms. Chale responded that the entity was MOSA. Mr. Mattas questions why in that situation, MOSA just wait the three months.
- Mr. Thayer remarked that he would rather not have to put this through the three Counties' Boards as it may cause the defeasance process to fall apart if, as unlikely as it may be, MOSA went bankrupt; he would rather pay the \$20,000 and be safe.
- Mr. Heaton inquired if this needed to be presented to the three Counties' Boards; Ms. Chale stated that there was no time for that and legally we can make it work but need to know how the MOSA Board feels about it.
- Ms. Podmajersky inquired if all bond indentures are waived after defeasance; Ms. Chale responded that only provisions on how to pay the bond holders (the structure of payments) are still effective, the rest is not applicable.
- Ms. Podmajersky asked if there was any chance if interest rates went down, our payments would increase; Ms. Chale advised her that was not a risk once SLGs are purchased.
- Mr. Mattas asked if economic defeasance was the same as right of rescission, as in real estate. Ms. Chale responded that theoretically, someone could take what was left of MOSA after bankruptcy.
- Ms. Podmajersky asked if anyone objected to paying the \$20,000; no one responded.
- Legal defeasance
  - Ms. Chale stated that if legal defeasance was chosen; we are done; Ms. Podmajersky stated that she wanted to go with legal defeasance.
  - Mr. Mattas disagreed and wants to wait the three months. Ms. Chale remarked that the three month wait is only for the covenant release and the indenture still is alive if you chose economic defeasance.
  - Mr. Mattas asked if this was through the term of the original bonds; Mr. Chale responded that it was.

Mr. Vroman made a motion to proceed with the legal defeasance option; Ms. Clarvoe seconded and on voice call, the members of the Finance Committee unanimously approved the motion. Upon polling other Board members in attendance, Mr. Parker and Mr. Thayer also agreed to proceed with this option; Mr. Mattas disagreed.

- Tip Fee Adjustment Agreement
  - Ms. Chale advised that she was forwarding a draft of the Tip Fee Adjustment Agreement for the Board's review. She went on to explain that this agreement was a separate agreement from the regular County subsidy agreement.
  - Mr. Thayer asked why another agreement was necessary and expressed concern that the Counties would not sign it. He suggested presenting a statement that advised each County what they are liable to pay at the end of each month.
  - Ms. Corrigan asked if the agreement reconciles the \$3.00 payment at the end of the year. Ms. Chale advised that it does; however, a schedule of payment needs to be created for each County and attached to its agreement.

- Mr. Heaton suggested adding it as a rider to the regular subsidy agreement, over and above the \$14.00 subsidy, instead of having a separate agreement. Ms. Corrigan disagreed and prefers to have separate agreements. Mr. Thayer agreed with her, remarking that we are trying to eliminate the need for a subsidy and therefore, the Tip Fee Adjustment Agreement should be a separate one.
- Ms. Chale advised that she would e-mail the agreement for review and if necessary, it can be restructured.
- Continued questions and discussion on defeasance:
  - Ms. Podmajersky inquired as to who approves and accepts Mr. McCarthy's numbers. Ms. Chale responded that the Board, a verification agent and the bond trustee all review and approve the calculations.
  - Ms. Podmajersky asked if there would still be a bond trustee; Ms. Chale responded that an escrow agent replaces the bond trustee and in this case, it remains the same organization, M&T.
  - Ms. Podmajersky asked if the escrow agent reports monthly; Ms. Chale responded that reports are given yearly.
  - Ms. Podmajersky asked Ms. Corrigan if she had an estimate of administrative costs; Ms. Corrigan did not but remarked that the amount should be small.
  - Ms. Podmajersky inquired how the rebate calculation would be funded if there were not enough funds available after defeasance. Ms. Corrigan remarked that rebate calculations would not be necessary going forward and the only cost anticipated would be to pay the agent for the calculation.
  - Ms. Podmajersky questioned changes in the figures on the Defeasance Summary; Mr. Heaton explained how the numbers and goals on the summary were determined:
    - Operating Reserve Account will increase over several years time through increased revenue
    - Belief is that with a lower tip fee and continued subsidies from the Counties, tonnage will come back into the system and add revenue
    - Will market MOSA directly to the haulers
    - Outside tip fee to remain the MOSA official tip fee
    - Stretching life of equipment; slowing replacement if possible
    - The Revenue Account contains funds for 2 months of payables
  - Mr. Thayer remarked that past trends will more than likely continue, which can help calculate revenue towards future goals.
- Discussion of **Resolution #66 Regarding Funding Bond Defeasance:**
  - Ms. Podmajersky read through the resolution and asked for comments. None were made.
  - Ms. Corrigan explained that the name of the verification agent and the "not to exceed" amount in the last resolved would be added after speaking with Mr. McCarthy.
  - Ms. Podmajersky asked if there were any administrative costs associated with the process. Ms. Corrigan stated that any administrative costs would come out of the MOSA budget.

Mr. Vroman made a motion to recommend that the Board proceed with Resolution #66; Ms. Clarvoe seconded and on voice call the committee unanimously agreed.

Ms. Podmajersky asked Ms. Corrigan to check on the amount taken out of the Rate Stabilization Fund for the 5% reduction of the GAT.

Mr. Heaton remarked that shortfall payments would also impact the numbers.

#### **5. Otsego County Request**

Ms. Podmajersky summarized Otsego County's request in a letter of intent received from Karen Sullivan. The County is requesting a modification of their shortfall subsidy payment because they have exceeded their recycling goals for the year.

Ms. Podmajersky went on to say that she had discussed the request with Mr. Wesnofske and that his thoughts were that it was premature.

Ms. Podmajersky polled committee members and the consensus was to take no action at this time.

Mr. Heaton remarked that he was meeting with Terry Bliss on Monday and would advise him of the committee's decision.

#### **6. Budget Transfers**

##### **a. Resolution #68 Authorizing the Transfer of Budget Funds**

Ms. Podmajersky reviewed the resolution. Ms. Corrigan remarked that she would be adding "resolves" explaining what the transfers are for.

Mr. Vroman made a motion to recommend the resolution to the Board for consideration; Ms. Clarvoe seconded and on voice call the committee unanimously agreed.

#### **7. Other Business**

##### **a. Resolution #67 Authorizing the Executive Director to Execute Subsidization Agreements with the Participating Counties**

Ms. Podmajersky asked if these were the standard subsidization agreements; Mr. Heaton advised that they were.

Mr. Vroman made a motion to recommend the resolution to the Board for consideration; Ms. Clarvoe seconded and on voice call the committee unanimously agreed.

##### **b. Credit Card**

Ms. Corrigan explained the need for an agency credit card for making reservations, paying for conferences and making internet purchases.

Mr. Vroman made a motion to recommend to the Board that an application for an agency credit card be made and that it should be in two names, the Executive Director and the Director of Finance and Administration. Ms. Clarvoe seconded and on voice call the committee unanimously agreed.

##### **c. Solid Waste & Recycling Conference**

This item will be brought up for discussion at the Board meeting. A decision needs to be made as to who is attending this year so that registration and reservations can be made.

**d. Impact of the Post Closure Agreement on the 2010 budget**

Ms. Podmajersky noted that after the first of the year tracking of all expenses relating to the landfills will be necessary. Ms. Corrigan remarked that she had already spoken with Mr. Rothrock about the need to do so.

Ms. Corrigan noted that when the defeasance process is complete; new calculations will need to be done.

**e. Reviewed YTD GAT Tonnages by County**

Current shortfall is 3,099.

**8. Closing**

Mr. Vroman made a motion to adjourn and Ms. Clarvoe seconded; on voice call the committee unanimously agreed to adjourn at 10:22 a.m.

Respectfully Submitted,

Judith Beeler,  
Confidential Secretary