

**Village of Red Hook
Special Board Meeting
Held Via Ringcentral
April 1, 2021
7:00 PM**

Present: Mayor Edward Blundell, Deputy Mayor Brent Kovalchik, Trustee Charles Laing, Trustee William Noonan and Trustee Melkorka Kjarval.

Mayor Blundell opened the Special Meeting via RingCentral at 7:00pm stating the meeting was being held in accord with Executive Order 202.1 in virtual/remote format with notice and access to the public. Mayor Blundell advised this meeting was being recorded.

Mayor Blundell said this was our first meeting of the official New Year and confirmed that all newly elected and re-elected members have signed their Oaths of Office.

Mayor Blundell said documents have been circulated for tonight's meeting one of which is a packet from Bond Council Hawkins, Delafield & Wood, which includes the Bond Resolution for this evening and a Project Budget and Construction Costs sheet that the Mayor prepared.

Mayor Blundell announced that Special Council for the Sewer Project, Victoria Polidoro, Esq., was present as well as Deputy Clerk, Greg Stolarik. Mayor Blundell announced we have a quorum.

Mayor Blundell said tonight was for one item of discussion being the Bond Resolution that we circulated. He then gave a history on the central service sewer area and project.

Mayor Blundell said the bid opening was done on February 26, 2021. Mayor Blundell said our engineers reviewed the bids and qualified low bids, Carver as a viable GC and Sausto as electrical. They have experience with the contractors, and in our guidelines were followed. Once we go to public bid we are obligated to award a contract within 45 days of the bid and are now 30 days into the process. Since the bids exceed our funding we have asked the contractors to give an additional 30 days. In the interim the Board has been looking for additional funds for the project looking at all options and the next step would be either the Environmental Facilities Corp. (EFC) or United States Department of Agricultural – RD (Rural Development), but they all request reaffirmation that we are committed to the project and Step 1 is to do a new bond resolution. Mayor Blundell said although the project has become more expensive they are seeing some good options out there and will not be re-bid. The goal now is to find as many off-setting funding sources as we can. Mayor Blundell referred all to the Budget and Construction Costs Data Sheet.

Mayor Blundell asked to keep in mind that we are acting appropriately on an infrastructure project and the Village has full jurisdiction and authority over its ability to construct infrastructure within the confines of its official jurisdiction and this project is within the Village boundaries.

Mayor Blundell advised the Village has created a separate Sewer Use Law and in this case even though we seeking to bond on behalf of the Village the rate payers will not be the general tax base and will be those within the service area.

Mayor Blundell said the old bond resolution was done almost 5 years ago which was at 4.9 million and Bond Council is amending to 8.5 million. Mayor Blundell spoke with Clerk Hart and Bond Resolution will be #8-2021.

Mayor Blundell said in summary we are looking for new sources of money for the increase in cost of the project and the funding agencies are saying we need a new bond resolution showing that the Village is still willing and intending to proceed.

Mayor Blundell asked Deputy Mayor Kovalchik for comment.

Deputy Mayor Kovalchik said this is a very important first step for additional funding and they have had conversations with EFC and USDA-RD and both require as entry into their process to review our budget and additional costs of the project and do to new underwriting for grants and loans and after Bond Resolution there will be another Resolution that will be open to the public, which at that point, we hopefully will have a better idea of solid funding agreement with different entities, grants and loans to better determine the rate of which we will be charging the customers in the sewer service area.

Trustee Noonan referenced Section 4 –any notes issues in anticipation of said bonds, shall be general obligations of the Village, payable as to both principal and interest by general tax upon the taxable real property within the Village....and asked for clarification of this. Mayor Blundell said they are doing a composite of the 2 factors. The Bond says the Village is committed and what that means is the full faith and credit of the Village's commitment to the project, and they want to know their investment is protected and in our case this project. But, since every property in the Village is not benefiting, we created wording in our Sewer Law to charge only property owners with direct benefit/improvement. Our law spreads out only to ones getting the service. The bond is saying if something terrible should happen where none of those people could pay the village is committed. The Village still has the obligation but the rate payers pay, not the rest of the village property owners.

Deputy Mayor Kovalchik said with NYS Law it only allows us to construct a fee to those in the sewer service area and we chose not to charge everyone.

Mayor Blundell said once we get through the bond resolution a next step is do a new apportionment and to figure out how much those 295 benefit units going to be charged

per year for the new principal and interest cost; and we will not know that number until we hear back from EFC, and not to overpromise, we did qualify for hardship and the

EFC will not make us reexamine from day one, it and gave us 0% interest on short term funding toward the 4.9 million and indicated they could float the same 0% hardship money to short term on the 8.5 million. They indicated they think they are capable of the same hardship allocation into the long term funding with a 30 year payback, so we would be getting 0% money, and we have to pay something back but at a low interest rate.

Deputy Mayor Kovalchik spoke on the Clean Water /Drinking Water State Revolving Fund and said that we did receive the maximum that you could get for sewer which is 25% of the project cost, but that is the old project cost projection. Deputy Mayor Kovalchik said they will continue to look for additional funding.

Mayor Blundell asked the Board for comment.

Trustee Kjarval asked about the article that had figures and asked if the Board seen that and asked if any of that was accurate and said this person was estimating per unit would be about \$1,000.00 to the tax for the use of the sewer. Mayor Blundell said right now we are talking about is the principal interest cost on the borrowed amount and there is a separate operating and maintenance cost, but our old projection was 780.00 per EDU based on the old numbers of \$4.9 million. That hard part is if you take EFC's current indications we get a number (by dividing 30 years into the project cost and divide that by the 295 users, which brings it up about another \$300-350, and by adding that to the \$780.00) it is around what is reported, but we cannot proof or edit reporter's writing. Trustee Kjarval said then that is what is in the region of what we are expecting. Mayor Blundell said he has reached out to the stakeholders and every indication is that people are still for it. Trustee Kjarval said when she read it that she felt the numbers seemed very big but felt it was a reasonable increase.

Mayor Blundell advised that the document (Bond Resolution) was circulated to the Board and asked Attorney Polidoro if we need to read the proposed Resolution #8-2021 line by line – word for word. Attorney Polidoro advised so long as entire Board received a copy and read it – she is ok with a motion to adopt the Resolution.

Mayor Blundell proceeded to review proposed Bond Resolution and read aloud.

RESOLUTION #8-2021

RESOLUTION OF THE VILLAGE OF RED HOOK, NEW YORK, ADOPTED APRIL 1, 2020, AMENDING THE BOND RESOLUTION ADOPTED JUNE 13, 2016.

Recitals

WHEREAS, the Board of Trustees of the Village of Red Hook, Dutchess County, New York, has heretofore duly authorized the establishment and construction of a sewer system, including the acquisition of an existing privately-owned wastewater treatment plant, expansion of the wastewater treatment plant, construction of approximately 7,000 linear feet of collection pipes, 7,500 linear feet of lateral pipes, acquisition of easements and other interests with respect to septic tanks, laterals and property access, and original furnishings, equipment, machinery or apparatus, pursuant to the bond resolution adopted by the Board of Trustees on June 13, 2016; and

WHEREAS, the estimated cost of said project has now been determined to be \$8,500,000, and it is necessary and in the public interest to increase the appropriation for the project by \$3,600,000 and to amend said bond resolution to authorize the issuance of \$8,500,000 bonds to reflect such increase;

NOW, THEREFORE, be it

RESOLVED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF RED HOOK, IN THE COUNTY OF DUTCHESS, NEW YORK (by the favorable vote of not less than two-thirds of all members of said Board of Trustees) AS FOLLOWS:

Section (A) The bond resolution of said Village duly adopted by the Board of Trustees on June 13, 2016, entitled:

“Bond Resolution of the Village of Red Hook, New York, adopted June 13, 2016, authorizing the establishment and construction of a sewer system, stating the estimated maximum cost thereof is \$4,900,000, appropriating said amount for such purpose, and authorizing the issuance of bonds in the principal amount of \$4,900,000 to finance said appropriation”

is hereby amended to read as follows:

BOND RESOLUTION OF THE VILLAGE OF RED HOOK, NEW YORK, ADOPTED JUNE 13, 2016 AND AMENDED APRIL 1, 2021, AUTHORIZING THE ESTABLISHMENT AND CONSTRUCTION OF A SEWER SYSTEM, STATING THE ESTIMATED MAXIMUM COST THEREOF IS \$8,500,000, APPROPRIATING SAID AMOUNT FOR SUCH PURPOSE, AND AUTHORIZING THE ISSUANCE OF BONDS IN THE PRINCIPAL AMOUNT OF \$8,500,000 TO FINANCE SAID APPROPRIATION

THE BOARD OF TRUSTEES OF THE VILLAGE OF RED HOOK, IN THE COUNTY OF DUTCHESS, NEW YORK, HEREBY RESOLVES (by the favorable vote of not less than two-thirds of all the members of said Board of Trustees) AS FOLLOWS:

Section 1. The Village of Red Hook, in the County of Dutchess, New York (herein called the “Village”), is hereby authorized to establish and construct a sewer system (the “Project”), including the acquisition of an existing privately-owned wastewater treatment plant, expansion of the wastewater treatment plant, construction of approximately 7,000 linear feet of collection pipes, 7,500 linear feet of lateral pipes, acquisition of easements and other interests with respect to septic tanks, laterals and property access, and original furnishings, equipment, machinery or apparatus. The estimated maximum cost thereof, including preliminary costs and costs incidental thereto and to the financing thereof, is \$8,500,000 and said amount is hereby appropriated for such purpose. The plan of financing includes the issuance of bonds in the maximum principal amount of \$8,500,000 to finance said appropriation and the levy and collection of assessments upon the several lots and parcels which the Board of Trustees shall determine and specify to be especially benefited thereby pursuant to an assessment and allocation schedule to be determined by the Village Board pursuant to applicable provisions of the Village Law, in just proportion to the amount of benefit which said improvements shall confer upon the same, to pay the principal of said bonds and the interest thereon as the same shall become due and payable. It is anticipated that the Village may receive grants from various sources, including the New York State Environmental Facilities Corporation Water Infrastructure Improvement Act (WIIA) program, the New York State Water Grants Program and/or the United States of America Department of Agriculture, Rural Development, and other grant sources to pay a part of the cost of the Project. Any such funds are hereby authorized to be applied toward the cost of said Project or redemption of the Village’s bonds or notes issued therefor, or to be budgeted as an offset to the taxes to be collected for the payment of the principal of and interest on said bonds or notes.

Section 2. Bonds of the Village in the principal amount of \$8,500,000 are hereby authorized to be issued pursuant to the provisions of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York (herein called the "Law"), to finance said appropriation.

Section 3. The following additional matters are hereby determined and declared:

- (a) The period of probable usefulness of the object or purpose for which said bonds are authorized to be issued, within the limitations of Section 11.00 a. 4 of the Law, is forty (40) years.
- (b) The proceeds of the bonds herein authorized, and any bond anticipation notes issued in anticipation of said bonds, may be applied to reimburse the Village for expenditures made after the effective date of this resolution for the purpose for which said bonds are authorized. The foregoing statement of intent with respect to reimbursement is made in conformity with Treasury Regulation Section 1.150-2 of the United States Treasury Department.
- (c) The proposed maturity of the bonds authorized by this resolution will exceed five (5) years.

Section 4. Each of the bonds authorized by this resolution and any bond anticipation notes issued in anticipation of the sale of said bonds shall contain the recital of validity as prescribed by Section 52.00 of the Law and said bonds, and any notes issued in anticipation of said bonds, shall be general obligations of the Village, payable as to both principal and interest by general tax upon all the taxable real property within the Village. The faith and credit of the Village are hereby irrevocably pledged to the punctual payment of the principal of and interest on said bonds, and any notes issued in anticipation of the sale of said bonds, and provision shall be made annually in the budget of the Village by appropriation for (a) the amortization and redemption of the bonds and any notes in anticipation thereof to mature in such year and (b) the payment of interest to be due and payable in such year.

Section 5. Subject to the provisions of this resolution and of the Law and pursuant to the provisions of Section 21.00 of the Law relative to the authorization of the issuance of bonds with substantially level or declining annual debt service, Section 30.00 relative to the authorization of the issuance of bond anticipation notes and Section 50.00 and Sections 56.00 to 60.00 and 168.00 of the Law, the powers and duties of the Board of Trustees relative to authorizing bond anticipation notes and prescribing the terms, form and contents and as to the sale and issuance of the bonds herein authorized, and of any bond anticipation notes issued in anticipation of said bonds, and the renewals of said bond anticipation notes, and as to the execution of agreements for credit enhancements, are hereby delegated to the Village Treasurer, the chief fiscal officer of the Village.

Section 6. The validity of the bonds authorized by this resolution, and of any notes issued in anticipation of the sale of said bonds, may be contested only if:

- (a) such obligations are authorized for an object or purpose for which the Village is not authorized to expend money, or
- (b) the provisions of law which should be complied with at the date of the publication of such resolution are not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within twenty days after the date of such publication, or
- (c) such obligations are authorized in violation of the provisions of the constitution.

Section 7. This bond resolution shall take effect immediately and the Village Clerk is hereby authorized and directed to cause a summary of this Bond Resolution to be published in the official newspaper of the Village, and such newspaper is hereby designated the official newspaper for said publication, together with a Notice in substantially the form as provided by Section 81.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York.

Section (B) The amendment of the bond resolution set forth in Section A of this resolution, shall in no way affect the validity of the liabilities incurred, obligations issued, or action taken pursuant to said bond resolution, and all

such liabilities incurred, obligations issued, or action taken shall be deemed to have been incurred, issued or taken pursuant to said bond resolution, as so amended.

Mayor Blundell spoke on Section 7 and asked if we should amend to indicate our official newspaper. Attorney Polidoro asked if this Board had their re-org meeting for the new year. Mayor Blundell said not yet for this new year and that is done on April 12th, but we still working off last April's meeting. Attorney Polidoro said you can amend and add in Daily Freeman so there is no question as to our official newspaper and should be consistent with what was adopted at 2020 re-org.

Mayor Blundell made a motion to adopt Resolution #8-2021 with amendment, entitled BOND RESOLUTION OF THE VILLAGE OF RED HOOK, NEW YORK, ADOPTED JUNE 13, 2016 AND AMENDED APRIL 1, 2021, AUTHORIZING THE ESTABLISHMENT AND CONSTRUCTION OF A SEWER SYSTEM, STATING THE ESTIMATED MAXIMUM COST THEREOF IS \$8,500,000, APPROPRIATING SAID AMOUNT FOR SUCH PURPOSE, AND AUTHORIZING THE ISSUANCE OF BONDS IN THE PRINCIPAL AMOUNT OF \$8,500,000 TO FINANCE SAID APPROPRIATION. Motion seconded by Deputy Mayor Kovalchik.

Mayor Blundell asked the Board for any additional discussion, questions, thoughts or comments.

Deputy Mayor Kovalchik advised that this Bond Resolution is for the maximum we can spend and even if we get grants this Bond still has to state that this is the maximum that the project will cost.

Mayor Blundell said the Village already owns the parcel of land for the sewer plant and we have all been committed to this project for a very long time and feels this will really help Red Hook and time and factors outside our control affected bids and bigger numbers came in. We are still in the bounds of feasibility and feels we still need to move forward.

ROLL CALL:

Mayor Blundell – yes

Deputy Mayor Kovalchik – yes

Trustee Laing – yes

Trustee Noonan – yes

Trustee Kjarval – yes

All in favor. Motion approved.

Mayor Blundell congratulated everyone and thanked everyone for their support. Mayor Blundell said once they get a commitment, mailings will need to be done.

Mayor Blundell asked Attorney Polidoro if there was anything else to be done. Attorney Polidoro said no.

Attorney Polidoro advised that Clerk Hart will have to publish and once published there is an estoppel period, which is basically a mini-statute of limitations, which will run and if no challenges filed in Court, the statute of limitations will have closed.

Deputy Mayor Kovalchik asked if the estoppel period will start the date of publication. Attorney Polidoro said she believes that is what Bond counsel has advised.

Mayor Blundell reminded the Board of the swearing-in ceremony to be held on April 3, 2021 at 10:30am.

Mayor Blundell reminded all of the April 12th re-org meeting.

Deputy Mayor Kovalchik thanked the Board for their support.

Deputy Mayor Kovalchik made a motion to adjourn the special meeting at 7:40pm. Mayor Blundell seconded this motion. All were in favor.

Submitted by

Lara Hart
Clerk